

CITY OF MASON, OHIO



Single Audit Reports

December 31, 2013

PLATTENBURG
Certified Public Accountants



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Mason, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 27, 2014

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**CITY OF MASON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass - Through Grantor, Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Pass-Through Ohio Department of Justice:</i>			
Edward Bryne Memorial Justice Assistance Grant	2012-JG-LLE-5293	16.804	7,548
Bulletproof Vest Partnership	2013-BVP	16.710	945
			<u>8,493</u>
<u>FEDERAL HIGHWAY ADMINISTRATION</u>			
<i>Pass-Through Ohio Department of Transportation</i>			
Congestion Mitigation Program:			
U.S. Route 42	PID 79850	20.205	357,281
Mason-Montgomery Road/Bethany Road Round About	PID 89179	20.205	780,378
			<u>1,137,659</u>
<u>US ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Pass-Through Ohio Environmental Protection Agency</i>			
Nonpoint Source Implementation Grant - Muddy Creek Restoration	#10(h) EPA-14	66.460	8,892
			<u>8,892</u>
<u>US DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Direct Funding</i>			
SAFER Grant	EMW-2011-FH-00823	97.044	594,786
			<u>594,786</u>
			<u>\$1,749,830</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs.
The schedule has been prepared using the cash basis of accounting.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2014, wherein we noted the City adopted GASB Statement No. 65 as disclosed in Note 19.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 26, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Cincinnati, Ohio
June 26, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Mason, Ohio's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. 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, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. 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 audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 26, 2014, which contained unmodified opinions on those financial statements, wherein we noted the City adopted GASB Statement No. 65 as disclosed in Note 19. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such 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, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Cincinnati, Ohio
June 26, 2014

CITY OF MASON, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

Section I – Summary of Auditor’s Results

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were the any other significant control deficiencies reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Congestion Mitigation Program CFDA# 20.205 Safer Grant CFDA# 97.044
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**CITY OF MASON
DECEMBER 31, 2013**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
*OMB CIRCULAR A-133***

Finding 2012-001 – Material Weakness – Budgeted Expenditures and
Audit Adjustments to Financial Statements

Status: Fully Corrected

Comprehensive Annual Financial Report



City of Mason
Mason, Ohio 45040
Year Ended December 31, 2013

City of Mason, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2013

Prepared by:
Finance Department

Joseph Reigelsperger
Finance Director

Produced by the City of Mason
6000 Mason-Montgomery Rd.
Mason, OH 45040
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INTRODUCTORY SECTION



June 26, 2014

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, 2013. 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.

Plattenburg & Associates, Inc., has issued an unmodified ("clean") opinion on the City of Mason's

financial statements for the year ended December 31, 2013. Their report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the 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

In August 2013, *Money* magazine named the City of Mason as the 7th Best Place to Live among America's towns with a population of 50,000 or less, confirming the city's reputation as a progressive, innovative, family-friendly community. It 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.

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, storm water, and solid waste collection and disposal services are provided under an enterprise fund concept, with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. The city also operates a community center and golf course through enterprise funds.

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

LOCAL ECONOMY

Mason 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 \$8.8 million in income tax revenue in 2013. 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 bio-health, bio-health IT, and digital IT.



Mason Community Center is a focal point for the community as well as an attractive element of creative packaging of business incentives for new business recruitment and expansion.

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. Over the past decade, Mason has renewed its commitment to the regional strategy 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 partnership strengthens a methodology of continued relationship maintenance with valuable contacts in Europe and Asia, giving Mason the opportunity to tell the unique stories of the city's 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 contribution renewals that combine two organizations: CincinnatiUSA Partnership for Economic Development and CincyTech. 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.



In 2013, German-based Festo announced a new North America Regional Service Center and Corporate Campus that will bring jobs and business investment to Mason.

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 2013 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 2013 marked the city's ninth year of operating with the Mason Port Authority, the first port authority in Warren County. This economic development tool has provided advantageous flexibility for 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 2013 were over \$56 million as 483,000 square feet of new corporate and industrial space were added, bringing over 660 announced new jobs to the community. The growth in 2013 more than doubled the previous

year's investment and new square footage numbers and reiterates Mason's trend of performing near the top of the spectrum regionally for new investment in the industrial and corporate sectors.

The pipeline of increased new investment began to rebound at the close of 2010, with figures reaching significant levels in 2011 and continuing into 2013. In 2012 and 2013 combined, Mason's new and retained investment was \$80 million, plus \$93 million in new payroll, 665,000 new square feet, and over 1,200 new jobs.

