



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, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed Through Ohio Environmental Protection Agency:</i>			
Nonpoint Source Implementation Grant - Muddy Creek Restoration	#10(h) EPA-14	66.460	<u>229,528</u>
Total U.S. Environmental Protection Agency			<u>229,528</u>
<b><u>U.S. DEPARTMENT OF FEDERAL HIGHWAY ADMINISTRATION</u></b>			
<i>Passed Through The Ohio Department of Transportation:</i>			
<i>Highway Planning and Construction:</i>			
Mason-Montgomery Road/Bethany Road Round About	PID 89179	20.205	100,458
U.S. Route 42	PID 79850	20.205	<u>2,758,061</u>
			2,858,519
Total U.S. Department of Federal Highway Administration			<u>2,858,519</u>
<b>Total</b>			<u><u><b>\$3,088,047</b></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, 2012**

**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' receipts and 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 AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 19, 2013, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

### ***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

July 19, 2013





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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:

### ***Report on Compliance for Each Major Federal Program***

We have audited the City of Mason's, Warren County, Ohio (the City), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Mason's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the City's major federal programs.

### ***Management's Responsibility***

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Mason complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated July 19, 2013. Our opinion also explained that the City adopted *Governmental Accounting Standard No. 63* during the year. We conducted our audit to opine on the City's basic financial statements. The accompanying federal awards expenditures schedule presents additional analysis 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 19, 2013

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**CITY OF MASON  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #20.205 – Highway Planning & Construction  CFDA #66.460 – Nonpoint Source Implementation Grant – Muddy Creek Restoration
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING 2012-001**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The City understated the 2012 final budgeted expenditures for the State Highway Fund by \$663,711.

The City posted audit adjustments to the accompanying financial statements.

The lack of proper management oversight could result in material misstatement relating to financial data. To improve record keeping and accountability of financial activity we recommend that the City develop review procedures to ensure that the official budget (including amendments) is posted to the accounting system.

**Officials' Response:**

The City does post the official budget (including amendments) to the accounting system. The City has adequate budgetary control to comply with the official budget approved by Council. This was an error in preparing the City's annual financial report. Additional care and verification will be used in the future when information from the accounting system is utilized to prepare the annual financial report.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

# Comprehensive Annual Financial Report



City of Mason  
Mason, Ohio 45040  
Year Ended December 31, 2012





**City of Mason, Ohio**

**Comprehensive Annual Financial Report**

**Year Ended December 31, 2012**

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

**Joseph Reigelsperger**  
**Finance Director**

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# INTRODUCTORY SECTION



July 19, 2013

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, 2012. 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 financial report must also be in conformity with generally accepted accounting principles (GAAP). The city's Charter requires the City Manager and Finance Director to submit to Council and make available to the public a complete report on the finances of the municipality as of the end of each fiscal year.

The management of the City of Mason, particularly the Finance Director'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 unmodified ("clean") opinion on the City of Mason's financial statements for the year ended December 31, 2012. 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 was named as one of America's top 100 safest cities with 25,000 or more residents. (NeighborhoodScout.com, 2013)*

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.



*During the annual budget process, plans for the next year's operation of the parks, utilities, community center, services, and other citizen needs are prioritized.*

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 30,000 persons, roughly equivalent to the city's nighttime population of about 31,000. Six of the top fifteen largest employers in Warren County are located in Mason. The city's ten largest employers provide work for more than 10,000 persons and generated more than \$6.9 million in income tax revenue in 2012. Overall, it is estimated that there are more than 800 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. Over the past decade, Mason has also nurtured the marriage between tourism—Warren County's top industry—and business development. Additionally, the city's economic strategy encourages the growth of early and mid-stage entrepreneurial companies within the target sectors of biohealth, biohealth IT, and digital IT.

In the last fifteen years, Mason has become home to numerous domestic and foreign 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 direct investment strategy, the city joined CincinnatiUSA Partnership's Regional Economic Development Council (REDC) in 2001. This regional partnership has lent notable strength and leverage to Mason's work on both national and international recruitment projects. Mason renewed

its commitment to the regional strategy in 2007 through 2012 as one of the pacesetter public regional partners placing a priority on a partnership to make marketing and recruitment decisions for the Greater Cincinnati USA region. Through the city's efforts to master plan and make infrastructure investments, Mason continues to be a portfolio development area within the region, attracting the attention of prospective companies.

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. Over the years, Mason's annual participation has produced a valuable local return on investment through transatlantic relationship leverage and exposure to local, domestic, and international decision makers.

Beginning in 2007, the city negotiated a contribution renewal through 2012 that combines two organizations: CincinnatiUSA Partnership for Economic Development and CincyTechUSA. This agreement provided Mason with membership on the Board of Governors and partnership with the CincyTech management team. Specifically, the target business sectors that the CincyTech partnership helped the city reach included emerging markets, entrepreneurs, information technology, biosciences, and digital IT. These partnerships have helped give Mason a high profile among investment prospects and have set the city apart from the efforts of competing communities. The continuing agreement provides the city with leverage for continuing to reach these markets that are so important to the city's overall economic development goals.

Mason is one of only two cities in the region that are CincyTech partners. Over 13% (five companies) of the total CincyTech company portfolio have chosen a Mason location. These companies have generated more than 40 million in venture and private equity investment and over 150 new jobs in Mason. The year 2012 set the stage for record activity within the entrepreneur and technology company ecosystem in Mason. As a result, job growth and new investment are expected to increase in the coming years.

The year 2012 marked the city's eighth year of operating with the Mason Port Authority, the first in Warren County. This economic development tool has provided advantageous flexibility with financial recruitment options. Since its inception, the Port has helped retain over 900 jobs and allowed the city to attract more than \$22 million in new capital investment, with a total of over 1,000 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 2012 were over \$22 million as 180,000 square feet of new corporate and industrial space were added, bringing over 554 announced new jobs to the community. The growth in 2012 continued Mason's trend of performing near the top of the spectrum regionally for new investment numbers for industrial and corporate sectors.



*Mason's list of top companies includes Harris Products Group, one of only six North American companies to win IndustryWeek's nationwide Best Plants competition in 2012.*

The pipeline of increased new investment began to rebound at the close of 2010, with figures reaching significant levels in 2011 and continuing into 2012. In 2011 and 2012 combined, Mason's new and retained investment was \$109 million, plus \$62.6 million in new payroll, 605,000 new square feet, and over 1,405 new jobs. Mason represented 53% of new investment in Warren County in 2012 and 33% of the new job growth.

The diversified tax base in Mason allows the continued reporting of annual growth in 2012 with ten projects actively tracked that were a combination of new jobs, new square footage, and new investments. The year 2012 kicked off several large developments, most with expected completion in 2012. More than 70% of the new investment growth for 2011 and 2012 combined 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, always a stronghold for the city, which has continued in 2012.

Major projects completed and/or announced in 2012 include the build-out of Assurex Health’s Global Genomics Lab on the Mason Municipal Campus, the \$7 million new and expanded global headquarters of Seapine Software, the \$10 million new R&D and engineering expansion at Intelligrated North American corporate 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.



*Like many Mason-based companies, Seapine Software chose to expand in Mason. The company invested \$7 million in a new facility located close to its original offices.*

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 2012:

**2012 Corporate Investment Announcements**

	New Capital	New Payroll
Empire Foods	\$ 8.0 M	\$ 6.5 M
Makino Expansion	\$ 5.8 M	\$ 2.5 M
Top Gun Performance	\$ 3.6 M	\$ 6.5 M
Lindner Family Tennis Center	\$ 2.5 M	
Assurex Health	\$ 700 K	\$ 3.0 M

Growth and development in the city are expected to continue to be strong into 2013. 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 2012, 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 continued 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, resulting 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.



## 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.

In 2012, Mason voters approved a unique funding mechanism for the city's emergency services. Beginning in 2013, the cost of providing fire and EMS services will be supported by a combination of property and income taxes. Rates for each can be adjusted annually as the need rises and falls but cannot exceed the approved maximum amount of five mills for the property tax and .15% for the income tax. The new method of funding replaces the expiring property tax levy and distributes the cost of the services across property owners and business employees, both served by Mason's Fire Department.

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. This has minimized the operational impact of the state's elimination of the estate tax starting in 2013.

## MAJOR INITIATIVES For the Year 2012

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 2012 that position the city for future economic growth and improvement include:

### U.S. 42 Widening Project

The City of Mason continued its investment into infrastructure in 2012. Improvements to U.S. 42 from Tylersville Road to Butler-Warren Road began in 2011 and continued through 2012. Improvement of U.S. 42 is one of the largest and most complicated transportation projects the city has undertaken. The existing roadway was widened to five lanes between Tylersville Road and Western Row Road and three or four lanes south of Western Row Road.

Also included were curb and gutter, sidewalk, bike path, storm sewers, landscaping, and street trees. The total cost is expected to be about \$9 million including design, right-of-way acquisition, and \$7 million for construction. A substantial part of the cost was paid through state and federal grants. Completion will occur in 2013.

### Everybody's Farm and Alliance Drive Extension

The city continued using public-private partnerships to support economic development within the City of Mason. Construction for the Everybody's Farm development continued in 2012 and is expected to be completed in 2013. This was a partnership between



*Two fire stations serve the City of Mason. A SAFER grant awarded in 2012 is helping the department move to fulltime staffing for improved coverage and safety.*

the developer and Mason to utilize tax increment financing for public infrastructure investment. The Alliance Drive Extension was a partnership with the developer, an expanding business, the State of Ohio, and the City of Mason. This was a continuation of a previous partnership that further supports job creation and capital investment.

#### **Lou Eves Municipal Pool Improvements**

Major improvements were made to the aging pool in 2012, including a new liner, two new pumps, and variable frequency drives. These improvements have already yielded lower water bills and electric bills along with a greatly improved and more comfortable pool surface for swimmers.

#### **Other 2012 Infrastructure Improvements**

- Common Ground Park Access Road continues a partnership with the Mason Parks Foundation for an all-inclusive park.
- Stormwater improvement included Mason Heights Drainage improvements and Muddy Creek Stream Restoration.
- Sewer improvements included the Bethany Road Force Main Relocation in partnership with the Warren County Engineer, and Southwest Mason Sewer Rehabilitation.
- Wastewater and Stormwater Master Plans were updated.

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

While Mason saw improvements in its financial condition and achieved some significant savings on long-term debt during 2012, the ongoing national economic conditions and changes at the state level will place pressure on the city budget in 2013 and subsequent years. 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.

Sincerely,



Eric Hansen  
City Manager

Accomplishments to look forward to in 2013 include:

- Beginning construction of the Bethany Road roundabout.
- Additional engineering work on the I-71/Western Row Road Interchange Project, including assessment and recommendation of the feasible alternative, environmental studies, and refined cost estimates.
- Continuing the design of the improvements to Kings Island Drive.
- Start of the design of the Citywide Traffic Signal Upgrade and Fiber Interconnect Project.

#### **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, 2011. 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, 2012**

**COUNCIL MEMBERS**

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Mayor	David F. 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**

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City Manager	Eric Hansen
Law Director	Jeff Forbes
Clerk of Council	Nancy Hickey

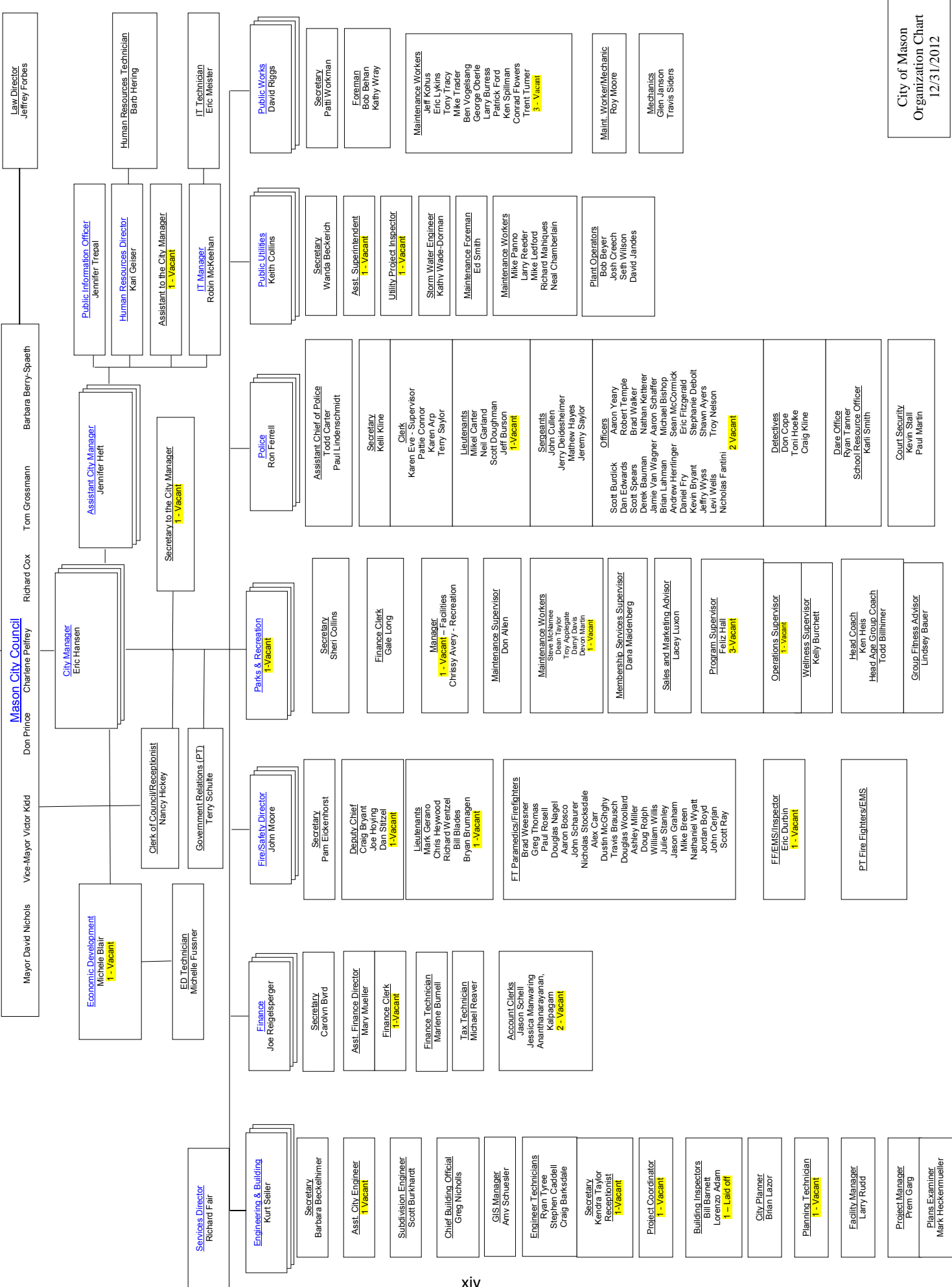
**DEPARTMENT HEADS**

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Economic Development Director	Michele 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  
12/31/2012

# 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, 2011

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.



*Christopher P. Moville*

President

*Jeffrey R. Egan*

Executive Director



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# FINANCIAL SECTION



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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### ***Report on the Financial Statements***

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Warren County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 20 to the financial statements, during the year ended December 31, 2012, the City adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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* 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on 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 present 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. We subjected these statements and schedules 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, and other additional procedures 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Columbus, Ohio

July 19, 2013

## City of Mason

### Management's Discussion and Analysis For the Year Ended December 31, 2012 (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, 2012. 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 2012 by \$283,937,610 (net position). Of this amount, \$51,529,110 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 101 percent of the 2012 expenses of \$50,788,161.

- The city's total net position increased by \$14,208,840.
- Net position of the governmental activities (defined below) increased \$11,603,576. Net position of the business-type activities (also defined below) increased \$2,605,264.
- The total cost of the city's programs increased \$329,615, which is 0.7 percent more than in 2011. The cost of governmental activities increased \$668,017 or 2 percent, while the cost of business-type activities decreased \$338,402 or 2 percent.
- As of the close of the 2012 fiscal year, the city's governmental funds reported combined ending fund balances of \$45,012,494, an increase of \$3,155,807 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 position* presents information on all of the city's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

## 2) Fund financial statements.

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for the sanitary sewer, waste collection, stormwater, community center, and golf course funds. Statements for these funds are provided elsewhere in this document.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as fines collected by Mason Municipal Court. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* 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 position may serve over time as a useful indicator of a government's financial position. The city's assets exceeded liabilities by \$283,937,610 at the close of the most recent fiscal year.

The largest portion of the city's net position (76.1 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 position (5.1 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (\$51,529,110) may be used to meet the city's on-going obligations to citizens and creditors. It is important to note that the unrestricted net position of the city's business-type activities (\$10,148,188) 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 position: for the government as a whole and for its separate governmental and business-type activities.

Overall net position of the city increased \$14,208,839 in 2012. Net position for governmental activities increased \$11,603,576, while net position for business-type activities increased \$2,605,263. The increase in net position for 2012 (\$14,208,839) was \$7,994,176 more than the increase in net position for 2011 (\$6,214,663). This increase is primarily the result of increased income tax and capital grants and contributions as well as an increased charges for services.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>						
Current and other assets	\$68,129	\$63,995	\$12,360	\$16,341	\$80,489	\$80,336
Capital assets	174,136	168,615	129,736	131,156	303,872	299,771
<b>Total assets</b>	<b>\$242,265</b>	<b>\$232,610</b>	<b>\$142,096</b>	<b>\$147,497</b>	<b>\$384,361</b>	<b>\$380,107</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	40,130	42,729	41,326	49,415	81,456	92,144
Other liabilities	17,769	17,118	1,199	1,116	18,968	18,234
<b>Total liabilities</b>	<b>\$57,899</b>	<b>\$59,847</b>	<b>\$42,525</b>	<b>\$50,531</b>	<b>\$100,424</b>	<b>\$110,378</b>
<b>Net Position</b>						
Net investment in capital assets	129,163	122,687	88,638	81,979	217,801	204,666
Restricted	13,823	16,843	785	4,135	14,608	20,978
Unrestricted	41,381	33,233	10,148	10,852	51,529	44,085
<b>Total Net Position</b>	<b>\$184,367</b>	<b>\$172,763</b>	<b>\$99,571</b>	<b>\$96,966</b>	<b>\$283,938</b>	<b>\$269,729</b>

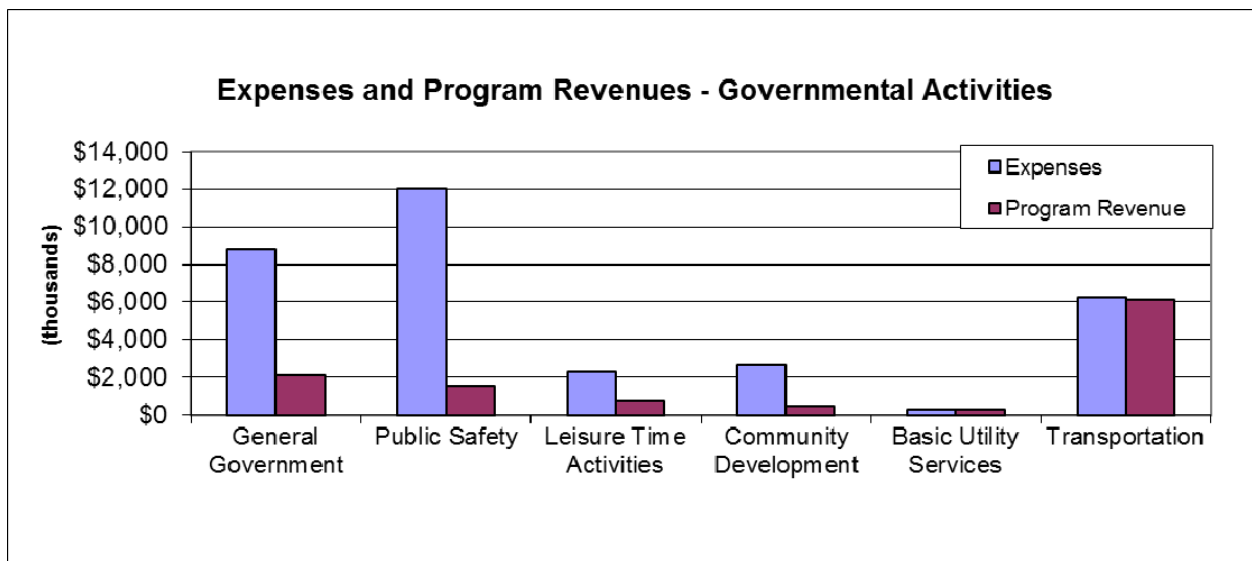
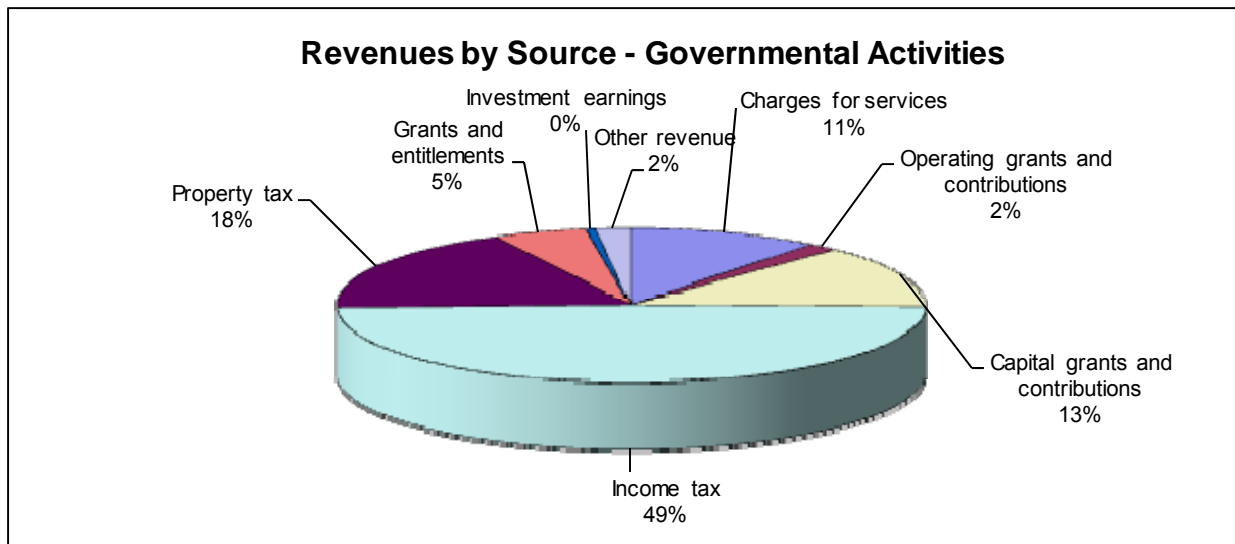
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**City of Mason**  
**Changes in Net Position**  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues:						
Charges for services	\$4,942	\$4,495	\$16,546	\$14,415	\$21,488	\$18,910
Operating grants and contributions	784	864	20		804	864
Capital grants and contributions	6,139	4,136	1,572	963	7,711	5,099
General revenues:						
Income tax	22,958	20,615			22,958	20,615
Property tax	8,302	7,020			8,302	7,020
Grants and entitlements	2,514	2,871			2,514	2,871
Investment earnings	257	212	63	98	320	310
Other revenue	887	964	13	21	900	985
<b>Total Revenues</b>	46,783	41,177	18,214	15,497	64,997	56,674
<b>Expenses:</b>						
General Government	8,832	8,793			8,832	8,793
Public Safety	12,024	12,287			12,024	12,287
Leisure Time Activities	2,314	2,302			2,314	2,302
Community Development	2,676	2,463			2,676	2,463
Basic Utility Services	278	296			278	296
Transportation	6,232	5,543			6,232	5,543
Interest and fiscal charges	1,826	1,830			1,826	1,830
Sewer utility			5,962	6,401	5,962	6,401
Waste Collection			1,440	1,558	1,440	1,558
Stormwater utility			1,166	1,135	1,166	1,135
Community Center			5,373	4,611	5,373	4,611
Golf Course			2,665	3,239	2,665	3,239
<b>Total Expenses</b>	34,182	33,514	16,606	16,944	50,788	50,458
Increase (decrease) in net assets before transfers	12,601	7,663	1,608	(1,447)	14,209	6,216
Transfers - internal activities	(997)	(1,586)	997	1,586		
Increase (decrease) in Net Position	11,604	6,077	2,605	139	14,209	6,216
<b>Net Position beginning of year</b>	\$172,763	166,687	\$96,966	96,827	269,729	263,514
<b>Net Position end of year</b>	\$184,367	\$172,763	\$99,571	\$96,966	\$283,938	\$269,729

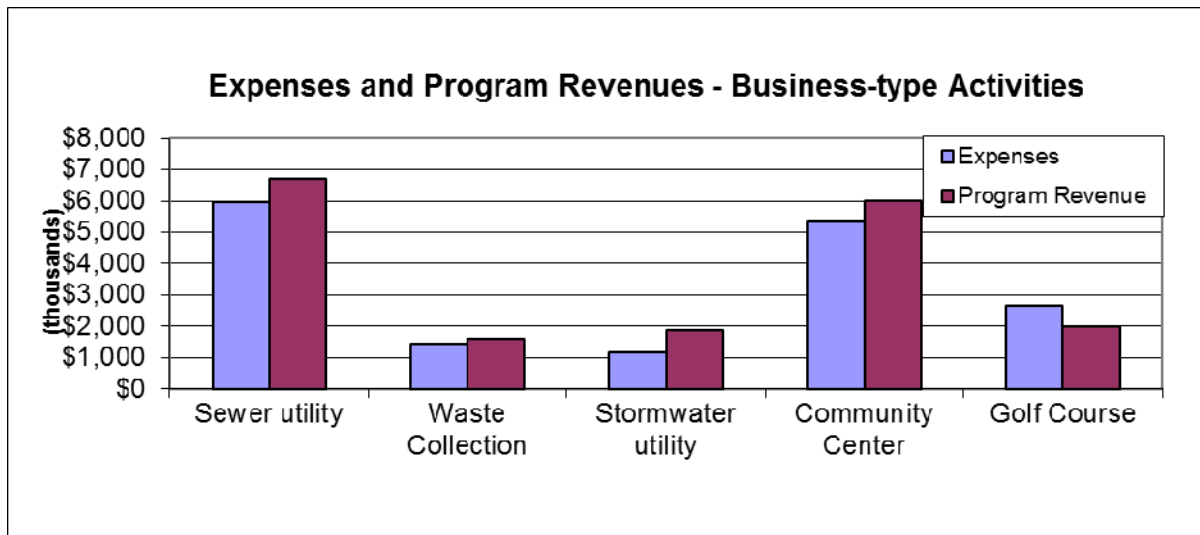
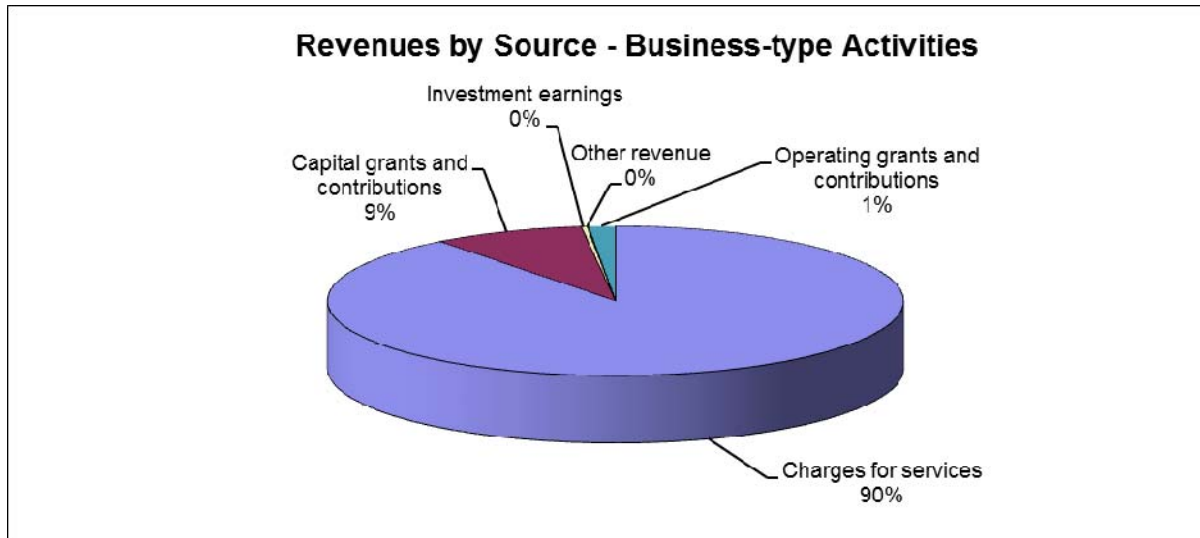
**Governmental activities.** Governmental activities increased the city’s net position by \$11,603,576. This was a \$5,527,844 (91 percent) increase from the previous year change in net position. Key elements of the changes in net position are as follows:

- Taxes increased \$2,253,264 (8.5 percent) over the previous year due to increased income tax collection from the improved local economy.
- Capital grants and contributions increased \$2,002,708 (48.4%) over the previous year. This was mainly due to grants for the U.S. 42 project.
- The improved local economy and management activities during 2012 resulted in transfers to business-type activities to decline \$589,500 (59.2%).



**Business-type activities.** Business-type activities increased the city's net position by \$2,605,263. Key elements of the changes in net position are as follows:

- Charges for services increased \$2,130,110 (14.8 percent). Most of the increase was from the community center due to increases in community center membership and activity.
- Along with increased revenue, expenses for business-type activities decreased \$338,402.



## **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 *unassigned 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 \$45,012,494 an increase of \$3,155,807 in comparison with the prior year.

The general fund is the chief operating fund of the city. At December 31, 2012, the unassigned fund balance of the general fund was \$7,334,177, while the total fund balance was \$30,405,443. The city's general fund balance increased by \$5,538,852 during the current fiscal year. This is \$2,441,501 increase over 2011. Tax revenue increased \$2,384,916 which is an 11.1% increase. This is primarily an increase in income tax revenue. Expenditures increased \$135,459 which is a 0.6% increase. However, transfers to other funds decreased \$610,002 (18.8%) since the community center required no subsidy and the golf subsidy decline significantly.

The state highway improvement fund pays for major street construction and improvements on federal and state highways. The fund balance decreased by \$848,047. Revenue increased by \$2,587,343 (230 percent). Expenditures increased by \$2,751,109 (154 percent). Both increased with the U.S. 42 road construction project and related federal grant reimbursement.

The fire and emergency medical service fund provides public safety services to the City of Mason using a five-mill property tax levy as its major source of revenue. The fund balance decreased by \$477,676. Revenue decreased by \$279,497 (5.3 percent) as the State of Ohio reduces support to local government. Expenditures increased \$207,976 (4%) With the expiration of the fire levy and growing future deficits, the voters in November 2012 approved using a combination of a new property tax levy (up to 5-mills) and a 0.12% income tax increase to provide safety services.

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

Unrestricted net position for the sewer fund at the end of the year amounted to \$8,996,701, with a total increase in net position of \$806,428. Unrestricted net position for the waste collection fund at the end of the year amounted to \$280,311. Unrestricted net position for the stormwater utility fund at the end of the year amounted to \$1,587,736, with a total growth in net position of \$714,823. Unrestricted net position for the community center fund at the end of the year amounted to a negative \$1,179,619. Unrestricted net position for the golf course fund at the end of the year amounted to \$463,060. 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 2012, there was a \$5,450,000 increase in appropriations between the original and final amended budget. The total original appropriations, including those for transfers out, were \$29,818,804, while the final appropriations were \$35,268,804. An additional \$5,000,000 was transferred to the General Capital Improvement Fund for future capital projects and debt reductions. \$450,000 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 \$23,307,600. The actual revenue received was \$28,214,206. This increase was mainly due to increased income tax collections and intergovernmental revenue.

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

**Capital assets.** The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounted to \$303,872,184 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, system improvements, machinery and equipment, park facilities, roads, streets, and traffic signals. The slight increase in the city’s investment in capital assets for 2012 over 2011 was 1.2 percent (a 3.3 percent increase for governmental activities and a 1.1 percent decrease for business type activities.)

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$64,660	\$64,373	\$10,609	\$10,579	\$75,269	\$74,952
Construction in Progress	11,738	4,653	661	323	12,399	4,976
Buildings and Improvements	45,148	45,097	54,304	54,281	99,452	99,378
Machinery and Equipment	15,698	15,178	8,319	8,269	24,017	23,447
Infrastructure	74,340	73,564	86,627	84,829	160,967	158,393
Accumulated Depreciation	(37,448)	(34,250)	(30,784)	(27,125)	(68,232)	(61,375)
<b>Total</b>	<b>\$174,136</b>	<b>\$168,615</b>	<b>\$129,736</b>	<b>\$131,156</b>	<b>\$303,872</b>	<b>\$299,771</b>

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

- Construction for U.S. 42 continued in 2012. Over \$5 million of the \$7 million construction cost was invested in 2012. It is expected to be completed in 2013.
- Construction continued for the Everybody’s Farm TIF. The \$1.5 million project was completed in 2013.
- Other street construction included the extension of Alliance Drive and the access road for the common ground park.



- Outdoor swimming pool has significant improvement to extend its useful life.
- Storm water improvements include Mason Heights Drainage and Muddy Creek Restoration projects.
- Several projects continue the design and planning stage for future capital improvements.

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, 2012, the city had \$79,768,000 of long-term debt outstanding (bonds and capital leases). Of this amount, \$49,485,000 comprises debt backed by the full faith and credit of the government and \$13,000 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 (\$27,040,000) at December 31, 2012, are certificates of participation for the municipal center and the community center. Revenue bonds in the governmental activity of \$3,230,000 are funded through tax increment financing.

The city has notes outstanding of \$6,320,000 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$19,215	\$20,315	\$30,270	\$8,815	\$49,485	\$29,130
Special assessment debt with governmental commitment	0	0	13	18	13	18
Capital Leases	16,575	17,470	10,465	10,765	27,040	28,235
Revenue Bonds	3,230	3,865	0	29,395	3,230	33,260
<b>Total</b>	<u>\$39,020</u>	<u>\$41,650</u>	<u>\$40,748</u>	<u>\$48,993</u>	<u>\$79,768</u>	<u>\$90,643</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, 2012, the city’s total net debt of 2.94% 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, 2012, the millage amount was 5.336 mills, of which 4.3685 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 5.6 percent. This is lower than the current Ohio rate of 7.0 percent and the national rate of 7.5 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 2013 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 2013 and future years. The total appropriations budgeted for 2013 including transfers and capital outlay (\$74,047,299) is 2.8 percent more than the 2012 original appropriations (\$71,985,261).