The diversified tax base in Mason allows the continued reporting of annual growth in 2013 with ten projects actively tracked that were a combination of new jobs, new square footage, and new investments. The year 2013 kicked off several large developments, most with expected completion in 2013-2015. More than 60% of the new investment growth for 2012 and 2013 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.

Major projects completed and/or announced in 2013 include the attraction of FESTO, a German-based multinational automation giant that announced plans to develop a 45-acre campus and invest over \$50 million in a state-of-the-art building for manufacturing and R&D. Other completed or announced investment included the \$35 million expansion of machinery and equipment lines at the North American headquarters of Mitsubishi Electric Automotive America, and the \$4.6 million investment by Pioneer Cladding and Glazing in renovating an underutilized facility as part of their relocation back to the city.

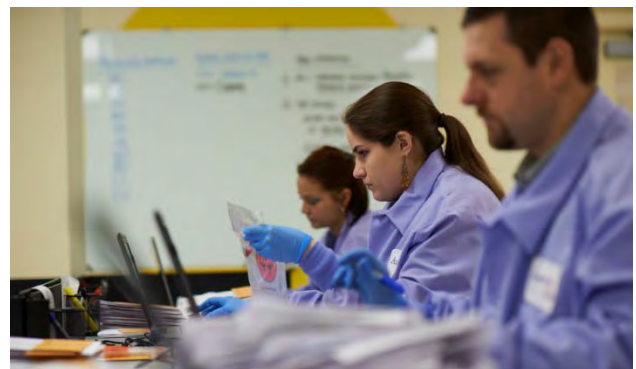
As each new investment is announced, job creation and payroll are projected for the next three to five years. Many of the jobs announced have already been realized by the city and many others will be realized in the next two years. The following projects were the largest new developments announced in the City of Mason for 2013:

2013 Corporate Investment Announcements

	New Capital	New Payroll
FESTO	\$ 50 M	\$ 10.5 M
Mitsubishi Electric Automotive America	\$ 35 M	\$ 1.2 M
Sinclair Community College	\$ 7 M	
Pioneer Cladding and Glazing	\$ 4.6 M	\$ 6.9 M
Lindner Center of Hope	\$ 2.2 M	\$ 750 K
Assurex Health & 6 Mason Growth Companies	*\$20 K	*\$6.5 M

**combined capital investment and payroll*

Growth and development in the city are expected to continue to be strong into 2014. 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 2013, 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.



Mason-based Assurex has earned a national reputation for its leading edge technology to enhance patient outcomes by pairing psychotropic drug therapy with patients through DNA analysis.

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 approximately 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 business community's interest in 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, fire and EMS services are 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 replaced an expiring property tax levy and distributes the cost of the services to both the property owners and business employees served by Mason's emergency responders.

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 in 2013.

MAJOR INITIATIVES

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 projects that occurred in 2013 that position the city for future economic growth and improvement include:

Bethany Road Roundabout

The City of Mason continued its investment into infrastructure in 2013 with the construction of the city's second roundabout. Improvements to the intersection of Bethany Road and Mason-Montgomery Road began in 2013 and continue into 2014. This intersection was the site of frequent extensive traffic backups during the morning and

evening peak hours. The existing four-way stop intersection is being widened in all directions to allow two-lane approaches to the roundabout. Also included were over 2,500 feet of sanitary sewer extension to an unsewered area, culvert replacement, curb and gutter, sidewalk, bike path, storm sewers, landscaping, and street trees. The total cost is expected to be about \$3.5 million including design, right-of-way acquisition, and construction. Over \$2.1 million of the cost was paid through a federal grant. Completion will occur in 2014.



A former warehouse just a few hundred feet up the road from the current municipal garage will provide plenty of space to keep city plows dry and warm so they will be ready to go during bad weather.

New Mason Service Center

Mason's Public Works Department currently operates out of a 40-year old facility with less than 7,000 square feet. As the need for services increased along with population growth over the last 25 years, the garage has become too small and lacks the equipment necessary to properly maintain the city's growing fleet. Because only 4 out of the 19 dump trucks the city uses for snow and ice control can be parked inside the building, response time for snow and ice management is hampered. In 2013, an existing 120,000 square foot building at 3900 State Route 741 was purchased by Council for \$2.3 million with the intention of renovating it to meet the needs of the Public Works Department. Renovations will begin in 2014. The facility will also be utilized for park maintenance.

Other 2013 Infrastructure Improvements

- Design began for the Furbee Drive and Castanea Drive Drainage Improvements.
- Sewer improvements included completing

approximately \$400,000 rehabilitation of 9,425 feet of existing sanitary sewer main by slip-lining.