### **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](mailto:jreigelsperger@masonoh.org).

City of Mason, Ohio  
Statement of Net Position  
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$44,368,378	\$13,786,391	\$58,154,769
Restricted Cash and Investments	1,619,606	784,933	2,404,539
<b>Receivables:</b>			
Taxes	11,617,215	0	11,617,215
Accounts	877,125	1,334,021	2,211,146
Interest	59,409	15,116	74,525
Intergovernmental	3,586,511	258,000	3,844,511
Special Assessments	9,618	0	9,618
Internal Balances	5,250,000	(5,250,000)	0
Prepays	0	751,584	751,584
Inventory	263,534	212,264	475,798
Deferred Issuance Costs	477,683	467,443	945,126
Nondepreciable Capital Assets	76,398,179	11,269,619	87,667,798
Depreciable Capital Assets, Net	97,737,974	118,466,412	216,204,386
<b>Total Assets</b>	<b>242,265,232</b>	<b>142,095,783</b>	<b>384,361,015</b>
<b>Liabilities:</b>			
Accounts Payable	2,245,965	216,382	2,462,347
Accrued Wages and Benefits	1,044,040	245,743	1,289,783
Retainage Payable	387,098	41,939	429,037
Accrued Interest Payable	208,365	132,216	340,581
Contracts Payable	264,814	561,939	826,753
Unearned Revenue	6,881,257	0	6,881,257
Claims Payable	368,500	0	368,500
Intergovernmental Payable	49,188	0	49,188
General Obligation Notes Payable	6,320,000	0	6,320,000
<b>Long-Term Liabilities:</b>			
Due Within One Year	2,983,671	1,925,208	4,908,879
Due In More Than One Year	37,145,786	39,401,295	76,547,081
<b>Total Liabilities</b>	<b>57,898,684</b>	<b>42,524,722</b>	<b>100,423,406</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	129,162,686	88,637,940	217,800,626
<b>Restricted for:</b>			
Debt Service	906,406	784,933	1,691,339
Tax Increment Financing Projects	1,118,636	0	1,118,636
Fire and Emergency Medical Services	5,226,531	0	5,226,531
Street Improvements	5,804,776	0	5,804,776
Other Purposes	766,592	0	766,592
Unrestricted (Deficit)	41,380,921	10,148,188	51,529,109
<b>Total Net Position</b>	<b>\$184,366,548</b>	<b>\$99,571,061</b>	<b>\$283,937,609</b>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$8,831,767	\$2,122,272	\$0	\$0
Public Safety	12,023,613	1,542,684	496,818	0
Leisure Time Activities	2,314,310	443,332	287,050	0
Community Development	2,676,490	503,782	0	0
Basic Utility Service	277,539	319,006	0	0
Transportation and Street Repair	6,231,801	10,400	0	6,139,061
Interest and Fiscal Charges	1,826,561	0	0	0
<b>Total Governmental Activities</b>	<b>34,182,081</b>	<b>4,941,476</b>	<b>783,868</b>	<b>6,139,061</b>
<b>Business-Type Activities:</b>				
Sewer	5,962,355	5,934,351	0	778,080
Waste Collection	1,440,349	1,580,927	0	0
Stormwater Utility	1,165,556	1,078,126	0	793,997
Community Center	5,372,732	5,985,612	0	0
Golf Course	2,665,088	1,966,766	20,000	0
<b>Total Business-Type Activities</b>	<b>16,606,080</b>	<b>16,545,782</b>	<b>20,000</b>	<b>1,572,077</b>
<b>Totals</b>	<b>\$50,788,161</b>	<b>\$21,487,258</b>	<b>\$803,868</b>	<b>\$7,711,138</b>

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 Position  
  
Net Position - Beginning of Year  
  
Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,709,495)	\$0	(\$6,709,495)
(9,984,111)	0	(9,984,111)
(1,583,928)	0	(1,583,928)
(2,172,708)	0	(2,172,708)
41,467	0	41,467
(82,340)	0	(82,340)
(1,826,561)	0	(1,826,561)
(22,317,676)	0	(22,317,676)
0	750,076	750,076
0	140,578	140,578
0	706,567	706,567
0	612,880	612,880
0	(678,322)	(678,322)
0	1,531,779	1,531,779
(22,317,676)	1,531,779	(20,785,897)
22,957,701	0	22,957,701
542,228	0	542,228
3,823,815	0	3,823,815
1,536,649	0	1,536,649
2,514,375	0	2,514,375
2,398,676	0	2,398,676
257,148	63,321	320,469
887,160	13,663	900,823
(996,500)	996,500	0
33,921,252	1,073,484	34,994,736
11,603,576	2,605,263	14,208,839
172,762,972	96,965,798	269,728,770
<u>\$184,366,548</u>	<u>\$99,571,061</u>	<u>\$283,937,609</u>

City of Mason, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2012

	General	State Highway Improvement	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$30,736,707	\$17,979	\$5,053,507	\$8,560,185	\$44,368,378
Restricted Cash and Investments	0	0	0	1,619,606	1,619,606
<b>Receivables:</b>					
Taxes	5,827,265	0	4,154,258	1,635,692	11,617,215
Accounts	503,977	0	305,806	67,342	877,125
Interest	43,729	26	7,397	8,257	59,409
Intergovernmental	751,358	731,825	237,533	1,865,795	3,586,511
Special Assessments	0	0	0	9,618	9,618
Interfund	5,908,000	0	0	0	5,908,000
Inventory	231,969	0	31,565	0	263,534
<b>Total Assets</b>	<b>44,003,005</b>	<b>749,830</b>	<b>9,790,066</b>	<b>13,766,495</b>	<b>68,309,396</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	2,167,665	0	40,297	38,003	2,245,965
Accrued Wages and Benefits	724,197	0	296,568	23,275	1,044,040
Retainage Payable	0	270,993	0	116,105	387,098
Accrued Interest Payable	74,423	0	0	0	74,423
Contracts Payable	0	0	0	264,814	264,814
Interfund Payable	0	450,000	0	208,000	658,000
Deferred Revenue	3,942,777	266,921	4,597,131	3,078,045	11,884,874
Claims Payable	368,500	0	0	0	368,500
Intergovernmental Payable	0	0	0	49,188	49,188
General Obligation Notes Payable	6,320,000	0	0	0	6,320,000
<b>Total Liabilities</b>	<b>13,597,562</b>	<b>987,914</b>	<b>4,933,996</b>	<b>3,777,430</b>	<b>23,296,902</b>
<b>Fund Balances:</b>					
Nonspendable	282,460	0	31,565	0	314,025
Restricted	0	0	4,824,505	7,962,041	12,786,546
Committed	0	0	0	686	686
Assigned	22,788,806	0	0	2,026,338	24,815,144
Unassigned	7,334,177	(238,084)	0	0	7,096,093
<b>Total Fund Balances</b>	<b>30,405,443</b>	<b>(238,084)</b>	<b>4,856,070</b>	<b>9,989,065</b>	<b>45,012,494</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$44,003,005</b>	<b>749,830</b>	<b>\$9,790,066</b>	<b>\$13,766,495</b>	<b>\$68,309,396</b>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 December 31, 2012

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Total Governmental Fund Balance		\$45,012,494
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		174,136,153
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	\$2,703,700	
Delinquent Property Taxes	139,150	
Delinquent TIF Payments	183,282	
Interest	36,364	
Intergovernmental	1,548,784	
Other	<u>392,337</u>	
		5,003,617
In the statement of net position 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.		(133,942)
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences		(1,395,210)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		477,683
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(38,734,247)</u>
Net Position of Governmental Activities		<u><u>\$184,366,548</u></u>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2012

	General	State Highway Improvement	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$23,928,796	\$0	\$3,824,621	\$1,524,164	\$29,277,581
Fines, Licenses and Permits	1,568,733	0	0	669,992	2,238,725
Charges for Services	1,444,410	0	631,634	0	2,076,044
Investment Earnings	163,098	422	29,779	42,705	236,004
Intergovernmental	1,607,414	3,712,337	472,144	2,001,982	7,793,877
Special Assessments	0	0	0	13,364	13,364
Revenue in Lieu of Taxes	0	0	0	2,351,777	2,351,777
Other Revenues	1,101,458	0	38,684	153,742	1,293,884
<b>Total Revenues</b>	<b>29,813,909</b>	<b>3,712,759</b>	<b>4,996,862</b>	<b>6,757,726</b>	<b>45,281,256</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	7,775,848	0	0	469,418	8,245,266
Public Safety	6,468,296	0	5,240,584	8,713	11,717,593
Leisure Time Activities	1,722,418	0	0	0	1,722,418
Community Development	2,038,730	0	0	384,509	2,423,239
Basic Utility Service	277,539	0	0	0	277,539
Transportation and Street Repair	3,071,020	0	0	13,394	3,084,414
Capital Outlay	149,078	4,542,934	233,252	4,264,498	9,189,762
<b>Debt Service:</b>					
Principal Retirement	0	0	0	3,080,000	3,080,000
Interest and Fiscal Charges	87,506	0	0	1,703,531	1,791,037
<b>Total Expenditures</b>	<b>21,590,435</b>	<b>4,542,934</b>	<b>5,473,836</b>	<b>9,924,063</b>	<b>41,531,268</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>8,223,474</b>	<b>(830,175)</b>	<b>(476,974)</b>	<b>(3,166,337)</b>	<b>3,749,988</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of Refunding Bonds	0	0	0	450,000	450,000
Transfers In	0	0	0	1,828,365	1,828,365
Transfers (Out)	(2,637,643)	(17,872)	0	(169,350)	(2,824,865)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,637,643)</b>	<b>(17,872)</b>	<b>0</b>	<b>2,109,015</b>	<b>(546,500)</b>
<b>Net Change in Fund Balance</b>	<b>5,585,831</b>	<b>(848,047)</b>	<b>(476,974)</b>	<b>(1,057,322)</b>	<b>3,203,488</b>
Fund Balance - Beginning of Year	24,866,591	609,963	5,333,746	11,046,387	41,856,687
Change in Nonspendable for Inventory	(46,979)	0	(702)	0	(47,681)
<b>Fund Balance - End of Year</b>	<b>\$30,405,443</b>	<b>(\$238,084)</b>	<b>\$4,856,070</b>	<b>\$9,989,065</b>	<b>\$45,012,494</b>

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, 2012

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Net Change in Fund Balance - Total Governmental Funds \$3,203,488

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

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

Capital assets used in governmental activities	\$8,870,376	
Depreciation Expense	(3,252,906)	
		5,617,470

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. (96,343)

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

Income Taxes	\$313,837	
Delinquent Property Taxes	(3,307)	
Delinquent TIF Payments	46,899	
Interest	21,144	
Intergovernmental	(326,099)	
Other	300,345	
		352,819

In the statement of activities, certain costs and proceeds associated with long-term obligations issued or refunded, including 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.

Refunding Tax Increment Financing Bonds (450,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,080,000

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 9,900

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	(\$20,653)	
Amortization of Bond Issuance Cost	(35,556)	
Amortization of Bond Premium	71,535	
Amortization of Deferred Amount	(81,403)	
Change in Inventory	(47,681)	
		(113,758)

Change in Net Position of Governmental Activities \$11,603,576

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Net Position  
Proprietary Funds  
December 31, 2012

	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
<b>Current Assets:</b>						
Equity in Pooled Cash and Investments	\$8,567,598	\$154,666	\$1,286,146	\$3,420,401	\$357,580	\$13,786,391
Restricted Cash and Investments	0	0	0	784,933	0	784,933
<b>Receivables:</b>						
Accounts	917,250	238,755	159,055	7,973	10,988	1,334,021
Interest	12,540	226	1,883	467	0	15,116
Intergovernmental	0	0	258,000	0	0	258,000
Prepays	0	0	0	751,584	0	751,584
Inventory	57,017	0	0	31,315	123,932	212,264
<b>Total Current Assets</b>	<b>9,554,405</b>	<b>393,647</b>	<b>1,705,084</b>	<b>4,996,673</b>	<b>492,500</b>	<b>17,142,309</b>
<b>Noncurrent Assets:</b>						
Nondepreciable Capital Assets	4,775,052	0	830,125	0	5,664,442	11,269,619
Depreciable Capital Assets, Net	63,021,577	0	34,041,028	18,707,092	2,696,715	118,466,412
Deferred Issuance Costs	246,523	0	10,367	167,492	43,061	467,443
<b>Total Noncurrent Assets</b>	<b>68,043,152</b>	<b>0</b>	<b>34,881,520</b>	<b>18,874,584</b>	<b>8,404,218</b>	<b>130,203,474</b>
<b>Total Assets</b>	<b>77,597,557</b>	<b>393,647</b>	<b>36,586,604</b>	<b>23,871,257</b>	<b>8,896,718</b>	<b>147,345,783</b>
<b>Liabilities:</b>						
Accounts Payable	92,130	0	0	71,910	52,342	216,382
Accrued Wages and Benefits	71,164	958	10,325	163,296	0	245,743
Compensated Absences	83,393	0	14,284	21,531	0	119,208
Retainage Payable	7,000	0	34,939	0	0	41,939
Accrued Interest Payable	69,213	0	4,350	38,494	20,159	132,216
Contracts Payable	390,101	112,240	53,006	6,592	0	561,939
Interfund Payable	0	0	0	5,250,000	0	5,250,000
Long-Term Liabilities Due Within One Year	1,086,000	0	95,000	310,000	315,000	1,806,000
<b>Total Current Liabilities</b>	<b>1,799,001</b>	<b>113,198</b>	<b>211,904</b>	<b>5,861,823</b>	<b>387,501</b>	<b>8,373,427</b>
<b>Long-Term Liabilities:</b>						
Compensated Absences	91,227	138	10,811	7,028	0	109,204
Bonds, Notes & Loans Payable	20,974,431	0	1,404,286	0	6,885,682	29,264,399
Capital Lease	0	0	0	10,027,692	0	10,027,692
<b>Total Noncurrent Liabilities</b>	<b>21,065,658</b>	<b>138</b>	<b>1,415,097</b>	<b>10,034,720</b>	<b>6,885,682</b>	<b>39,401,295</b>
<b>Total Liabilities</b>	<b>22,864,659</b>	<b>113,336</b>	<b>1,627,001</b>	<b>15,896,543</b>	<b>7,273,183</b>	<b>47,774,722</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	45,736,198	0	33,371,867	8,369,400	1,160,475	88,637,940
<b>Restricted for:</b>						
Debt Service	0	0	0	784,933	0	784,933
Unrestricted (Deficit)	8,996,700	280,311	1,587,736	(1,179,619)	463,060	10,148,188
<b>Total Net Position</b>	<b>\$54,732,898</b>	<b>\$280,311</b>	<b>\$34,959,603</b>	<b>\$7,974,714</b>	<b>\$1,623,535</b>	<b>\$99,571,061</b>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2012

	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Operating Revenues:						
Charges for Services	\$5,934,351	\$1,580,927	\$1,078,126	\$5,985,612	\$1,966,766	\$16,545,782
Other Revenues	0	0	0	2,675	10,988	13,663
<b>Total Operating Revenues</b>	<b>5,934,351</b>	<b>1,580,927</b>	<b>1,078,126</b>	<b>5,988,287</b>	<b>1,977,754</b>	<b>16,559,445</b>
Operating Expenses:						
Personal Services	1,261,818	18,108	169,946	2,539,358	3,016	3,992,246
Contractual Services	1,234,660	1,422,241	125,662	1,158,280	1,753,474	5,694,317
Materials and Supplies	395,580	0	110,549	641,187	520,003	1,667,319
Depreciation	2,240,915	0	711,206	549,040	158,902	3,660,063
Other Expenses	0	0	0	4,042	1,703	5,745
<b>Total Operating Expenses</b>	<b>5,132,973</b>	<b>1,440,349</b>	<b>1,117,363</b>	<b>4,891,907</b>	<b>2,437,098</b>	<b>15,019,690</b>
<b>Operating Income (Loss)</b>	<b>801,378</b>	<b>140,578</b>	<b>(39,237)</b>	<b>1,096,380</b>	<b>(459,344)</b>	<b>1,539,755</b>
Non-Operating Revenues (Expenses):						
Investment Earnings	51,352	892	8,256	2,821	0	63,321
Interest (Expense)	(829,382)	0	(48,193)	(480,825)	(227,990)	(1,586,390)
Operating Grants	0	0	0	0	20,000	20,000
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(778,030)</b>	<b>892</b>	<b>(39,937)</b>	<b>(478,004)</b>	<b>(207,990)</b>	<b>(1,503,069)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>23,348</b>	<b>141,470</b>	<b>(79,174)</b>	<b>618,376</b>	<b>(667,334)</b>	<b>36,686</b>
Capital Grants and Contributions	778,080	0	793,997	0	0	1,572,077
Transfers In	5,000	0	0	0	991,500	996,500
<b>Change in Net Position</b>	<b>806,428</b>	<b>141,470</b>	<b>714,823</b>	<b>618,376</b>	<b>324,166</b>	<b>2,605,263</b>
<b>Net Position - Beginning of Year</b>	<b>53,926,470</b>	<b>138,841</b>	<b>34,244,780</b>	<b>7,356,338</b>	<b>1,299,369</b>	<b>96,965,798</b>
<b>Net Position - End of Year</b>	<b>\$54,732,898</b>	<b>\$280,311</b>	<b>\$34,959,603</b>	<b>\$7,974,714</b>	<b>\$1,623,535</b>	<b>\$99,571,061</b>

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, 2012

	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$5,850,600	\$1,572,897	\$1,070,023	\$5,979,041	\$1,977,152	\$16,449,713
Cash Payments to Employees	(1,268,316)	(18,004)	(165,432)	(2,523,822)	(21,056)	(3,996,630)
Cash Payments to Suppliers	(1,427,982)	(1,446,154)	(226,301)	(1,344,182)	(2,280,765)	(6,725,384)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,154,302</b>	<b>108,739</b>	<b>678,290</b>	<b>2,111,037</b>	<b>(324,669)</b>	<b>5,727,699</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Operating Grants Received	0	0	0	0	20,000	20,000
Payments from Other Funds	0	0	0	0	991,500	991,500
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,011,500</b>	<b>1,011,500</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Payments for Capital Acquisitions	(619,801)	0	(575,199)	(32,872)	(5,990)	(1,233,862)
Debt Principal Payments	(880,000)	0	(95,000)	(300,000)	(310,000)	(1,585,000)
Debt Interest Payments	(703,792)	0	(54,094)	(467,925)	(245,013)	(1,470,824)
Payments to Refunded Bond Escrow Agent	(32,560,652)	0	0	0	0	(32,560,652)
Sale of Refunding Bonds	22,740,000	0	0	0	0	22,740,000
Premium on Sale of Refunded Bonds	3,198,124	0	0	0	0	3,198,124
Bond Issuance Cost on Sale of Refunding Bonds	(261,931)	0	0	0	0	(261,931)
Capital Grants Received	308,569	0	0	0	0	308,569
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(8,779,483)</b>	<b>0</b>	<b>(724,293)</b>	<b>(800,797)</b>	<b>(561,003)</b>	<b>(10,865,576)</b>
<b>Cash Flows from Investing Activities:</b>						
Earnings on Investments	57,139	742	8,595	3,004	0	69,480
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>57,139</b>	<b>742</b>	<b>8,595</b>	<b>3,004</b>	<b>0</b>	<b>69,480</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(5,568,042)</b>	<b>109,481</b>	<b>(37,408)</b>	<b>1,313,244</b>	<b>125,828</b>	<b>(4,056,897)</b>
Cash and Cash Equivalents - Beginning of Year	14,135,640	45,185	1,323,554	2,892,090	231,752	18,628,221
Cash and Cash Equivalents - End of Year	8,567,598	154,666	1,286,146	4,205,334	357,580	\$14,571,324
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating Income (Loss)	801,378	140,578	(39,237)	1,096,380	(459,344)	\$1,539,755
<b>Adjustments:</b>						
Depreciation	2,240,915	0	711,206	549,040	158,902	3,660,063
<b>Changes in Assets &amp; Liabilities:</b>						
(Increase) Decrease in Receivables	(83,751)	(8,030)	(8,103)	(2,712)	449	(102,147)
(Increase) Decrease in Inventory	(39,608)	0	0	12,547	31,087	4,026
(Increase) Decrease in Prepays	0	0	0	508,213	0	508,213
Increase (Decrease) in Payables	241,866	(23,913)	9,910	(66,370)	(55,763)	105,730
Increase (Decrease) in Accrued Liabilities	(6,498)	104	4,514	13,939	0	12,059
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$3,154,302</b>	<b>\$108,739</b>	<b>\$678,290</b>	<b>\$2,111,037</b>	<b>(\$324,669)</b>	<b>\$5,727,699</b>
<b>Schedule of Noncash Capital Activities:</b>						
During the fiscal year, these amounts were received representing noncash contributions of:						
Capital Assets	\$469,511	\$0	\$535,997	\$0	\$0	\$1,005,508

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
December 31, 2012

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$249,919
Restricted Cash and Investments	<u>61,809</u>
Total Assets	<u><u>311,728</u></u>
Liabilities:	
Due to Others	<u>311,728</u>
Total Liabilities	<u><u>\$311,728</u></u>

See accompanying notes to the basic financial statements.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**Note 1 – Description of the City and Reporting Entity**

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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.

**Note 2 – Summary of Significant Accounting Policies**

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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 most significant of the City’s accounting policies are described below.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**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 Position.

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 position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position 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 position 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, costs and contributions that are restricted to meeting the operational or

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

**Fund Accounting**

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

Governmental Funds

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

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

State Highway Improvement Fund – This special revenue fund accounts 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.

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.



**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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Proprietary Funds

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Unearned Revenue

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

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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 position/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 and City Ordinance, the City has specified certain funds to receive an allocation of interest earnings. Interest revenues during 2012 amounted to \$299,325 (on the fund financial statements). The general fund interest revenue was \$163,098.

**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, 2012, 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.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**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 position 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 position and in the respective proprietary funds.

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

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

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

**Compensated Absences**

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

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

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

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

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

### **Fund Balance**

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

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

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 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.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**Net Position**

Net position represent the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. 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 position is 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 and Community Center fund have restricted net position relative to those resources necessary to comply with various covenants of bond financing agreements. Of the City's \$14,607,874 in restricted net position, none were restricted by enabling legislation.

**Operating Revenues and Expenses**

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

**Contributions of Capital**

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

**Interfund Activity**

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

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

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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**

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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. The City's investment policy as approved by Council Ordinance permits interim monies to be invested or deposited in the following securities in Chapter 135 of the Ohio Revised Code:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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, Chapter 135.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2012, \$5,675,150 of the City's bank balance of \$5,925,150 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.



**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**Investments**

As of December 31, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal National Mortgage Association	\$30,771,382	1.73
Federal Home Loan Mortgage	12,258,706	1.97
Federal Home Loan Bank	5,357,106	1.79
US Treasury Note	3,635,603	1.67
Federal Farm Credit Bank	2,477,957	2.50
Commercial Paper	1,288,830	0.23
Money Market Funds	258,606	0.00
	<u>\$56,048,190</u>	
Portfolio Weighted Average Maturity		1.78

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 Federal Farm Credit Bank in were rated AA+ by Standard and Poor’s and Fitch ratings and Aaa by Moody’s Investors Service. Commercial Paper was rated A-1+ by Standard & Poors and P-1 by Moody’s Investors Service. US Treasury Bills and Money Market Funds were not rated.

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 6% of the City’s investments in US Treasury Note, 1% in Money Market Funds, 10% in Federal Home Loan Bank, 22% in Federal Home Loan Mortgage, 55% in Federal National Mortgage Association, 4% in Federal Farm Credit Bank and 2% in Commercial Paper.

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**

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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.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
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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 \$3,711 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 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, 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 2012 (other than public utility property) represent the collection of 2012 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 2012 were levied after October 1, 2011 on values as of December 31, 2011. 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.

The tax on telephone and telecommunications property will be eliminated by calendar year 2012. 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:

	Amount
Real Property	\$961,184,410
Public Utility	16,625,240
Total Valuation	<u>\$977,809,650</u>

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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. 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. The change gradually increased the credit for taxes paid to other cities for 2007 through 2010. In tax year 2011 and beyond, the maximum tax credit is 100%.

In November 2012, Mason voters approved an amendment to the City's charter to provide funding of safety services, including fire and emergency services, through a combination of income and property taxes. The amendment allows for an increase of the income tax of up to 0.15%, with an initial rate for 2013 of 0.12%, and up to 5 mills of property tax. The amendment also allows for a credit of the additional income tax for residents who pay property tax.

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.

**Economic Development Agreements**

Economic development efforts include occasional incentive agreements and forgivable loans that are based upon the expansion/retention of existing businesses and attracting new/relocating businesses. These agreements include agreements to provide services that further the City's economic development efforts. Repayment of these agreements may be required if a business fails to meet performance requirements or relocated to another location outside the City. Despite the possible receivable, it is generally believed nothing will be owed or repaid and nothing is recognized as a receivable.

**Note 5 - Risk Management**

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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

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
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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 7/1/09-7/1/13):  
\$1,000,000,000/occurrence  
MVRMA SIR: \$250,000/occurrence  
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.

Flood (effective 7/1/09-7/1/13) - 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 7/1/09-7/1/13) - included in Property Policy  
\$25 million/occurrence and annual aggregate  
MVRMA SIR: \$100,000/occurrence

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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Boiler & Machinery (effective 7/1/09-7/1/13)

\$100,000,000/occurrence

MVRMA SIR: \$10,000-\$350,000/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 7/1/12-7/1/13)

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 7/1/11-7/1/13) – 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 2012 has not been completed yet. Figures from the audited 2011 Financial Audit are as follows:

Current Assets	\$6,642,172
Total Assets	\$18,681,014
Current Liabilities	\$6,311,600
Long-Term Liabilities	\$0
Net Assets	\$12,369,414

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

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.

**City of Mason, Ohio**  
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**For the Year Ended December 31, 2012**

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The claims liability of \$368,500 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
2012	\$439,809	\$3,788,331	(\$3,859,640)	\$368,500
2011	292,736	3,937,911	(3,790,838)	439,809

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

**Note 6 – Contingent Liabilities**

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**Litigation**

The City management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**Federal and State Grants**

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2012, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

**Note 7 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$64,372,966	\$287,198	\$0	\$64,660,164
Construction in Progress	4,653,222	7,286,236	201,443	11,738,015
Total Capital Assets, not being depreciated	69,026,188	7,573,434	201,443	76,398,179
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	45,096,642	50,897	0	45,147,539
Equipment	15,177,676	568,460	48,030	15,698,106
Infrastructure	73,564,460	879,028	103,224	74,340,264
Totals at Historical Cost	202,864,966	9,071,819	352,697	211,584,088
Less Accumulated Depreciation:				
Buildings and Improvements	10,545,289	1,148,082	0	11,693,371
Equipment	10,809,830	865,823	48,030	11,627,623
Infrastructure	12,894,821	1,239,001	6,881	14,126,941
Total Accumulated Depreciation	\$34,249,940	\$3,252,906	\$54,911	\$37,447,935
Governmental Activities Capital Assets, Net	\$168,615,026	\$5,818,913	\$297,786	\$174,136,153
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$10,578,475	\$30,530	\$0	\$10,609,005
Construction in Progress	322,886	675,621	337,893	660,614
Total Capital Assets, not being depreciated	10,901,361	706,151	337,893	11,269,619
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	54,281,454	22,187	0	54,303,641
Equipment	8,269,306	49,950	0	8,319,256
Infrastructure	84,828,799	1,798,612	0	86,627,411
Totals at Historical Cost	158,280,920	2,576,900	337,893	160,519,927
Less Accumulated Depreciation:				
Buildings and Improvements	6,797,405	1,552,966	0	8,350,371
Equipment	3,386,406	662,303	0	4,048,709
Infrastructure	16,940,022	1,444,794	0	18,384,816
Total Accumulated Depreciation	\$27,123,833	\$3,660,063	\$0	\$30,783,896
Business-Type Activities Capital Assets, Net	\$131,157,087	(\$1,083,163)	\$337,893	\$129,736,031

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
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Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$565,402
Public Safety	348,585
Leisure Time Activities	473,360
Transportation and Street Repair	1,865,187
Community Development	372
Total Depreciation Expense	<u>\$3,252,906</u>

**Note 8 – Compensated Absences**

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**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 days exchanged for (1) day of pay for the first two hundred (200) sick days. For the next twenty five 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 eighty-seven and a half (287 1/2) sick days converted to one-hundred and forty-one and two-thirds (141 2/3) days paid.
- c. Redemption for union fire employees 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 two-hundred and ten (210) days converted to seventy (70) days paid.
- d. Redemption for teamster employees 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 and twenty (120) days converted to forty (40) days paid.



**City of Mason, Ohio**  
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- e. Payment will be based on the employee's base rate of pay at the time of retirement.
- f. 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.

**Note 9 – Notes Payable**

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>					
General Fund:					
Real Estate Acquisition Note	1.50%	\$3,500,000	\$0	(\$3,500,000)	\$0
Tax Revenue Note	1.50%	3,070,000	0	(3,070,000)	0
Real Estate Acquisition Note	1.75%	0	3,200,000	0	3,200,000
Tax Revenue Note	1.75%	0	3,120,000	0	3,120,000
Total Governmental Activities		<u>\$6,570,000</u>	<u>\$6,320,000</u>	<u>(\$6,570,000)</u>	<u>\$6,320,000</u>

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

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**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

**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
<b>Governmental Activities</b>						
<u>General Obligation Bonds</u>						
2008 Various Purpose	4.09%	\$15,225,000	\$0	(\$700,000)	\$14,525,000	\$725,000
Mason Road Widening	3.73%	2,040,000	0	(90,000)	1,950,000	90,000
US 42 Road Improvements	3.80%	965,000	0	(35,000)	930,000	35,000
Refunding 1998 Road Improvement	3.52%	2,085,000	0	(275,000)	1,810,000	275,000
Premium on Bonds		243,749	0	(26,090)	217,659	0
Total General Obligation Bonds		<u>20,558,749</u>	<u>0</u>	<u>(1,126,090)</u>	<u>19,432,659</u>	<u>1,125,000</u>
<u>Revenue Bonds</u>						
JW Harris Tax Increment Financing (TIF)	5.30%	490,000	0	(295,000)	195,000	195,000
Mason Enterprise TIF	6.00%	450,000	0	(450,000)	0	0
2012 Enterprise Parke TIF Refunding	3.25%	0	450,000	0	450,000	35,000
Refunding Central Park TIF	4.50%	415,000	0	(135,000)	280,000	65,000
Refunding Tylersville Crossing TIF	4.50%	760,000	0	(205,000)	555,000	50,000
Everybody's Farm TIF	5.75%	1,750,000	0	0	1,750,000	0
Total Revenue Bonds		<u>3,865,000</u>	<u>450,000</u>	<u>(1,085,000)</u>	<u>3,230,000</u>	<u>345,000</u>
<u>Certificate of Participation Bonds</u>						
Refunding Certificate of Participation		17,470,000	0	(895,000)	16,575,000	915,000
Premium on Refunding Certificate of Participation		681,673	0	(45,445)	636,228	0
Deferred Charge on Refunding Certificate of Participation		(1,221,043)	0	81,403	(1,139,640)	0
Total Refunding Certificate of Participation Bonds		<u>16,930,630</u>	<u>0</u>	<u>(859,042)</u>	<u>16,071,588</u>	<u>915,000</u>
Total Long-Term Liabilities Bonds		41,354,379	450,000	(3,070,132)	38,734,247	2,385,000
Compensated Absences		1,374,557	1,004,492	(983,839)	1,395,210	598,671
Total Governmental Activities		<u>\$42,728,936</u>	<u>\$1,454,492</u>	<u>(\$4,053,971)</u>	<u>\$40,129,457</u>	<u>\$2,983,671</u>
<b>Business-Type Activities</b>						
<u>General Obligation Bonds</u>						
Sewer Refunding		\$0	\$22,740,000	(\$880,000)	\$21,860,000	\$1,080,000
Stormwater Improvement	3.65%	1,515,000	0	(95,000)	1,420,000	95,000
Deferred Charge on Refunding		0	(2,998,980)	176,411	(2,822,569)	0
Golf Course Acquisition	3.69%	7,300,000	0	(310,000)	6,990,000	315,000
Premium on Bonds		317,645	3,198,124	(215,801)	3,299,968	0
Total General Obligation Bonds		<u>9,132,645</u>	<u>22,939,144</u>	<u>(1,324,390)</u>	<u>30,747,399</u>	<u>1,490,000</u>
<u>Special Assessment Bonds</u>						
Diley Utility	6.00%	18,000	0	(5,000)	13,000	6,000
<u>Mortgage Revenue Bonds</u>						
Sewer Mortgage Revenue	4.47%	29,395,000	0	(29,395,000)	0	0
<u>Lease</u>						
Capital Lease		10,765,000	0	(300,000)	10,465,000	310,000
Discount on Capital Lease		(133,095)	5,787	0	(127,308)	0
Total Capital Lease		<u>10,631,905</u>	<u>5,787</u>	<u>(300,000)</u>	<u>10,337,692</u>	<u>310,000</u>
Compensated Absences - Enterprise		237,864	118,671	(128,123)	228,412	119,208
Total Business-Type Activities		<u>\$49,415,414</u>	<u>\$23,063,602</u>	<u>(\$31,152,513)</u>	<u>\$41,326,503</u>	<u>\$1,925,208</u>

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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, Sewer 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.

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	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$2,615,000	\$1,883,551	\$345,000	\$156,535	\$6,000	\$780
2014	2,690,000	1,820,390	185,000	147,549	7,000	420
2015	2,770,000	1,742,539	245,000	139,263	0	0
2016	2,885,000	1,642,013	265,000	127,638	0	0
2017	2,930,000	1,569,839	220,000	114,987	0	0
2018-2022	18,430,000	6,023,722	1,225,000	399,201	0	0
2023-2027	14,990,000	2,640,334	420,000	154,962	0	0
2028-2031	2,175,000	113,350	325,000	48,012	0	0
	<u>\$49,485,000</u>	<u>\$17,435,738</u>	<u>\$3,230,000</u>	<u>\$1,288,147</u>	<u>\$13,000</u>	<u>\$1,200</u>

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**Note 11 - Advanced Refunding and Current Refunding**

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On February, 2012 the City issued \$22,740,000 in Sewer General Obligation bonds with an average interest rate of between 1.50% and 5.00% of which \$22,740,000 was used to advance refund \$29,395,000 of outstanding 2004 Sewer Mortgage Revenue Bonds with an interest rate of 4.47%. The net proceeds of \$25,802,581 (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, \$22,740,000 of the 2004 Sewer Mortgage Revenue Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The City advance refunded 2004 Sewer Mortgage Revenue Bonds to reduce its total debt service payments by \$4,626,179 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,860,872.

In 2012, the City issued \$450,000 in current refunding Enterprise TIF bonds with an interest rate of 3.50% of which \$450,000 was used to pay off the \$450,000 of outstanding 2002 Enterprise TIF Bonds with an interest rate of 6.00%. The net proceeds were \$450,000.

The current refunded Enterprise TIF Bonds were issued to reduce its total debt service payments by \$3,275 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,322.

**Note 12 – Leases**

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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:

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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	1,594,625	769,350
2018-2022	6,422,825	3,929,602
2023-2027	6,224,225	3,953,938
2028-2032	0	3,989,256
2033-2034	0	1,648,500
Total minimum lease payments	<u>20,637,825</u>	<u>17,373,930</u>
Less: Amount representing interest	(4,062,825)	(6,908,930)
Present value of minimum lease payments	<u><u>\$16,575,000</u></u>	<u><u>\$10,465,000</u></u>

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

Buildings and Improvements	\$35,735,000
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**Note 13 – Pension Plans**

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**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](http://www.opers.org).

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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, 2012, 2011 and 2010 were \$814,222, \$836,299, and \$702,783 respectively. The full amount has been contributed for 2011 and 2010, and 89 percent has actually been contributed for 2012. 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](http://www.op-f.org).

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 were \$828,496, \$853,744, and \$801,170, respectively. 87% has actually been contributed for 2012 and the full amount has been contributed for 2011 and 2010. 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**

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**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.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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](http://www.opers.org).

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. 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 \$232,623 for 2012, \$237,915 for 2011; and \$52,112 for the period January 1 through February 28, 2010, and \$203,601 for the period of March 1 through December 31, 2010. The full amount has been contributed for 2011 and 2010, and 89 percent has actually been contributed for 2012.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Ohio Police and Fire Pension Fund**

Plan Description

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

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits 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](http://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.