- The 20-year old Brookstone lift station was rehabilitated with new pumps, guide rails, control panel, and emergency backup pump.
- Sanitary sewer was extended 1,300 feet south along Columbia Road.

Looking Ahead to the Future

While Mason saw improvements in its financial condition and achieved some significant savings on long-term debt during 2013, the ongoing national economic conditions and changes at the state level will place pressure on the city budget in 2014 and subsequent years. The state's elimination of the estate tax in 2013 further reduces anticipated revenue but is not considered a significant source of income during the budget process due to its unpredictability.

Accomplishments to look forward to in 2014 include:

- Completing construction of the Bethany Road roundabout.
- Additional engineering work on the I-71/Western Row Road Interchange Project, including submittal of the Interchange Modification Study, environmental reports, and final right-of-way plans, as well as the beginning of right-of-way acquisition.
- Completing the design and acquisition of the right-of-way needed for the improvements to Kings Island Drive.
- Completing the design of the Citywide Traffic Signal Upgrade and Fiber Interconnect Project.
- Designing and constructing the Donna Jean Bridge replacement project.
- Beginning the design of Bethany Road improvements from the roundabout to the west corporation limit.
- Constructing the Willow Brooke Regional Lift Station.
- Beginning renovation of the new Mason Service Center.

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, 2012. 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.

Sincerely,



Eric Hansen
City Manager

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, to Assistant Finance Director Mary Mueller, and to the staff of Plattenburg & Associates, Inc., 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, 2013

COUNCIL MEMBERS

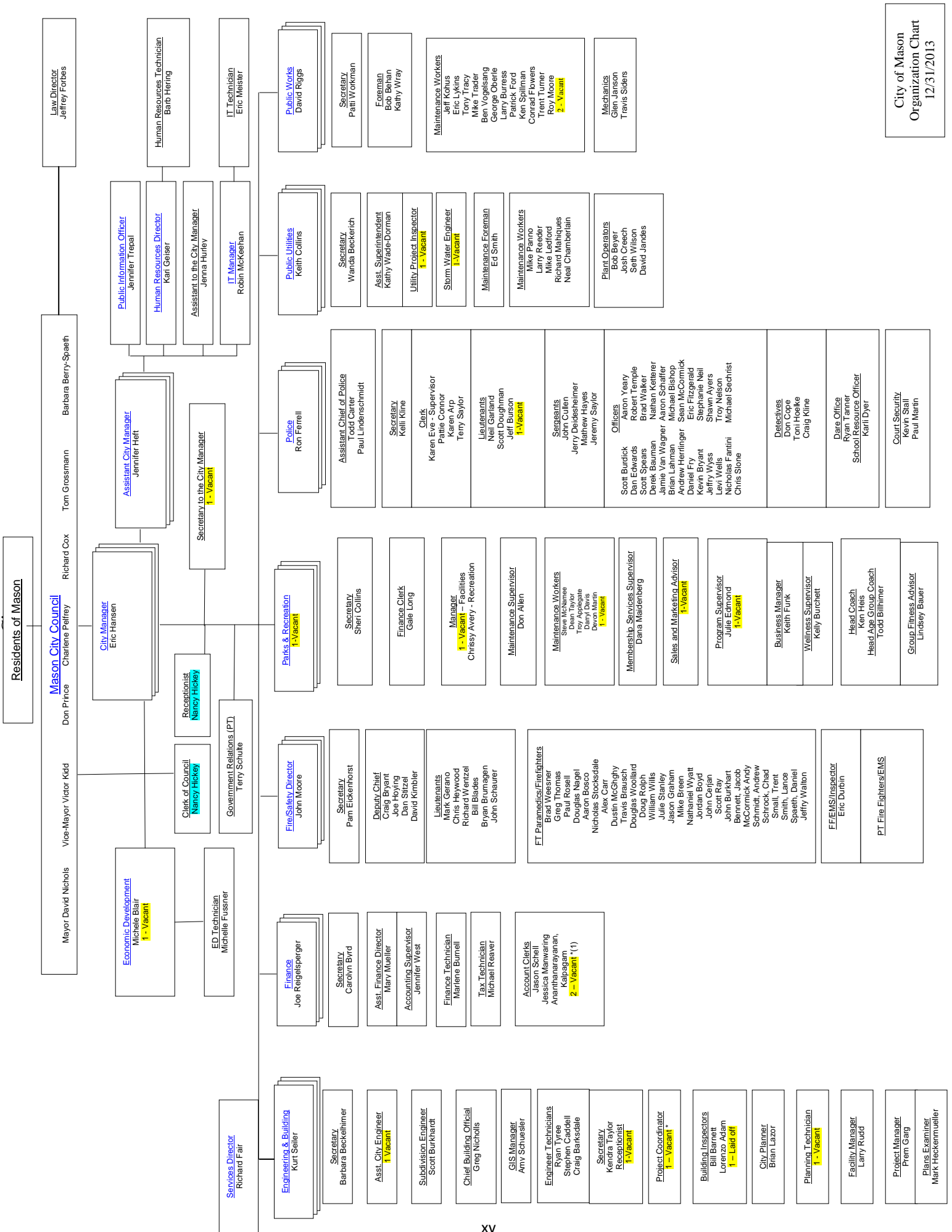
Mayor	David F. Nichols
Vice Mayor	Victor Kidd
Council Member	Barbara Berry-Spaeth
Council Member	Richard Cox
Council Member	Tom Grossmann
Council Member	Charlene Pelfrey
Council Member	Don Prince

COUNCIL APPOINTED OFFICIALS

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

DEPARTMENT HEADS

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





Government Finance Officers Association

**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, 2012

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

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, Ohio (the City) as of and for the year ended December 31, 2013, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 19 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such 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, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Cincinnati, Ohio
June 26, 2014

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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, 2013. 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 and deferred outflows of the City of Mason exceeded its liabilities and deferred inflows at the close of 2013 by \$295,983,166 (net position). Of this amount, \$63,266,768 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 122 percent of the 2013 expenses of \$52,036,497.

- The city's total net position increased by \$12,990,683.
- Net position of the governmental activities (defined below) increased \$11,284,436. Net position of the business-type activities (also defined below) increased \$1,706,247.
- The total cost of the city's programs increased \$1,248,336, which is 2.5 percent more than in 2012. The cost of governmental activities increased \$529,506 or 2 percent, while the cost of business-type activities increased \$718,830 or 4 percent.
- As of the close of the 2013 fiscal year, the city's governmental funds reported combined ending fund balances of \$51,562,401, an increase of \$6,549,907 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 deferred outflows and liabilities, and deferred inflows 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).

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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 two major funds: the general fund and the fire and emergency medical services fund. Data for the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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 and deferred outflows exceeded liabilities and deferred inflows by \$295,983,166 at the close of the most recent fiscal year.

The largest portion of the city's net position (73.3 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 (5.3 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (\$63,266,768) 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 (\$11,896,384) 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.

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

Overall net position of the city increased \$12,990,683 in 2013. Net position for governmental activities increased \$11,284,436, while net position for business-type activities increased \$1,706,247. The increase in net position for 2013 (\$12,990,683) was \$1,218,156 less than the increase in net position for 2012 (\$14,208,839). This decrease is primarily the result of receiving substantial capital grants for capital projects in 2012.

City of Mason
Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012 Restated</u>	<u>2013</u>	<u>2012 Restated</u>	<u>2013</u>	<u>2012 Restated</u>
Assets						
Current and other assets	\$77,222	\$67,652	\$13,572	\$11,892	\$90,794	\$79,544
Capital assets	176,003	174,136	127,386	129,736	303,389	303,872
Total Assets	253,225	241,788	140,958	141,628	394,183	383,416
Total deferred outflows of resources	1,058	1,140	2,646	2,823	3,704	3,963
Liabilities						
Long-term liabilities outstanding	38,649	41,269	42,139	44,149	80,788	85,418
Other liabilities	13,560	10,888	655	1,198	14,215	12,086
Total liabilities	52,209	52,157	42,794	45,347	95,003	97,504
Total deferred inflows of resources	6,901	6,881	0	0	6,901	6,881
Net Position						
Net investment in capital assets	128,860	129,163	88,127	88,638	216,987	217,801
Restricted	14,943	13,823	787	785	15,730	14,608
Unrestricted	51,370	40,903	11,896	9,681	63,266	50,584
Total Net Position	\$195,173	\$183,889	\$100,810	\$99,104	\$295,983	\$282,993