**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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, 2012, 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, 2012 were \$140,814 (police) and \$118,447 (fire); for the year ending December 31, 2011 were \$145,704 (police) and \$121,570 (fire); and for the year ending December 31, 2010 were \$141,135 (police) and \$110,508 (fire); respectively, and were allocated to the healthcare plan. The actual contributions for 2011 and 2010 were 100% and 87% has actually been contributed for 2012.

**Note 15 – Conduit Debt Obligations**

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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, 2012:

<u>Issuance</u>	<u>Year Issued</u>	<u>Original Amount</u>	<u>Outstanding December 31, 2012</u>	<u>Year Mature</u>
Cedar Village	2010	\$16,250,000	\$14,505,000	2035

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**Note 16 – Construction Commitments**

The City had the following outstanding commitments at year end:

Projects	Amount
Kings Island Drive Improvement	\$296,019
US 42 Widening - Tylersville to But-Warren	422,955
MM Rd. & Bethany Rd. Roundabout	157,308
Everybody's Farm Improvement	42,096
Alliance Drive Extension	88,037
Common Ground Access Road	74,480
SCADA Update Phase I	106,756
Lift Station Pump Replacement	123,011
SW Mason Sewer Rehab Phase II/ Muddy Creek Stream Restoration	7,200
St. Susanna & Four Seasons	30,398
Mason Heights Drainage System	218,208
Total	\$1,566,468

**Note 17 – Interfund Transactions**

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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	\$5,908,000	\$0	\$0	\$2,637,643
State Highway Improvement	0	450,000	0	17,872
Sewer Fund	0	0	5,000	0
Community Center Fund	0	5,250,000	0	0
Golf Course Fund	0	0	991,500	0
Other Governmental Funds	0	208,000	1,828,365	169,350
Total All Funds	\$5,908,000	\$5,908,000	\$2,824,865	\$2,824,865

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

The transfer out of the Street Construction, Maintenance and Repair Fund to the General Bond Retirement Fund (Other Governmental Funds) of \$164,350 was to make the debt service payment for the Mason Road Widening debt that is included in the 2012 Various Purpose General Obligation Bonds.

The transfer out of the State Highway Improvement Fund (Other Governmental Funds) to the General Bond Retirement Fund (Other Governmental Funds) of \$17,872 was to make the debt service payment for the US 42 Road Improvements debt that is included in the 2012 Various Purpose General Obligation Bonds.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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The transfer out of \$5,000 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**

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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**

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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, 2012**

<u>Fund Balances</u>	<u>General</u>	<u>State Highway Improvement</u>	<u>Fire and Emergency Medical Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Inventory	\$231,969	\$0	\$31,565	\$0	\$263,534
Unclaimed Monies	50,491	0	0	0	50,491
<b>Total Nonspendable</b>	282,460	0	31,565	0	314,025
<b>Restricted for:</b>					
Street Improvements	0	0	0	4,841,749	4,841,749
Fire and Emergency Medical Service	0	0	4,824,505	0	4,824,505
Street Subdivision	0	0	0	479,313	479,313
Parks and Recreation	0	0	0	62,569	62,569
Public Safety	0	0	0	33,098	33,098
Municipal Court	0	0	0	582,531	582,531
TIF Monies	0	0	0	1,028,869	1,028,869
Debt Service	0	0	0	825,608	825,608
Other Purposes	0	0	0	108,304	108,304
<b>Total Restricted</b>	0	0	4,824,505	7,962,041	12,786,546
<b>Committed to:</b>					
Police Crime Prevention	0	0	0	686	686
<b>Total Committed</b>	0	0	0	686	686
<b>Assigned to:</b>					
General Capital Improvement	12,998,285	0	0	0	12,998,285
Debt Service	0	0	0	1,961,499	1,961,499
Subdivision Inspection	0	0	0	64,839	64,839
Encumbrances	9,790,521	0	0	0	9,790,521
<b>Total Assigned</b>	22,788,806	0	0	2,026,338	24,815,144
<b>Unassigned (Deficit)</b>	7,334,177	(238,084)	0	0	7,096,093
<b>Total Fund Balance</b>	30,405,443	(238,084)	4,856,070	9,989,065	45,012,494

**Note 20 – Change in Accounting Principles**

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 provides financial reporting guidance for deferred outflows and inflows of resources and net position.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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**Note 21 – Subsequent Event**

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In January 2013, the City issued \$3,170,000 in economic development revenue notes to refinance a revenue note for real estate acquisition. The note is due January 2014.

In June 2013, the City has started the process to issue a \$2,885,000 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 2014.

# **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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$20,715,000	\$20,715,000	\$23,668,798	\$2,953,798
Fines, Licenses and Permits	1,417,600	1,417,600	1,545,355	127,755
Intergovernmental	50,000	50,000	1,851,765	1,801,765
Charges for Services	415,000	415,000	266,502	(148,498)
Investment Earnings	125,000	125,000	149,741	24,741
Other Revenues	585,000	585,000	732,045	147,045
<b>Total Revenues</b>	<b>23,307,600</b>	<b>23,307,600</b>	<b>28,214,206</b>	<b>4,906,606</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>City Manager</b>				
Personal Services	290,140	290,140	261,212	28,928
Operating	67,874	62,874	55,110	7,764
<b>Total City Manager</b>	<b>358,014</b>	<b>353,014</b>	<b>316,322</b>	<b>36,692</b>
<b>Assistant City Manager</b>				
Personal Services	732,254	757,254	750,600	6,654
Operating	31,936	36,936	30,786	6,150
<b>Total Assistant City Manager</b>	<b>764,190</b>	<b>794,190</b>	<b>781,386</b>	<b>12,804</b>
<b>Finance</b>				
Personal Services	407,272	382,272	360,176	22,096
Operating	77,006	72,006	62,818	9,188
<b>Total Finance</b>	<b>484,278</b>	<b>454,278</b>	<b>422,994</b>	<b>31,284</b>
<b>Earnings Tax</b>				
Personal Services	446,107	446,107	386,162	59,945
Operating	84,683	89,683	499,234	(409,551)
Refunds and Reimbursements	850,000	850,000	213,299	636,701
<b>Total Earnings Tax</b>	<b>1,380,790</b>	<b>1,385,790</b>	<b>1,098,695</b>	<b>287,095</b>
<b>Law Director</b>				
Personal Services	106,909	106,909	89,382	17,527
Operating	433,802	433,802	360,843	72,959
<b>Total Law Director</b>	<b>540,711</b>	<b>540,711</b>	<b>450,225</b>	<b>90,486</b>

(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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Council				
Personal Services	138,294	138,294	129,985	8,309
Operating	<u>1,889,014</u>	<u>1,904,014</u>	<u>1,826,033</u>	<u>77,981</u>
Total Council	2,027,308	2,042,308	1,956,018	86,290
Municipal Court				
Personal Services	709,004	709,004	629,300	79,704
Operating	<u>483,547</u>	<u>483,547</u>	<u>426,508</u>	<u>57,039</u>
Total Municipal Court	1,192,551	1,192,551	1,055,808	136,743
Land, Buildings and Grounds				
Personal Services	101,270	101,270	101,254	16
Operating	<u>642,041</u>	<u>627,041</u>	<u>513,844</u>	<u>113,197</u>
Total Land, Buildings and Grounds	743,311	728,311	615,098	113,213
Auditor's Deductions				
Personal Services	50,908	50,908	37,823	13,085
Operating	1,171,328	1,111,328	1,041,072	70,256
Contingency	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total Auditor's Deductions	<u>1,472,236</u>	<u>1,412,236</u>	<u>1,078,895</u>	<u>333,341</u>
Total General Government	<u>8,963,389</u>	<u>8,903,389</u>	<u>7,775,441</u>	<u>1,127,948</u>

(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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Public Safety				
Police Department				
Personal Services	4,978,770	5,228,770	5,160,006	68,764
Operating	526,442	526,442	480,492	45,950
Total Police Department	5,505,212	5,755,212	5,640,498	114,714
Street Lighting				
Operating	441,736	406,736	355,137	51,599
Total Street Lighting	441,736	406,736	355,137	51,599
Disaster Services				
Operating	31,255	46,255	45,029	1,226
Total Disaster Services	31,255	46,255	45,029	1,226
Total Public Safety	5,978,203	6,208,203	6,040,664	167,539
Leisure Time Activities				
Recreation Programs				
Personal Services	229,380	229,380	199,440	29,940
Operating	107,247	127,247	120,599	6,648
Total Recreation Programs	336,627	356,627	320,039	36,588
Parks				
Personal Services	778,416	628,416	606,161	22,255
Operating	433,947	378,947	292,519	86,428
Total Parks	1,212,363	1,007,363	898,680	108,683
Swimming Pool				
Personal Services	167,668	167,668	153,067	14,601
Operating	85,850	65,850	72,381	(6,531)
Total Swimming Pool	253,518	233,518	225,448	8,070
Senior Center				
Personal Services	96,617	96,617	84,744	11,873
Operating	74,467	149,467	115,567	33,900
Total Senior Center	171,084	246,084	200,311	45,773
Total Leisure Time Activities	1,973,592	1,843,592	1,644,478	199,114

(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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Community Development				
Community Planning - Zoning				
Personal Services	88,501	88,501	87,705	796
Operating	20,407	20,407	17,605	2,802
Total Community Planning - Zoning	108,908	108,908	105,310	3,598
Building Inspections				
Personal Services	475,784	475,784	475,577	207
Operating	30,793	35,793	26,619	9,174
Total Building Inspections	506,577	511,577	502,196	9,381
Economic Development				
Personal Services	249,098	179,098	175,832	3,266
Operating	215,963	340,963	311,827	29,136
Total Economic Development	465,061	520,061	487,659	32,402
Community Development				
Operating	2,484,445	2,934,445	2,903,942	30,503
Total Community Development	2,484,445	2,934,445	2,903,942	30,503
Total Community Development	3,564,991	4,074,991	3,999,107	75,884

(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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Transportation and Street Repair				
Traffic Signals				
Operating	239,665	239,665	146,601	93,064
Total Traffic Signals	239,665	239,665	146,601	93,064
Street Maintenance and Repair				
Personal Services	1,436,234	1,336,234	1,277,582	58,652
Operating	1,190,699	1,190,699	910,501	280,198
Total Street Maintenance and Repair	2,626,933	2,526,933	2,188,083	338,850
Garage				
Personal Services	274,911	274,911	267,137	7,774
Operating	50,640	50,640	42,346	8,294
Total Garage	325,551	325,551	309,483	16,068
Engineering				
Personal Services	726,120	726,120	719,365	6,755
Operating	50,360	50,360	35,961	14,399
Total Engineering	776,480	776,480	755,326	21,154
Total Transportation and Street Repair	3,968,629	3,868,629	3,399,493	469,136
Capital Outlay	1,700,000	1,700,000	1,700,000	0
Total Expenditures	26,148,804	26,598,804	24,559,183	2,039,621
Excess of Revenues Over (Under) Expenditures	(2,841,204)	(3,291,204)	3,655,023	6,946,227
Other Financing Sources (Uses):				
Transfers (Out)	(3,670,000)	(8,670,000)	(8,061,143)	608,857
Total Other Financing Sources (Uses)	(3,670,000)	(8,670,000)	(8,061,143)	608,857
Net Change in Fund Balance	(6,511,204)	(11,961,204)	(4,406,120)	7,555,084
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,965,105	14,965,105	14,965,105	0
Fund Balance End of Year	\$8,453,901	\$3,003,901	\$10,558,985	\$7,555,084

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, 2012

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$4,500,000	\$3,950,000	\$3,642,217	(\$307,783)
Investment Earnings	0	0	1,525	1,525
Total Revenues	<u>4,500,000</u>	<u>3,950,000</u>	<u>3,643,742</u>	<u>(306,258)</u>
Expenditures:				
Current:				
Capital Outlay	5,439,415	5,439,415	5,399,304	40,111
Total Expenditures	<u>5,439,415</u>	<u>5,439,415</u>	<u>5,399,304</u>	<u>40,111</u>
Excess of Revenues Over (Under) Expenditures	<u>(939,415)</u>	<u>(1,489,415)</u>	<u>(1,755,562)</u>	<u>(266,147)</u>
Other Financing Sources (Uses):				
Advances In	0	450,000	450,000	0
Transfers (Out)	(71,500)	(71,500)	(70,744)	756
Total Other Financing Sources (Uses)	<u>(71,500)</u>	<u>378,500</u>	<u>379,256</u>	<u>756</u>
Net Change in Fund Balance	(1,010,915)	(1,110,915)	(1,376,306)	(265,391)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,062,837</u>	<u>1,062,837</u>	<u>1,062,837</u>	<u>0</u>
Fund Balance End of Year	<u>\$51,922</u>	<u>(\$48,078)</u>	<u>(\$313,469)</u>	<u>(\$265,391)</u>

See accompanying notes to the required supplementary information.

City of Mason, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2012

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$3,850,500	\$3,850,500	\$3,824,621	(\$25,879)
Intergovernmental	449,500	449,500	472,144	22,644
Charges for Services	600,000	600,000	639,352	39,352
Investment Earnings	20,000	20,000	29,159	9,159
Other Revenues	0	0	38,455	38,455
<b>Total Revenues</b>	<b>4,920,000</b>	<b>4,920,000</b>	<b>5,003,731</b>	<b>83,731</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety				
Fire and Emergency Services				
Personal Services	4,942,417	4,942,417	4,578,393	364,024
Operating	901,131	901,131	783,727	117,404
<b>Total Public Safety</b>	<b>5,843,548</b>	<b>5,843,548</b>	<b>5,362,120</b>	<b>481,428</b>
Capital Outlay	641,238	641,238	390,673	250,565
<b>Total Expenditures</b>	<b>6,484,786</b>	<b>6,484,786</b>	<b>5,752,793</b>	<b>731,993</b>
<b>Net Change in Fund Balance</b>	<b>(1,564,786)</b>	<b>(1,564,786)</b>	<b>(749,062)</b>	<b>815,724</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,543,693	5,543,693	5,543,693	0
<b>Fund Balance End of Year</b>	<b>\$3,978,907</b>	<b>\$3,978,907</b>	<b>\$4,794,631</b>	<b>\$815,724</b>

See accompanying notes to the required supplementary information.

**City of Mason, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2012**

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**Note 1 – Budgetary Process**

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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, State Highway Improvement 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, 2012**

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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, State Highway Improvement Fund, and the Fire and Emergency Medical Service Fund.

**Net Change in Fund Balance**

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	General	State Highway Improvement	Fire and Emergency Medical Service
GAAP Basis	\$5,585,831	(\$848,047)	(\$476,974)
Revenue Accruals	(1,599,703)	(69,017)	6,869
Expenditure Accruals	3,328,633	(524,935)	(23,660)
Transfers Out	(5,658,000)	(52,872)	0
Advances In	50,000	450,000	0
Encumbrances	(6,297,381)	(331,435)	(255,297)
Funds Budgeted Elsewhere	184,500	0	0
Budget Basis	<u>(\$4,406,120)</u>	<u>(\$1,376,306)</u>	<u>(\$749,062)</u>

# COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES





## **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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$7,391,996	\$1,168,189	\$8,560,185
Restricted Cash and Investments	0	1,619,606	1,619,606
<b>Receivables:</b>			
Taxes	0	1,635,692	1,635,692
Accounts	67,342	0	67,342
Interest	7,346	911	8,257
Intergovernmental	1,650,924	214,871	1,865,795
Special Assessments	0	9,618	9,618
<b>Total Assets</b>	<b>9,117,608</b>	<b>4,648,887</b>	<b>13,766,495</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	37,315	688	38,003
Accrued Wages and Benefits	23,275	0	23,275
Retainage Payable	116,105	0	116,105
Contracts Payable	264,814	0	264,814
Interfund Payable	208,000	0	208,000
Deferred Revenue	1,216,953	1,861,092	3,078,045
Intergovernmental Payable	49,188	0	49,188
<b>Total Liabilities</b>	<b>1,915,650</b>	<b>1,861,780</b>	<b>3,777,430</b>
<b>Fund Balances:</b>			
Restricted	7,136,433	825,608	7,962,041
Committed	686	0	686
Assigned	64,839	1,961,499	2,026,338
<b>Total Fund Balances</b>	<b>7,201,958</b>	<b>2,787,107</b>	<b>9,989,065</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$9,117,608</b>	<b>\$4,648,887</b>	<b>\$13,766,495</b>

City of Mason, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$0	\$1,524,164	\$1,524,164
Fines, Licenses and Permits	669,992	0	669,992
Investment Earnings	29,006	13,699	42,705
Intergovernmental	1,783,884	218,098	2,001,982
Special Assessments	0	13,364	13,364
Revenue in Lieu of Taxes	2,127,388	224,389	2,351,777
Other Revenues	153,742	0	153,742
<b>Total Revenues</b>	<b>4,764,012</b>	<b>1,993,714</b>	<b>6,757,726</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	469,418	0	469,418
Public Safety	8,713	0	8,713
Community Development	384,509	0	384,509
Transportation and Street Repair	1,660	11,734	13,394
Capital Outlay	4,181,846	82,652	4,264,498
<b>Debt Service:</b>			
Principal Retirement	790,000	2,290,000	3,080,000
Interest and Fiscal Charges	182,736	1,520,795	1,703,531
<b>Total Expenditures</b>	<b>6,018,882</b>	<b>3,905,181</b>	<b>9,924,063</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,254,870)</b>	<b>(1,911,467)</b>	<b>(3,166,337)</b>
<b>Other Financing Sources (Uses):</b>			
Issuance of Refunding Bonds	450,000	0	450,000
Transfers In	50,000	1,778,365	1,828,365
Transfers (Out)	(164,350)	(5,000)	(169,350)
<b>Total Other Financing Sources (Uses)</b>	<b>335,650</b>	<b>1,773,365</b>	<b>2,109,015</b>
<b>Net Change in Fund Balance</b>	<b>(919,220)</b>	<b>(138,102)</b>	<b>(1,057,322)</b>
<b>Fund Balance - Beginning of Year</b>	<b>8,121,178</b>	<b>2,925,209</b>	<b>11,046,387</b>
<b>Fund Balance - End of Year</b>	<b>\$7,201,958</b>	<b>\$2,787,107</b>	<b>\$9,989,065</b>