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

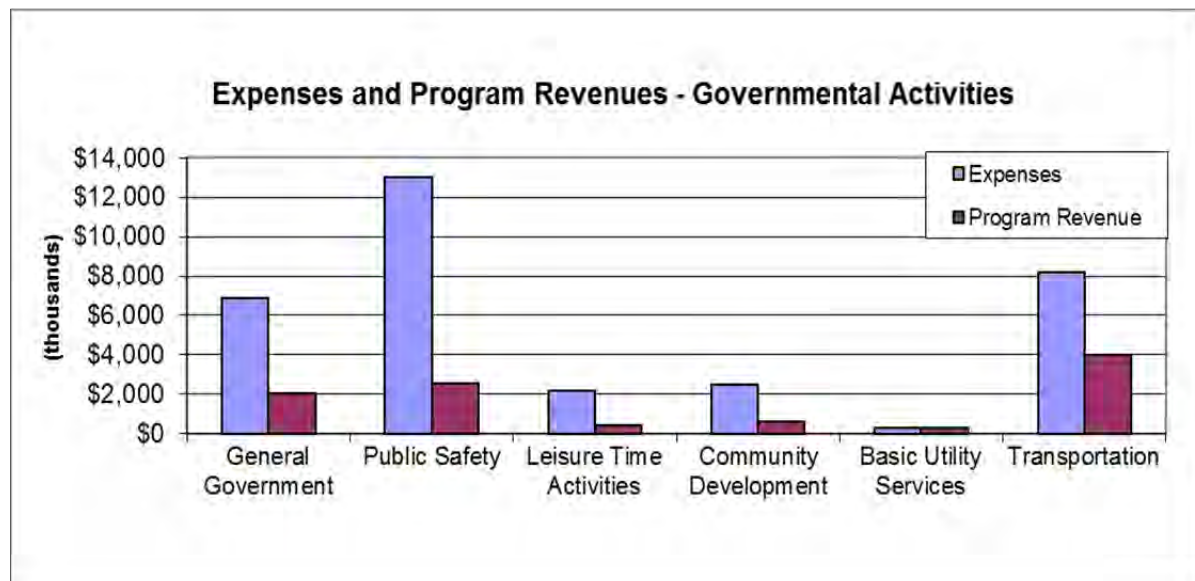
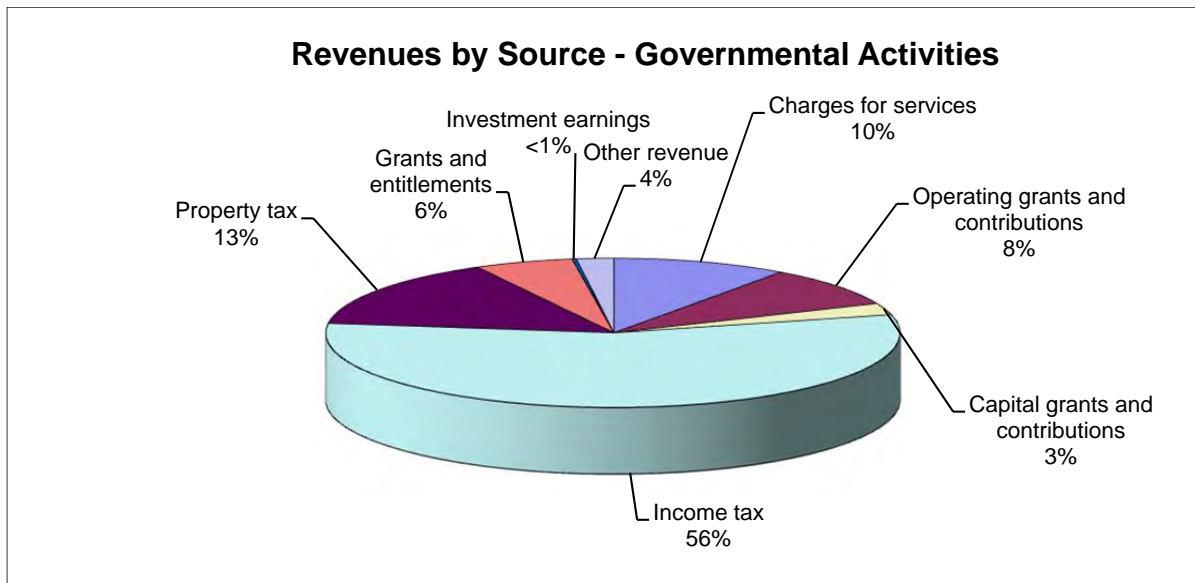
City of Mason
Changes in Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012 Restated</u>	<u>2013</u>	<u>2012 Restated</u>	<u>2013</u>	<u>2012 Restated</u>
Revenues						
Charges for Services	\$4,652	\$4,942	\$17,142	\$16,546	\$21,794	\$21,488
Operating grants and contributions	3,562	784	0	20	3,562	804
Capital grants and contributions	1,712	6,139	780	1,572	2,492	7,711
General revenues:						
Income tax	26,315	22,958	0	0	26,315	22,958
Property tax	6,102	5,903	0	0	6,102	5,903
Revenue in lieu of taxes	1,007	2,399	0	0	1,007	2,399
Grants and entitlements	2,609	2,514	0	0	2,609	2,514
Investment earnings	106	257	29	63	135	320
Other revenue	985	887	26	14	1,011	901
Total Revenues	47,050	46,783	17,977	18,215	65,027	64,998
Expenses						
General government	6,894	8,832	0	0	6,894	8,832
Public safety	12,986	12,024	0	0	12,986	12,024
Leisure time activities	2,198	2,314	0	0	2,198	2,314
Community development	2,508	2,676	0	0	2,508	2,676
Basic utility service	282	278	0	0	282	278
Transportation	8,184	6,232	0	0	8,184	6,232
Interest and fiscal charges	1,660	1,826	0	0	1,660	1,826
Sewer utility	0	0	6,249	5,962	6,249	5,962
Waste collection	0	0	1,384	1,440	1,384	1,440
Stormwater utility	0	0	1,142	1,166	1,142	1,166
Community center	0	0	5,899	5,373	5,899	5,373
Golf course	0	0	2,651	2,665	2,651	2,665
Total Program Expenses	34,712	34,182	17,325	16,606	52,037	50,788
Increase (decrease) in net position before transfers	12,338	12,601	652	1,609	12,990	14,210
Transfers - internal activities	(1,054)	(997)	1,054	997	0	0
Increase (decrease) in net position	11,284	11,604	1,706	2,606	12,990	14,210
Net Position beginning of year	183,889	172,285	99,104	96,498	282,993	268,783
Net Position end of year	\$195,173	\$183,889	\$100,810	\$99,104	\$295,983	\$282,993

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

Governmental activities. Governmental activities increased the city's net position by \$11,284,436. This was a \$319,140 (3 percent) decrease from the previous year change in net position. Key elements of the changes in net position are as follows:

- Total revenue increased \$267,866 (0.6 percent).
- Income taxes increased \$3,356,863 (14.6 percent) over the previous year due to a charter amendment increasing the tax rate from 1% to 1.12%.
- Capital grants and contributions decreased \$4,427,018 (72.1 percent) over the previous year as the U.S. 42 project was completed and grant reimbursement declined.
- Other revenue declined due to a one-time payment in lieu of taxes for the Everybody's Farm Tax Increment Financing.
- Operating grants increased with the federal grant to hire additional full-time firefighters.

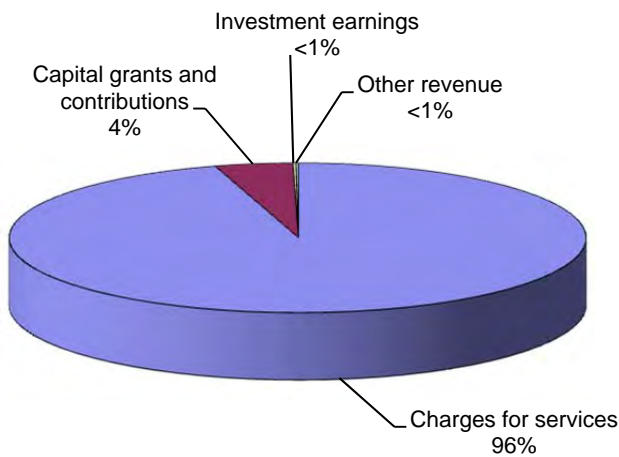


City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

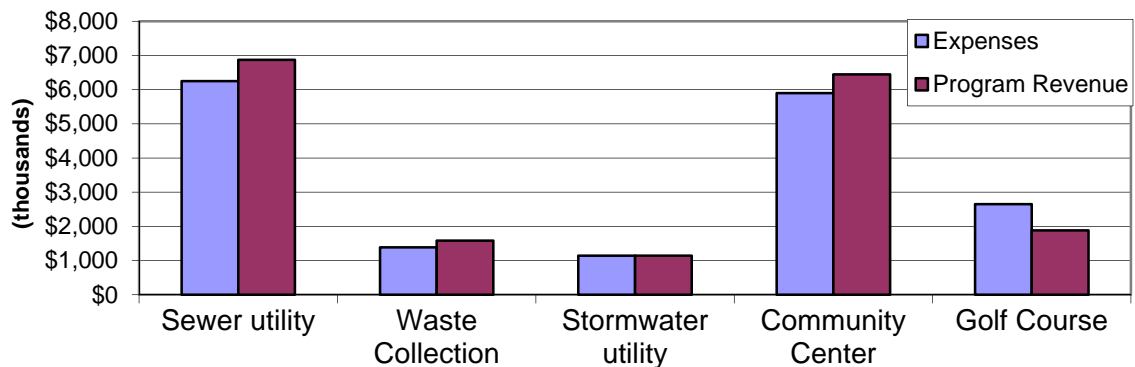
Business-type activities. Business-type activities increased the city's net position by \$1,706,247. Key elements of the changes in net position are as follows:

- Charges for services increased \$595,907 (3.6 percent). Most of the increase was from scheduled utility rate increases.
- Capital grants and contribution declined \$792,433 (50.4%) since no dedicated infrastructure was accepted in 2013.
- Expenses for business-type activities increased \$718,830 (4.3%). This was generally from increase operating cost to provide the services in the business-type activity.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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 \$51,562,401 an increase of \$6,549,907 in comparison with the prior year.

The general fund is the chief operating fund of the city. At December 31, 2013, the unassigned fund balance of the general fund was \$12,876,440, while the total fund balance was \$35,953,740. The city's general fund balance increased by \$5,548,297 during the current fiscal year. This is \$9,445 increase over 2012. Tax revenue increased \$3,234,735 which is a 13.5% increase. This is primarily an increase in income tax revenue. Expenditures increased \$1,369,075 which is a 6.3% increase. However, transfers to other funds increased \$2,376,357 (90.1%) which is primarily the transfer of tax revenue to the Safety Fund.

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 that expired in 2012. In November 2012, a charter amendment was approved by the voters authorizing up to five-mill property tax levy and up to an additional 0.15% income tax to provide funding for safety, fire, and emergency medical services. Council authorized 4.4 mills for tax year 2013 and the total income tax rate of 1.12% including 0.12% that would be transferred for safety services. The fund balance increased by \$1,306,024. Revenue increased by \$746,737 (14.9%) with the federal grant to assist with hiring full-time firefighters. Expenditures increased \$1,259,013 (23%) due to the purchase of a new aerial ladder truck and the additional cost for hiring additional full-time firefighters rather than part-time firefighters. \$2,300,000 was transferred from the General Fund for the additional 0.12% income tax percent.

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 \$9,664,258, with a total increase in net position of \$654,935. Unrestricted net position for the waste collection fund at the end of the year amounted to \$479,573, with a total growth in net position of \$199,262. Unrestricted net position for the storm water utility fund at the end of the year amounted to \$1,825,044. Unrestricted net position for the community center fund at the end of the year amounted to a negative \$563,333, but with a total growth in net position of 565,507. Unrestricted net position for the golf course fund at the end of the year amounted to \$490,842. Other factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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 2013, there was a \$9,200,000 increase in appropriations between the original and final amended budget. The total original appropriations, including those for transfers out, were \$30,312,380, while the final appropriations were \$39,512,380. An additional \$8,000,000 was transferred to the General Capital Improvement Fund for future capital projects and debt reductions. \$2,300,000 was transferred to the Safety Fund for the charter amendment income tax increase for safety services. Transfers for the golf were lower than expected and the community center did not need a subsidy from the general fund. \$500,000 was appropriated for community development incentives and activities. Other operational corrections were made during the re-appropriation process. The increase in appropriations was possible because of additional revenues collected which exceeded the conservative estimated revenues. The estimated revenue was \$24,097,100. The actual revenue received was \$29,934,843. 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, 2013, amounted to \$303,388,630 (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 decrease in the city's investment in capital assets for 2013 over 2012 was 0.2 percent (a 1.1 percent increase for governmental activities and a 1.8 percent decrease for business type activities.)

City of Mason
Capital Assets
(amounts expressed in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$66,107	\$64,660	\$10,609	\$10,609	\$76,716	\$75,269
Construction in progress	6,750	11,738	616	661	7,366	12,399
Building and improvements	45,148	45,148	54,304	54,304	99,452	99,452
Machinery and equipment	15,958	15,698	8,594	8,319	24,552	24,017
Infrastructure	82,675	74,340	87,658	86,627	170,333	160,967
Accumulated depreciation	<u>(40,635)</u>	<u>(37,448)</u>	<u>(34,396)</u>	<u>(30,784)</u>	<u>(75,031)</u>	<u>(68,232)</u>
Capital assets, net	<u>\$176,003</u>	<u>\$174,136</u>	<u>\$127,385</u>	<u>\$129,736</u>	<u>\$303,388</u>	<u>\$303,872</u>

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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

- Construction for U.S. 42 was completed in 2013.
- Public Service Center building purchase and improvements.
- Construction of the Bethany Road and Mason Montgomery Road round about began in 2013.
- Storm water improvements included 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, 2013, the city had \$75,305,750 of long-term debt outstanding (bonds and capital leases). Of this amount, \$46,870,000 comprises debt backed by the full faith and credit of the government and \$7,000 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 (\$25,833,750) at December 31, 2013, are certificates of participation for the municipal center, the community center and an x-ray machine. Revenue bonds in the governmental activity of \$2,595,000 are funded through tax increment financing. All figures above and table below do not include premiums and discounts.