## **NONMAJOR SPECIAL REVENUE FUNDS**

### **Fund Descriptions**

**Street Construction, Maintenance and Repair** – 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.

**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, 2012

	Street Construction, Maintenance and Repair	Street Subdivision	Police Officer Training	Parks and Recreation
Assets:				
Equity in Pooled Cash and Investments	\$4,918,396	\$479,313	\$2,390	\$100,207
Receivables:				
Accounts	28,455	0	0	0
Interest	7,199	0	0	147
Intergovernmental	690,938	0	0	198,000
<b>Total Assets</b>	<b>5,644,988</b>	<b>479,313</b>	<b>2,390</b>	<b>298,354</b>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	500	0
Accrued Wages and Benefits	0	0	0	0
Retainage Payable	99,392	0	0	11,851
Contracts Payable	248,969	0	0	15,845
Interfund Payable	0	0	0	208,000
Deferred Revenue	454,878	0	0	89
Intergovernmental Payable	0	0	0	0
<b>Total Liabilities</b>	<b>803,239</b>	<b>0</b>	<b>500</b>	<b>235,785</b>
Fund Balances:				
Restricted	4,841,749	479,313	1,890	62,569
Committed	0	0	0	0
Assigned	0	0	0	0
<b>Total Fund Balances</b>	<b>4,841,749</b>	<b>479,313</b>	<b>1,890</b>	<b>62,569</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$5,644,988</b>	<b>\$479,313</b>	<b>\$2,390</b>	<b>\$298,354</b>

Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement
\$686	\$29,530	\$3,363	\$92,612	\$136,508	\$82,546	\$198,249
0	155	50	350	6,147	1,837	14,910
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>686</u>	<u>29,685</u>	<u>3,413</u>	<u>92,962</u>	<u>142,655</u>	<u>84,383</u>	<u>213,159</u>
0	0	0	3,841	570	426	1,159
0	0	0	0	0	0	8,261
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
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,841</u>	<u>570</u>	<u>426</u>	<u>9,420</u>
0	29,685	3,413	89,121	142,085	83,957	203,739
686	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>686</u>	<u>29,685</u>	<u>3,413</u>	<u>89,121</u>	<u>142,085</u>	<u>83,957</u>	<u>203,739</u>
<u>\$686</u>	<u>\$29,685</u>	<u>\$3,413</u>	<u>\$92,962</u>	<u>\$142,655</u>	<u>\$84,383</u>	<u>\$213,159</u>

Continued

City of Mason, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012

	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	Subdivision Inspection
Assets:				
Equity in Pooled Cash and Investments	\$17,293	\$118,168	\$30,051	\$69,968
Receivables:				
Accounts	0	13,930	1,508	0
Interest	0	0	0	0
Intergovernmental	0	0	0	0
<b>Total Assets</b>	<b>17,293</b>	<b>132,098</b>	<b>31,559</b>	<b>69,968</b>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	1,022	0	0
Accrued Wages and Benefits	0	9,885	0	5,129
Retainage Payable	0	0	0	0
Contracts Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Intergovernmental Payable	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>10,907</b>	<b>0</b>	<b>5,129</b>
Fund Balances:				
Restricted	17,293	121,191	31,559	0
Committed	0	0	0	0
Assigned	0	0	0	64,839
<b>Total Fund Balances</b>	<b>17,293</b>	<b>121,191</b>	<b>31,559</b>	<b>64,839</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$17,293</b>	<b>\$132,098</b>	<b>\$31,559</b>	<b>\$69,968</b>



Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Total Nonmajor Special Revenue Funds
\$204,825	\$30,974	\$206,802	\$162,249	\$507,866	\$7,391,996
0	0	0	0	0	67,342
0	0	0	0	0	7,346
87,106	206,689	222,029	36,874	209,288	1,650,924
<u>291,931</u>	<u>237,663</u>	<u>428,831</u>	<u>199,123</u>	<u>717,154</u>	<u>9,117,608</u>
0	29,797	0	0	0	37,315
0	0	0	0	0	23,275
0	0	0	0	4,862	116,105
0	0	0	0	0	264,814
0	0	0	0	0	208,000
87,106	206,689	222,029	36,874	209,288	1,216,953
0	0	0	49,188	0	49,188
87,106	236,486	222,029	86,062	214,150	1,915,650
204,825	1,177	206,802	113,061	503,004	7,136,433
0	0	0	0	0	686
0	0	0	0	0	64,839
<u>204,825</u>	<u>1,177</u>	<u>206,802</u>	<u>113,061</u>	<u>503,004</u>	<u>7,201,958</u>
<u>\$291,931</u>	<u>\$237,663</u>	<u>\$428,831</u>	<u>\$199,123</u>	<u>\$717,154</u>	<u>\$9,117,608</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, 2012

	Street Construction, Maintenance and Repair	Street Subdivision	Police Officer Training	Parks and Recreation
<b>Revenues:</b>				
Fines, Licenses and Permits	\$0	\$10,400	\$0	\$26,472
Investment Earnings	28,182	0	0	824
Intergovernmental	1,496,834	0	0	287,050
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	153,455	0	0	125
<b>Total Revenues</b>	<b>1,678,471</b>	<b>10,400</b>	<b>0</b>	<b>314,471</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	0	0	0	0
Public Safety	0	0	5,088	0
Community Development	0	0	0	0
Transportation and Street Repair	0	1,160	500	0
Capital Outlay	1,281,111	0	0	445,955
<b>Debt Service:</b>				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>1,281,111</b>	<b>1,160</b>	<b>5,588</b>	<b>445,955</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>397,360</b>	<b>9,240</b>	<b>(5,588)</b>	<b>(131,484)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Refunding Bonds	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(164,350)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(164,350)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>233,010</b>	<b>9,240</b>	<b>(5,588)</b>	<b>(131,484)</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,608,739</b>	<b>470,073</b>	<b>7,478</b>	<b>194,053</b>
<b>Fund Balance - End of Year</b>	<b>\$4,841,749</b>	<b>\$479,313</b>	<b>\$1,890</b>	<b>\$62,569</b>

Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement
\$0	\$4,827	\$1,400	\$16,169	\$88,013	\$24,625	\$206,371
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	162	0	0
0	4,827	1,400	16,169	88,175	24,625	206,371
0	0	0	27,561	38,533	1,392	160,982
0	0	3,625	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	3,625	27,561	38,533	1,392	160,982
0	4,827	(2,225)	(11,392)	49,642	23,233	45,389
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	4,827	(2,225)	(11,392)	49,642	23,233	45,389
686	24,858	5,638	100,513	92,443	60,724	158,350
\$686	\$29,685	\$3,413	\$89,121	\$142,085	\$83,957	\$203,739

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, 2012

	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	Subdivision Inspection
<b>Revenues:</b>				
Fines, Licenses and Permits	\$35	\$226,178	\$11,719	\$53,783
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	0
<b>Total Revenues</b>	<b>35</b>	<b>226,178</b>	<b>11,719</b>	<b>53,783</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	0	208,524	2,629	0
Public Safety	0	0	0	0
Community Development	0	0	0	89,719
Transportation and Street Repair	0	0	0	0
Capital Outlay	0	0	0	0
<b>Debt Service:</b>				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>208,524</b>	<b>2,629</b>	<b>89,719</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>35</b>	<b>17,654</b>	<b>9,090</b>	<b>(35,936)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Refunding Bonds	0	0	0	0
Transfers In	0	0	0	50,000
Transfers (Out)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>
<b>Net Change in Fund Balance</b>	<b>35</b>	<b>17,654</b>	<b>9,090</b>	<b>14,064</b>
<b>Fund Balance - Beginning of Year</b>	<b>17,258</b>	<b>103,537</b>	<b>22,469</b>	<b>50,775</b>
<b>Fund Balance - End of Year</b>	<b>\$17,293</b>	<b>\$121,191</b>	<b>\$31,559</b>	<b>\$64,839</b>

Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Total Nonmajor Special Revenue Funds
0	0	0	0	0	\$669,992
0	0	0	0	0	29,006
0	0	0	0	0	1,783,884
189,714	62,422	294,898	35,503	1,544,851	2,127,388
0	0	0	0	0	153,742
<u>189,714</u>	<u>62,422</u>	<u>294,898</u>	<u>35,503</u>	<u>1,544,851</u>	<u>4,764,012</u>
0	29,797	0	0	0	469,418
0	0	0	0	0	8,713
67,509	4,448	173,427	49,406	0	384,509
0	0	0	0	0	1,660
0	0	0	0	2,454,780	4,181,846
135,000	450,000	205,000	0	0	790,000
18,675	27,000	34,200	0	102,861	182,736
<u>221,184</u>	<u>511,245</u>	<u>412,627</u>	<u>49,406</u>	<u>2,557,641</u>	<u>6,018,882</u>
<u>(31,470)</u>	<u>(448,823)</u>	<u>(117,729)</u>	<u>(13,903)</u>	<u>(1,012,790)</u>	<u>(1,254,870)</u>
0	450,000	0	0	0	450,000
0	0	0	0	0	50,000
0	0	0	0	0	(164,350)
<u>0</u>	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>335,650</u>
(31,470)	1,177	(117,729)	(13,903)	(1,012,790)	(919,220)
236,295	0	324,531	126,964	1,515,794	8,121,178
<u>\$204,825</u>	<u>\$1,177</u>	<u>\$206,802</u>	<u>\$113,061</u>	<u>\$503,004</u>	<u>\$7,201,958</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, 2012

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,400,000	\$1,483,013	\$83,013
Investment Earnings	20,000	26,911	6,911
Other Revenues	1,100,000	1,212,950	112,950
Total Revenues	<u>2,520,000</u>	<u>2,722,874</u>	<u>202,874</u>
Expenditures:			
Current:			
Capital Outlay	<u>5,780,935</u>	<u>5,385,387</u>	<u>395,548</u>
Total Expenditures	<u>5,780,935</u>	<u>5,385,387</u>	<u>395,548</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,260,935)</u>	<u>(2,662,513)</u>	<u>598,422</u>
Other Financing Sources (Uses):			
Transfers (Out)	<u>(165,000)</u>	<u>(164,350)</u>	<u>650</u>
Total Other Financing Sources (Uses)	<u>(165,000)</u>	<u>(164,350)</u>	<u>650</u>
Net Change in Fund Balance	(3,425,935)	(2,826,863)	599,072
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>4,765,047</u>	<u>4,765,047</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,339,112</u></u>	<u><u>\$1,938,184</u></u>	<u><u>\$599,072</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, 2012

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$10,400	\$10,400
Total Revenues	0	10,400	10,400
Expenditures:			
Current:			
Transportation and Street Repair	10,000	10,000	0
Total Expenditures	10,000	10,000	0
Excess of Revenues Over (Under) Expenditures	(10,000)	400	10,400
Other Financing Sources (Uses):			
Transfers (Out)	(458,000)	0	458,000
Total Other Financing Sources (Uses)	(458,000)	0	458,000
Net Change in Fund Balance	(468,000)	400	468,400
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	470,073	470,073	0
Fund Balance End of Year	<u>\$2,073</u>	<u>\$470,473</u>	<u>\$468,400</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, 2012

	Federal Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Advances (Out)	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	(50,000)	(50,000)	0
Net Change in Fund Balance	(50,000)	(50,000)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,000	50,000	0
Fund Balance End of Year	\$0	\$0	\$0



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, 2012

	Police Officer Training Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	5,500	5,588	(88)
Total Expenditures	5,500	5,588	(88)
Net Change in Fund Balance	(5,500)	(5,588)	(88)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,478	7,478	0
Fund Balance End of Year	<u>\$1,978</u>	<u>\$1,890</u>	<u>(\$88)</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, 2012

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$24,400	\$26,472	\$2,072
Investment Earnings	600	1,005	405
Other Revenues	0	125	125
Total Revenues	<u>25,000</u>	<u>27,602</u>	<u>2,602</u>
Expenditures:			
Current:			
Capital Outlay	<u>520,105</u>	<u>490,272</u>	<u>29,833</u>
Total Expenditures	<u>520,105</u>	<u>490,272</u>	<u>29,833</u>
Excess of Revenues Over (Under) Expenditures	<u>(495,105)</u>	<u>(462,670)</u>	<u>32,435</u>
Other Financing Sources (Uses):			
Advances In	<u>203,000</u>	<u>208,000</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>203,000</u>	<u>208,000</u>	<u>5,000</u>
Net Change in Fund Balance	(292,105)	(254,670)	37,435
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>292,647</u>	<u>292,647</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$542</u></u>	<u><u>\$37,977</u></u>	<u><u>\$37,435</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, 2012

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

City of Mason, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2012

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$4,500	\$4,922	\$422
Total Revenues	4,500	4,922	422
Expenditures:			
Current:			
Public Safety	29,000	0	29,000
Total Expenditures	29,000	0	29,000
Net Change in Fund Balance	(24,500)	4,922	29,422
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,606	24,606	0
Fund Balance End of Year	\$106	\$29,528	\$29,422

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, 2012

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$1,500	\$1,000
Total Revenues	500	1,500	1,000
Expenditures:			
Current:			
Public Safety	5,000	3,625	1,375
Total Expenditures	5,000	3,625	1,375
Net Change in Fund Balance	(4,500)	(2,125)	2,375
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,488	5,488	0
Fund Balance End of Year	<u>\$988</u>	<u>\$3,363</u>	<u>\$2,375</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, 2012

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$16,449	\$15,449
Total Revenues	1,000	16,449	15,449
Expenditures:			
Current:			
General Government	68,252	43,652	24,600
Total Expenditures	68,252	43,652	24,600
Net Change in Fund Balance	(67,252)	(27,203)	40,049
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	106,579	106,579	0
Fund Balance End of Year	<u>\$39,327</u>	<u>\$79,376</u>	<u>\$40,049</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, 2012

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$50,000	\$87,470	\$37,470
Other Revenues	0	162	162
Total Revenues	50,000	87,632	37,632
Expenditures:			
Current:			
General Government	66,087	39,341	26,746
Total Expenditures	66,087	39,341	26,746
Net Change in Fund Balance	(16,087)	48,291	64,378
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	88,214	88,214	0
Fund Balance End of Year	\$72,127	\$136,505	\$64,378

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, 2012

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$24,456	\$9,456
Total Revenues	15,000	24,456	9,456
Expenditures:			
Current:			
General Government	1,000	966	34
Capital Outlay	1,000	0	1,000
Total Expenditures	2,000	966	1,034
Excess of Revenues Over (Under) Expenditures	13,000	23,490	10,490
Net Change in Fund Balance	13,000	23,490	10,490
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	59,055	59,055	0
Fund Balance End of Year	\$72,055	\$82,545	\$10,490



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, 2012

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$180,000	\$205,785	\$25,785
Total Revenues	180,000	205,785	25,785
Expenditures:			
Current:			
General Government	235,695	176,715	58,980
Total Expenditures	235,695	176,715	58,980
Net Change in Fund Balance	(55,695)	29,070	84,765
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	168,872	168,872	0
Fund Balance End of Year	\$113,177	\$197,942	\$84,765

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, 2012

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$35	\$35
Total Revenues	0	35	35
Expenditures:			
Current:			
General Government	1,000	0	1,000
Total Expenditures	1,000	0	1,000
Net Change in Fund Balance	(1,000)	35	1,035
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,258	17,258	0
Fund Balance End of Year	<u>\$16,258</u>	<u>\$17,293</u>	<u>\$1,035</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, 2012

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$200,000	\$227,402	\$27,402
Total Revenues	200,000	227,402	27,402
Expenditures:			
Current:			
General Government	217,038	210,120	6,918
Total Expenditures	217,038	210,120	6,918
Net Change in Fund Balance	(17,038)	17,282	34,320
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	100,686	100,686	0
Fund Balance End of Year	\$83,648	\$117,968	\$34,320

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, 2012

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$10,882	\$9,882
Total Revenues	1,000	10,882	9,882
Expenditures:			
Current:			
General Government	8,161	3,392	4,769
Total Expenditures	8,161	3,392	4,769
Net Change in Fund Balance	(7,161)	7,490	14,651
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	22,408	22,408	0
Fund Balance End of Year	\$15,247	\$29,898	\$14,651

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, 2012

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$33,000	\$53,783	\$20,783
Total Revenues	33,000	53,783	20,783
Expenditures:			
Current:			
Community Development	105,965	90,501	15,464
Total Expenditures	105,965	90,501	15,464
Excess of Revenues Over (Under) Expenditures	(72,965)	(36,718)	36,247
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	(22,965)	13,282	36,247
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	55,741	55,741	0
Fund Balance End of Year	\$32,776	\$69,023	\$36,247

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, 2012

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$189,714	\$189,714	\$0
Total Revenues	189,714	189,714	0
Expenditures:			
Current:			
Community Development	86,000	67,509	18,491
Debt Service:			
Principal Retirement	135,000	135,000	0
Interest and Fiscal Charges	18,675	18,675	0
Total Expenditures	239,675	221,184	18,491
Net Change in Fund Balance	(49,961)	(31,470)	18,491
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	236,296	236,296	0
Fund Balance End of Year	\$186,335	\$204,826	\$18,491

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, 2012

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$62,000	\$62,422	\$422
Total Revenues	62,000	62,422	422
Expenditures:			
Current:			
Community Development	35,000	34,245	755
Debt Service:			
Principal Retirement	450,000	450,000	0
Interest and Fiscal Charges	27,000	27,000	0
Total Expenditures	512,000	511,245	755
Excess of Revenues Over (Under) Expenditures	(450,000)	(448,823)	1,177
Other Financing Sources (Uses):			
Issuance of Refunding Bonds	450,000	450,000	0
Total Other Financing Sources (Uses)	450,000	450,000	0
Net Change in Fund Balance	0	1,177	1,177
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$1,177	\$1,177

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, 2012

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$250,000	\$294,898	\$44,898
Total Revenues	250,000	294,898	44,898
Expenditures:			
Current:			
Community Development	97,000	77,299	19,701
Debt Service:			
Principal Retirement	205,000	205,000	0
Interest and Fiscal Charges	34,200	34,200	0
Total Expenditures	336,200	316,499	19,701
Net Change in Fund Balance	(86,200)	(21,601)	64,599
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	228,404	228,404	0
Fund Balance End of Year	\$142,204	\$206,803	\$64,599



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, 2012

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$30,000	\$35,503	\$5,503
Total Revenues	30,000	35,503	5,503
Expenditures:			
Current:			
Community Development	40,000	218	39,782
Total Expenditures	40,000	218	39,782
Net Change in Fund Balance	(10,000)	35,285	45,285
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	126,964	126,964	0
Fund Balance End of Year	<u>\$116,964</u>	<u>\$162,249</u>	<u>\$45,285</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, 2012

	Everybody's Farm TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$1,544,851	\$1,544,851	\$0
Total Revenues	1,544,851	1,544,851	0
Expenditures:			
Capital Outlay	2,679,319	2,524,021	155,298
Debt Service:			
Interest and Fiscal Charges	103,000	102,861	139
Total Expenditures	2,782,319	2,626,882	155,437
Net Change in Fund Balance	(1,237,468)	(1,082,031)	155,437
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,542,939	1,542,939	0
Fund Balance End of Year	\$305,471	\$460,908	\$155,437

## **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, 2012

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$601,897	\$14,448	\$209,351	\$342,493	\$1,168,189
Restricted Cash and Investments	0	0	0	1,619,606	1,619,606
<b>Receivables:</b>					
Taxes	1,635,692	0	0	0	1,635,692
Interest	0	0	0	911	911
Intergovernmental	99,187	0	115,684	0	214,871
Special Assessments	0	9,618	0	0	9,618
<b>Total Assets</b>	<b>2,336,776</b>	<b>24,066</b>	<b>325,035</b>	<b>1,963,010</b>	<b>4,648,887</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	0	88	0	600	688
Deferred Revenue	1,734,879	9,618	115,684	911	1,861,092
<b>Total Liabilities</b>	<b>1,734,879</b>	<b>9,706</b>	<b>115,684</b>	<b>1,511</b>	<b>1,861,780</b>
<b>Fund Balances:</b>					
Restricted	601,897	14,360	209,351	0	825,608
Assigned	0	0	0	1,961,499	1,961,499
<b>Total Fund Balances</b>	<b>601,897</b>	<b>14,360</b>	<b>209,351</b>	<b>1,961,499</b>	<b>2,787,107</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,336,776</b>	<b>\$24,066</b>	<b>\$325,035</b>	<b>\$1,963,010</b>	<b>\$4,648,887</b>

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, 2012

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
<b>Revenues:</b>					
Taxes	\$1,524,164	\$0	\$0	\$0	\$1,524,164
Investment Earnings	0	0	0	13,699	13,699
Intergovernmental	218,098	0	0	0	218,098
Special Assessments	0	13,364	0	0	13,364
Revenue in Lieu of Taxes	0	0	224,389	0	224,389
<b>Total Revenues</b>	<b>1,742,262</b>	<b>13,364</b>	<b>224,389</b>	<b>13,699</b>	<b>1,993,714</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Transportation and Street Repair	0	0	11,734	0	11,734
Capital Outlay	0	0	82,652	0	82,652
<b>Debt Service:</b>					
Principal Retirement	1,100,000	0	295,000	895,000	2,290,000
Interest and Fiscal Charges	790,420	1,430	25,970	702,975	1,520,795
<b>Total Expenditures</b>	<b>1,890,420</b>	<b>1,430</b>	<b>415,356</b>	<b>1,597,975</b>	<b>3,905,181</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(148,158)</b>	<b>11,934</b>	<b>(190,967)</b>	<b>(1,584,276)</b>	<b>(1,911,467)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	182,222	0	0	1,596,143	1,778,365
Transfers (Out)	0	(5,000)	0	0	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<b>182,222</b>	<b>(5,000)</b>	<b>0</b>	<b>1,596,143</b>	<b>1,773,365</b>
<b>Net Change in Fund Balance</b>	<b>34,064</b>	<b>6,934</b>	<b>(190,967)</b>	<b>11,867</b>	<b>(138,102)</b>
<b>Fund Balance - Beginning of Year</b>	<b>567,833</b>	<b>7,426</b>	<b>400,318</b>	<b>1,949,632</b>	<b>2,925,209</b>
<b>Fund Balance - End of Year</b>	<b>\$601,897</b>	<b>\$14,360</b>	<b>\$209,351</b>	<b>\$1,961,499</b>	<b>\$2,787,107</b>

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, 2012

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,525,000	\$1,524,164	(\$836)
Intergovernmental	175,000	218,098	43,098
<b>Total Revenues</b>	<b>1,700,000</b>	<b>1,742,262</b>	<b>42,262</b>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	1,100,000	1,100,000	0
Interest and Fiscal Charges	800,000	790,420	9,580
<b>Total Expenditures</b>	<b>1,900,000</b>	<b>1,890,420</b>	<b>9,580</b>
Excess of Revenues Over (Under) Expenditures	(200,000)	(148,158)	51,842
Other Financing Sources (Uses):			
Transfers In	235,000	182,222	(52,778)
<b>Total Other Financing Sources (Uses)</b>	<b>235,000</b>	<b>182,222</b>	<b>(52,778)</b>
Net Change in Fund Balance	35,000	34,064	(936)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	567,834	567,834	0
<b>Fund Balance End of Year</b>	<b>\$602,834</b>	<b>\$601,898</b>	<b>(\$936)</b>

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, 2012

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$5,000	\$13,364	\$8,364
Total Revenues	5,000	13,364	8,364
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	5,000	5,000	0
Interest and Fiscal Charges	2,648	1,518	1,130
Total Expenditures	7,648	6,518	1,130
Net Change in Fund Balance	(2,648)	6,846	9,494
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,515	7,515	0
Fund Balance End of Year	\$4,867	\$14,361	\$9,494

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, 2012

	Tax Increment Financing Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$224,388	\$224,389	\$1
Total Revenues	224,388	224,389	1
Expenditures:			
Current:			
Transportation and Street Repair	136,000	134,969	1,031
Capital Outlay	87,000	86,378	622
Debt Service:			
Principal Retirement	295,000	295,000	0
Interest and Fiscal Charges	25,970	25,970	0
Total Expenditures	543,970	542,317	1,653
Net Change in Fund Balance	(319,582)	(317,928)	1,654
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	400,319	400,319	0
Fund Balance End of Year	\$80,737	\$82,391	\$1,654



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, 2012

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$11,898	\$11,898
Total Revenues	0	11,898	11,898
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	895,000	895,000	0
Interest and Fiscal Charges	705,000	703,575	1,425
Total Expenditures	1,600,000	1,598,575	1,425
Excess of Revenues Over (Under) Expenditures	(1,600,000)	(1,586,677)	13,323
Other Financing Sources (Uses):			
Transfers In	1,600,000	1,596,143	(3,857)
Total Other Financing Sources (Uses)	1,600,000	1,596,143	(3,857)
Net Change in Fund Balance	0	9,466	9,466
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,949,046	1,949,046	0
Fund Balance End of Year	<u>\$1,949,046</u>	<u>\$1,958,512</u>	<u>\$9,466</u>

## **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, 2012

	General Capital Improvement Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$76,399	\$76,399
Total Revenues	0	76,399	76,399
Expenditures:			
Current:			
Capital Outlay	1,158,898	1,052,754	106,144
Debt Service:			
Principal Retirement	6,570,000	6,570,000	0
Interest and Fiscal Charges	121,000	120,916	84
Total Expenditures	7,849,898	7,743,670	106,228
Excess of Revenues Over (Under) Expenditures	(7,849,898)	(7,667,271)	182,627
Other Financing Sources (Uses):			
Issuance of Debt	6,320,000	6,352,356	32,356
Advances In	0	50,000	50,000
Transfers In	6,000,000	6,000,000	0
Transfers (Out)	(6,234,500)	(6,234,500)	0
Total Other Financing Sources (Uses)	6,085,500	6,167,856	82,356
Net Change in Fund Balance	(1,764,398)	(1,499,415)	264,983
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,655,587	8,655,587	0
Fund Balance End of Year	\$6,891,189	\$7,156,172	\$264,983

(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, 2012

	Employee Medical Insurance Fund (1)		
	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>			
Charges for Services	\$1,164,502	\$1,181,502	\$17,000
Other Revenues	300,000	509,942	209,942
<b>Total Revenues</b>	<b>1,464,502</b>	<b>1,691,444</b>	<b>226,942</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government</b>			
Employee Medical Personal Services	1,014,393	682,960	331,433
<b>Total General Government</b>	<b>1,014,393</b>	<b>682,960</b>	<b>331,433</b>
<b>Public Safety</b>			
Employee Medical Personal Services	620,500	620,500	0
<b>Total Public Safety</b>	<b>620,500</b>	<b>620,500</b>	<b>0</b>
<b>Leisure Time Activities</b>			
Employee Medical Personal Services	184,166	184,166	0
<b>Total Leisure Time Activities</b>	<b>184,166</b>	<b>184,166</b>	<b>0</b>
<b>Community Development</b>			
Employee Medical Personal Services	17,000	17,000	0
<b>Total Community Development</b>	<b>17,000</b>	<b>17,000</b>	<b>0</b>
<b>Basic Utility</b>			
Employee Medical Personal Services	283,336	283,336	0
<b>Total Basic Utility</b>	<b>283,336</b>	<b>283,336</b>	<b>0</b>
<b>Total Expenditures</b>	<b>2,119,395</b>	<b>1,787,962</b>	<b>331,433</b>
<b>Net Change in Fund Balance</b>	<b>(654,893)</b>	<b>(96,518)</b>	<b>558,375</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	685,714	685,714	0
<b>Fund Balance End of Year</b>	<b>\$30,821</b>	<b>\$589,196</b>	<b>\$558,375</b>

(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, 2012

	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
Total Expenditures	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, 2012

	Unclaimed Monies Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$5,111	\$5,111
Total Revenues	0	5,111	5,111
Expenditures:			
Current:			
General Government			
Unclaimed Monies			
Other	45,000	404	44,596
Total General Government	45,000	404	44,596
Total Expenditures	45,000	404	44,596
Net Change in Fund Balance	(45,000)	4,707	49,707
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,783	45,783	0
Fund Balance End of Year	<u>\$783</u>	<u>\$50,490</u>	<u>\$49,707</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, 2012

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$70,174	\$2,569,977	\$2,578,342	\$61,809
Total Assets	<u>70,174</u>	<u>2,569,977</u>	<u>2,578,342</u>	<u>61,809</u>

Liabilities:				
Due to Others	70,174	2,569,977	2,578,342	61,809
Total Liabilities	<u>\$70,174</u>	<u>\$2,569,977</u>	<u>\$2,578,342</u>	<u>\$61,809</u>

	Mason Port Authority			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$309,000	\$300,000	\$600,000	\$9,000
Total Assets	<u>309,000</u>	<u>300,000</u>	<u>600,000</u>	<u>9,000</u>

Liabilities:				
Accounts Payable	0	0	0	0
Due to Others	309,000	300,000	600,000	9,000
Total Liabilities	<u>\$309,000</u>	<u>\$300,000</u>	<u>\$600,000</u>	<u>\$9,000</u>

	Community Improvement Corporation			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$251,000	\$12,200	\$22,281	\$240,919
Total Assets	<u>251,000</u>	<u>12,200</u>	<u>22,281</u>	<u>240,919</u>

Liabilities:				
Due to Others	251,000	12,200	22,281	240,919
Total Liabilities	<u>\$251,000</u>	<u>\$12,200</u>	<u>\$22,281</u>	<u>\$240,919</u>

(Continued)



City of Mason, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2012

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$560,000	\$312,200	\$622,281	\$249,919
Restricted Cash and Investments	70,174	2,569,977	2,578,342	61,809
<b>Total Assets</b>	<b>630,174</b>	<b>2,882,177</b>	<b>3,200,623</b>	<b>311,728</b>
<b>Liabilities:</b>				
Due to Others	630,174	2,882,177	3,200,623	311,728
<b>Total Liabilities</b>	<b>\$630,174</b>	<b>\$2,882,177</b>	<b>\$3,200,623</b>	<b>\$311,728</b>

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# STATISTICAL SECTION



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

## **Contents**

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

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

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

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

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

***Sources:*** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	<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>	<u>2012</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$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	\$129,162,686
Restricted	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	13,822,941
Unrestricted	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	41,380,921
Total Governmental Activities Net Position	\$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	\$184,366,548
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$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	\$88,637,940
Restricted	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	784,933
Unrestricted	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	10,148,188
Total Business-Type Activities Net Position	\$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	\$99,571,061
<b>Primary Government</b>										
Net Investment in Capital Assets	\$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	\$217,800,626
Restricted	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	14,607,874
Unrestricted	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	51,529,109
Total Governmental Activities Net Position	\$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	\$283,937,609

Source: City of Mason, Ohio, Department of Finance

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

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>										
General Government	\$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	\$8,831,767
Public Safety	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	12,023,613
Leisure Time Activities	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	2,314,310
Community Development	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	2,676,490
Basic Utility Service	1,124	0	0	513,694	252,588	251,649	233,714	224,627	295,972	277,539
Transportation and Street Repair	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	6,231,801
Interest and Fiscal Charges	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	1,826,561
<b>Total Governmental Activities Expenses</b>	<b>21,766,078</b>	<b>24,623,035</b>	<b>25,967,413</b>	<b>29,070,969</b>	<b>34,198,791</b>	<b>33,571,456</b>	<b>31,790,898</b>	<b>30,990,514</b>	<b>33,514,064</b>	<b>34,182,081</b>
<b>Business-type activities</b>										
Water	117,370	320,815	0	0	0	0	0	0	0	0
Sewer	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	5,962,355
Waste Collection	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	1,440,349
Stormwater Utility	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	1,165,556
Community Center	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	5,372,732
Golf Course	0	0	0	0	3,145,633	3,864,928	3,246,476	3,158,462	3,239,390	2,665,088
<b>Total business-type activities expenses</b>	<b>6,634,051</b>	<b>8,134,497</b>	<b>9,070,925</b>	<b>10,148,236</b>	<b>14,836,677</b>	<b>15,861,668</b>	<b>15,315,292</b>	<b>15,960,184</b>	<b>16,944,482</b>	<b>16,606,080</b>
<b>Total primary government expenses</b>	<b>\$28,400,129</b>	<b>\$32,757,532</b>	<b>\$35,038,338</b>	<b>\$39,219,205</b>	<b>\$49,035,468</b>	<b>\$49,433,124</b>	<b>\$47,106,190</b>	<b>\$46,950,698</b>	<b>\$50,458,546</b>	<b>\$50,788,161</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$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	\$2,122,272
Public Safety	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	1,542,684
Leisure Time Activities	223,460	320,394	407,548	514,992	585,664	561,063	564,185	555,017	452,927	443,332
Community Development	435,081	398,360	489,196	391,088	442,307	513,136	306,726	354,236	472,771	503,782
Basic Utility Service	256,831	285,781	0	228,738	276,203	286,189	263,341	255,781	303,507	319,006
Transportation and Street Repair	104,038	0	0	13,969	9,865	7,600	6,400	17,248	12,245	10,400
Interest and Fiscal Charges	0	0	6,022	963	0	0	0	0	0	0
Operating Grants and Contributions	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	783,868
Capital Grants and Contributions	3,001,393	7,720,265	3,175,748	2,914,592	3,080,139	2,243,632	2,060,510	2,568,453	4,136,353	6,139,061
<b>Total Governmental Activities Program Revenues</b>	<b>6,948,255</b>	<b>12,596,770</b>	<b>8,689,616</b>	<b>9,656,043</b>	<b>9,984,447</b>	<b>9,643,924</b>	<b>10,080,970</b>	<b>10,342,347</b>	<b>9,494,708</b>	<b>11,864,405</b>
<b>Business-Type Activities</b>										
Charges for Services:										
Sewer	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	5,934,351
Waste Collection	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	1,580,927

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Charges for Services: (continued)										
Stormwater Utility	749,570	784,892	788,602	793,059	808,253	836,751	832,872	838,534	964,294	1,078,126
Community Center	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	5,985,612
Golf Course	0	0	0	0	2,385,062	2,408,790	2,225,669	2,107,523	1,978,633	1,966,766
Operating Grants and Contributions	0	0	0	0	0	0	0	0	0	20,000
Capital Grants and Contributions	6,539,646	4,505,577	3,807,321	3,167,731	3,516,835	762,214	642,683	519,910	963,382	1,572,077
Total Business-Type Activities Program Revenues	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	18,137,859
Total Primary Government Program Revenues	\$22,933,069	\$26,553,312	\$22,140,469	\$22,784,416	\$25,999,561	\$22,605,152	\$22,462,879	\$23,096,434	\$24,873,762	\$30,002,264
Net (Expense)/Revenue										
Governmental Activities	(\$14,817,823)	(\$12,026,265)	(\$17,277,797)	(\$19,414,926)	(\$24,214,344)	(\$23,927,532)	(\$21,709,928)	(\$20,648,167)	(\$24,019,356)	(\$22,317,676)
Business-Type Activities	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)	1,531,779
Total Primary Government Net Expense	(\$5,467,060)	(\$6,204,220)	(\$12,897,869)	(\$16,434,789)	(\$23,035,907)	(\$26,827,972)	(\$24,643,311)	(\$23,854,264)	(\$25,584,784)	(\$20,785,897)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Income Taxes	\$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	\$22,957,701
Property Taxes Levied for:										
General Purposes	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	542,228
Special Revenue Purposes	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	3,823,815
Debt Service Purposes	555,903	401,942	181,859	85,178	378,098	380,224	1,385,822	1,625,282	1,547,804	1,536,649
Capital Project Purposes	188,314	220,283	217,918	275,675	440,642	546,268	509,685	0	0	0
Unrestricted Grants and Entitlements	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	2,514,375
Unrestricted Contributions	0	25,000	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0	0	0	818,970	1,026,869	2,398,676
Investment Earnings	273,376	178,414	910,574	1,928,561	2,725,268	1,997,266	208,558	151,128	211,821	257,148
Other Revenues	473,513	639,483	375,644	558,488	820,723	665,897	921,424	567,068	964,417	887,160
Transfers-Internal Activities	(574,596)	(279,639)	(1,345,662)	326,510	(1,287,036)	(3,715,268)	(9,038,489)	(3,222,025)	(1,586,000)	(996,500)
Total Governmental Activities	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	33,921,252
Business-Type Activities										
Investment Earnings	187,552	435,371	898,940	980,492	1,121,249	720,066	83,653	62,180	97,787	63,321
Other Revenues	0	60,442	12,077	16,542	1,166	10,626	0	29,865	20,572	13,663
Transfers-Internal Activities	574,596	279,639	1,345,662	(326,510)	1,287,036	3,715,268	9,038,489	3,222,025	1,586,000	996,500
Special Item	0	0	0	(10,580,607)	0	0	0	0	0	0
Total Business-Type Activities	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	1,073,484
Total Primary Government	\$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	\$34,994,736

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Changes in Net Position</b>										
Governmental Activities	\$7,743,280	\$14,910,371	\$10,768,884	\$14,483,170	\$8,760,109	\$6,623,048	\$869,604	\$4,849,803	\$6,075,732	\$11,603,576
Business-Type Activities	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	2,605,263
Total Primary Government	\$17,856,191	\$21,507,868	\$17,405,491	\$7,553,224	\$12,347,997	\$8,168,568	\$7,058,363	\$4,957,776	\$6,214,663	\$14,208,839

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
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
2012	22,957,701	542,228	3,823,815	1,536,649	5,902,692	28,860,393

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
General Fund										
Nonspendable									\$324,731	\$282,460
Assigned									19,081,712	22,788,806
Reserved	\$6,148,247	\$5,855,656	\$10,729,834	\$12,032,677	\$7,511,771	\$11,959,422	\$8,243,141	\$8,724,982	5,460,148	7,334,177
Unassigned										
Unreserved	1,380,089	7,039,758	5,580,027	6,524,041	15,222,929	12,693,451	10,650,144	13,044,258		
Total General Fund	\$7,528,336	\$12,895,414	\$16,309,861	\$18,556,718	\$22,734,700	\$24,652,873	\$18,893,285	\$21,769,240	\$24,866,591	\$30,405,443
All Other Governmental Funds										
Nonspendable									32,267	31,565
Restricted									14,956,736	12,786,546
Committed									686	686
Assigned									2,000,407	2,026,338
Reserved	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	(238,084)
Unreserved, Reported in:										
Special Revenue Funds	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	432,170	486,201	335,878	54,128	90,938	145,176	2,483,332	1,022,104		
Capital Projects Funds	5,263,108	(466,641)	2,132,108	999,083	4,233,983	5,402,670	0	0		
Total All Other Governmental Funds	\$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	\$14,607,051

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

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>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>	<u>2012</u>
<b>Revenues</b>										
Taxes	\$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	\$29,277,581
Fines, Licenses & Permits	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	2,238,725
Charges for Services	748,435	872,720	978,335	1,842,446	1,965,830	1,926,084	2,158,383	1,997,882	2,092,708	2,076,044
Investment Earning	326,847	180,449	950,697	1,758,873	2,625,347	2,204,775	244,519	153,341	220,863	236,004
Intergovernmental	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	7,793,877
Special Assessments		156,177	137,175	93,272	99,374	93,501	69,847	86,162	62,767	13,364
Other Revenue	965,749	1,022,872	706,464	944,165	1,148,050	996,019	1,311,066	1,926,875	2,267,578	3,645,661
Total Revenues	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	45,281,256
<b>Expenditures</b>										
General Government	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	8,245,266
Public Safety	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	11,717,593
Leisure Time Activities	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	1,722,418
Community Development	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	2,423,239
Basic Utility Service	400	0	0	513,694	252,588	251,649	233,714	224,627	295,972	277,539
Transportation and Street Repair	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	3,084,414
Capital Outlay	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	9,189,762
Debt Service										
Principal Retirement	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	3,080,000
Interest and Fiscal Changes	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	1,791,037
Total Expenditures	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	41,531,268
<b>Excess of Revenues Over (Under) Expenditures</b>	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	3,749,988

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									
	<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>	<u>2012</u>
<b>Other Financing Sources (Uses)</b>										
Transfer In	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	1,828,365
Transfer Out	(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)	(2,824,865)
Issuance of Long-Term Capital-Related Debt	0	1,030,000	0	0	12,450,000	17,570,000	0	974,672	4,936,009	450,000
Capital Leases	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(574,596)	750,361	(3,000)	(4,000)	11,579,000	14,152,500	(9,038,489)	(631,875)	3,350,009	(546,500)
Net Change in Fund Balances	\$249,894	\$3,046,981	\$4,359,507	\$2,611,441	\$9,740,718	\$1,688,497	(\$8,351,605)	\$1,799,531	\$5,607,210	\$3,203,488
Debt Service as a Percentage of Noncapital Expenditures	13.6%	16.9%	12.5%	12.5%	10.4%	38.4%	14.0%	9.2%	18.9%	14.9%

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>
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%
2012	15,036,406	3,354,868	3,746,111	22,137,385	67.9%	15.2%	16.9%	100.0%

General Governmental Income Tax Revenue by Tax Year  
 Last Nine 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
2012	308,741	256,627	4,411,346	17,160,671	22,137,385

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		
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%
2012	961,184,410	2,746,241,171	16,625,240	18,892,318	0	0	977,809,650	2,765,133,489	7.32	35.36%

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
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%
2012	0.58%	5.00%	1.74%	7.32%	83.97%	7.78%	2.70%	2.25%	104.02%

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, 2012  
Table 9

Taxpayer	Fiscal Year 2012			Fiscal Year 2002		
	Assessed Valuation (1)	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Kings Island Company	\$19,955,230	1	2.08%	\$36,823,440	1	4.34%
Duke Energy Ohio Inc.	16,228,920	2	1.69%	9,090,410	5	1.07%
Twin Fountains of Mason	8,044,720	3	0.84%	0		
Mason Christian Village	6,425,890	4	0.67%	6,069,390	8	0.72%
Tennis for Charity	5,882,090	5	0.61%			
Cintas Sales Corporation	5,564,980	6	0.58%	5,802,540	9	0.68%
LM Development Co LTD/Makino	4,724,780	7	0.49%	7,747,120	7	0.91%
Mitsubishi Electric Auto	4,214,370	8	0.44%	22,359,780	3	2.64%
H J Heinz Co LLP	2,762,290	9	0.29%			
Mason Family Resorts/Great Wolf Lodge	2,182,650	10	0.23%			
Procter & Gamble Company				31,597,200	2	3.73%
Cintas Corporation #2				8,863,400	6	1.05%
UBE Automotive				14,713,620	4	1.74%
Drees	-		-	5,381,330	10	0.63%
All Others	885,198,490		92.09%	699,298,280		82.49%
<b>Total Assessed Valuation</b>	<b>\$961,184,410</b>		<b>100.00%</b>	<b>\$847,746,510</b>		<b>100.00%</b>

(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:	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Fiscal Year:	<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>	<u>2012</u>
Current Tax Levy	\$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	\$6,846,621
Current Tax Collections	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	6,707,544
Percent of Levy Collected	98.06%	94.74%	96.04%	96.72%	97.18%	96.35%	96.73%	94.86%	96.27%	97.97%
Delinquent Tax Collections (1)	294,933	123,183	167,596	125,232	221,301	176,537	176,271	152,780	142,457	414,651
Total Tax Collections	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	7,122,195
Ratio of Total Tax Collections to Current Taxes Levied	103.42%	96.58%	98.46%	98.56%	100.34%	98.81%	99.31%	97.14%	98.40%	104.02%

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

Tax Year	Current Assessments Billings	Current Assessments Collected	Ratio of Collection To Amount Billed
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%
2011	10,833	10,833	100.00%

Source: Warren County Auditor's Office

Note: Tax Year 2011 is billed and due in 2012

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				
2003	\$4,045,000	\$5,700,000	\$2,430,000	\$22,875,000	\$816,000	-	\$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
2012	19,215,000	3,200,000	3,230,000	16,575,000	0	3,120,000	0				45,340,000

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						
2003	\$ -	\$6,445,000	\$ -	-	\$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	
2012	30,270,000	0	0	10,465,000	13,000	40,748,000	86,088,000				6.78%	2,774	

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**

<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Assessed Value (2)</b>	<b>General Bonded Debt (3)</b>	<b>Less Debt Service Fund (4)</b>	<b>Net General Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
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	29,130,000	567,834	28,562,166	2.77%	930
2012	31,039	961,184,410	49,485,000	601,897	48,883,103	5.09%	1,575

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>
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%
2012	1,100,000	790,420	1,890,420	8,245,266	22.93%

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 General Obligation Debt  
 As of December 31, 2012  
 Table 15

	Net General Obligations Bonded Debt Outstanding (1)	Percentage Applicable (2) to City	Amount Applicable to City
Mason City School District	\$115,320,000	60.85%	\$70,172,220
Kings Local School District	49,380,000	11.90%	5,876,220
Great Oaks Career Center Joint Vocational School	16,170,000	5.03%	813,351
Lebanon City School District	33,414,952	0.22%	73,513
Deerfield Township	12,095,000	0.41%	49,590
Warren County Career Center Jr. Voc. School	740,000	2.22%	16,428
Warren County	16,040,451	17.60%	2,823,119
Subtotal Overlapping Debt	243,160,403		79,824,441
City of Mason - Direct Debt	\$22,415,000	100.00%	\$22,415,000
<b>Total Direct and Overlapping Debt</b>	<b>\$265,575,403</b>		<b>\$102,239,441</b>

Source: Ohio Municipal Advisory Council

(1) - Includes Special Assessment and Self-Supporting Debt

(2) - 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Total Debt Limit (1)</b>										
Total Debt Limit (10.5%)	\$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	\$102,670,013
Total Net Debt Applicable to Limits	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	28,803,102
Legal Debt Limit Margin	\$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	\$73,866,911
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	9.49%	12.71%	12.25%	21.84%	30.26%	30.95%	33.30%	31.29%	28.26%	28.05%
<b>Total Unvoted Debt Limit (1)</b>										
Total Unvoted Debt Limit (5.5%)	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	53,779,531
Total Net Debt Applicable to Limits	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	28,803,102
Legal Unvoted Debt Limit Margin	\$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	\$24,976,429
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	18.11%	24.26%	23.38%	41.69%	57.77%	59.09%	63.56%	59.74%	53.95%	53.56%

Legal Debt Margin Calculation for Fiscal Year 2012

Net assessed valuation	Total Debt Limit	Total Unvoted Debt Limit
Statutory legal debt limitation (1)	\$977,809,650	\$977,809,650
Total debt limitation	10.5%	5.5%
Debt applicable to limit:	\$102,670,013	\$53,779,531
Debt applicable to limit(2)	29,405,000	29,405,000
Less: applicable debt service fund amounts(3)	(601,898)	(601,898)
Total net debt applicable to limit	28,803,102	28,803,102
Legal debt margin	\$73,866,911	\$24,976,429

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>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>	<u>2012</u>
<b>Sewer Fund Bond Coverage (cash basis):</b>										
Operating Revenue	\$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	\$6,211,374
Operating Expenses	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	2,838,416
Net Available for Debt Service	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	3,372,958
<b>Debt Service Requirements:</b>										
Revenue Bonds:										
Principal	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	1,195,000
Interest	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	1,371,150
Total Debt Service Requirement	\$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	\$2,566,150
Coverage	5.90	1.74	1.86	1.67	1.56	1.39	1.26	1.19	1.28	1.31

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, 2012  
 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
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%
2012	18.6	31,039	1,270,053,802	40,918	38.4	10,991	5.6%	7.0%	7.5%

Sources:

- (1) U.S. Census Bureau 2011 estimate
- (2) Population estimate times per capita person income
- (3) U.S. Department of Commerce, Bureau of Economic Analysis for the Cincinnati Metropolitan Statistical Area.
- (4) U.S. Census Bureau 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 2012				Fiscal Year 2011			
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Ranking (3)</u>	<u>Employer</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	1	Procter & Gamble Company	Healthcare research	1,920	1
Luxottica (Lenscrafters)	Eyewear and lens	1,525	2	Luxottica (Lenscrafters)	Eyewear and lens	1,525	2
Cintas Corporation	Professional uniforms	1,211	3	Mason City Schools	Local school district	1,819	3
Mason City Schools	Local school district	1,188	4	Cintas Corporation	Professional uniforms	1,217	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	653	5	L3 Cincinnati Electronics	Aerospace and defense industry electronics	653	5
H.J. Heinz/Portion Pac	Portion-controlled condiments	410	6	H.J. Heinz/Portion Pac	Portion-controlled condiments	350	6
Mitsubishi Electric	Automotive electrical components	389	7	Mitsubishi Electric	Automotive electrical components	389	7
Intelligent Systems LLC	Material handling solutions	314	8	Lindner Center of Hope	Mental health treatment center	370	8
Lindner Center of Hope	Mental health treatment center	253	9	Intelligent Systems LLC	Material handling solutions	268	9
Cedar Village	Not for profit retirement community	222	10	Cedar Village	Not for profit retirement community	222	10
x							
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Ranking (3)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Ranking (3)</u>
Procter & Gamble Company	Healthcare research	1	1	Procter & Gamble Company	Healthcare research	1	1
Luxottica (Lenscrafters)	Eyewear and lens	2	2	Luxottica (Lenscrafters)	Eyewear and lens	2	2
Cintas Corporation	Professional uniforms	3	3	Cintas Corporation	Professional uniforms	3	3
Mason City Schools	Local school district	4	4	Mason City Schools	Local school district	4	4
Intelligent Systems LLC	Aerospace and defense industry electronics	5	5	L3 Cincinnati Electronics	Aerospace and defense industry electronics	5	5
L3 Cincinnati Electronics	Amusement park	6	6	Kings Island	Amusement park	6	6
Kings Island	Automotive electrical components	7	7	Mitsubishi Electric	Automotive electrical components	7	7
H.J. Heinz/Portion Pac	Material handling solutions	8	8	Intelligent Systems LLC	Material handling solutions	8	8
Mitsubishi Electric	Portion-controlled condiments	9	9	H.J. Heinz/Portion Pac	Portion-controlled condiments	9	9
S T International	Pharmaceuticals	10	10	Makino Inc.	Machine tool manufacturer	10	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 seven years 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
City Administration	9	9	10	10	10	10	10	10	10	10
Council					1	1	1	1	1	1
Engineering	10	10	10	11	11	11	11	11	11	11
Facility	1	1	1	1	1	1	1	1	1	1
Finance	9	10	10	10	10	10	10	10	10	10
Municipal Court	18	24	22	22	22	22	22	20	20	20
<b>Public Safety</b>										
Police										
Officers	36	36	37	39	41	43	43	43	43	43
Non-sworn	4	4	15	6	7	7	7	7	7	8
Fire	15	15	23	32	32	33	33	33	33	36
<b>Leisure Time Activities</b>	18	18	19	20	21	22	22	22	22	22
<b>Community Development</b>										
Planning	1	1	1	1	1	2	2	2	2	2
Building Inspection	4	4	5	5	5	5	5	5	5	5
Economic Development	2	3	3	3	4	3	3	3	3	3
<b>Basic Utility Service</b>	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
<b>Transportation and Street Repair</b>	20	20	20	21	21	21	21	21	21	21
<b>Total Full-Time Positions</b>	164	172	193	198	204	208	208	206	206	210
<b>Total Part-Time Positions</b>	123	314	240	287	265	209	217	188	188	182

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 Position Statistics  
 Last Ten Fiscal Years  
 Table 21

	Fiscal Year									
	<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>	<u>2012</u>
<b>Police Protection:</b>										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	19	19	19	19	21	17	20	20	21	21
Calls for Service	11,229	10,065	12,564	14,804	19,878	26,087	24,810	33,735	27,448	31,545
Moving Violation Citations	3,237	3,718	2,628	2,779	3,742	3,426	3,175	3,797	2,460	2,638
Arrests	560	711	611	739	851	822	785	899	843	536
<b>Fire &amp; Emergency Medical(1):</b>										
Fire Responses	846	915	1,087	992	1,003	1,206	1,184	1,013	886	1,118
Emergency Medical Responses	2,268	2,077	2,287	2,257	2,704	2,611	2,431	2,570	2,516	2,601
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	19	17	17	17	19	19	20	19	20	20
<b>Leisure Time Activities</b>										
Parks	6	6	6	6	6	7	7	7	7	7
Park acreage (developed)	242	242	242	279	279	296	296	296	296	196
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
<b>Community Development</b>										
Permits Issued	298	211	179	97	77	52	35	54	49	54
<b>Utility Services</b>										
Sanitary sewers (miles)	116	118	123	129	132	133	134	135	136	137
Storm sewers (miles)	78	80	84	87	91	92	92	93	94	95
Sewage Treatment capacity per day (million gallons)	5.00	5.00	5.00	8.67	8.67	8.67	8.67	8.67	8.67	8.67
<b>Transportation &amp; Street Repair</b>										
Number of Streets (dedicated)	381	387	408	420	433	440	445	446	448	452
Lane Miles	339	341	341	343	351	354	355	355	356	357
Traffic Signals	34	36	39	40	40	40	40	40	40	40
Bike Paths (miles)	10	10	11	12	14	17	17	19	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  
AUGUST 6, 2013**