The city has notes outstanding of \$11,055,000 for governmental activities with a maturity of less than one year. \$3,170,000 was paid off in January 2014. The remaining \$7,885,000 is 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$18,090	\$19,215	\$28,780	\$30,270	\$46,870	\$49,485
Special assessment debt with governmental commitment	0	0	7	13	7	13
Capital leases	15,679	16,575	10,155	10,465	25,834	27,040
Revenue bonds	<u>2,595</u>	<u>3,230</u>	<u>0</u>	<u>0</u>	<u>2,595</u>	<u>3,230</u>
Total Net Position	<u>\$36,364</u>	<u>\$39,020</u>	<u>\$38,942</u>	<u>\$40,748</u>	<u>\$75,306</u>	<u>\$79,768</u>

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2013

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, 2013, the city's total net debt of 3.23% 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, 2013, the millage amount was 7.487 mills, of which 5.1192 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 4.6 percent. This is lower than the current Ohio rate of 5.7 percent and the national rate of 6.3 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 2014 budget was prepared in a manner similar to prior years by conservatively estimating revenue while seeking opportunities for cost savings. Based on continued 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 2014 and future years. The total appropriations budgeted for 2014 including transfers and capital outlay (\$87,438,297) is 18 percent more than the 2013 original appropriations (\$74,047,299). Most of the increased is from increased investment in capital improvements and aggressive debt reduction.

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.

City of Mason, Ohio
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$53,698,632	\$15,537,601	\$69,236,233
Restricted Cash and Investments	1,619,960	786,591	2,406,551
Receivables (Net):			
Taxes	12,374,720	0	12,374,720
Accounts	564,283	1,483,162	2,047,445
Interest	72,386	15,627	88,013
Intergovernmental	3,385,697	325,982	3,711,679
Special Assessments	6,452	0	6,452
Internal Balances	5,250,000	(5,250,000)	0
Inventory	249,237	253,559	502,796
Prepaid Items	0	419,620	419,620
Nondepreciable Capital Assets	72,857,331	11,224,789	84,082,120
Depreciable Capital Assets, Net	103,145,922	116,160,588	219,306,510
Total Assets	253,224,620	140,957,519	394,182,139
Deferred Outflows of Resources:			
Deferred Charge on Refunding	1,058,237	2,646,158	3,704,395
Total Deferred Outflows of Resources	1,058,237	2,646,158	3,704,395
Liabilities:			
Accounts Payable	495,844	173,545	669,389
Accrued Wages and Benefits	1,141,822	235,685	1,377,507
Contracts Payable	213,439	65,639	279,078
Retainage Payable	102,732	50,551	153,283
Accrued Interest Payable	190,818	129,279	320,097
Claims Payable	360,464	0	360,464
General Obligation Notes Payable	11,055,000	0	11,055,000
Long-Term Liabilities:			
Due Within One Year	2,921,361	1,958,667	4,880,028
Due In More Than One Year	35,727,345	40,180,446	75,907,791
Total Liabilities	52,208,825	42,793,812	95,002,637
Deferred Inflows of Resources:			
Property Taxes	6,308,470	0	6,308,470
Grants and Other Taxes	592,261	0	592,261
Total Deferred Inflows of Resources	6,900,731	0	6,900,731
Net Position:			
Net Investment in Capital Assets	128,860,388	88,126,890	216,987,278
Restricted for:			
Debt Service	839,741	786,591	1,626,332
Street Improvements	5,985,263	0	5,985,263
Public Safety	7,092,317	0	7,092,317
Tax Increment Financing Projects	928,549	0	928,549
Other Purposes	96,659	0	96,659
Unrestricted	51,370,384	11,896,384	63,266,768
Total Net Position	\$195,173,301	\$100,809,865	\$295,983,166

See accompanying notes to the basic financial statements:

City of Mason, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2013

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$6,893,775	\$2,057,346	\$0	\$0
Public Safety	12,986,006	1,236,491	1,303,500	0
Leisure Time Activities	2,198,219	432,908	0	0
Community Development	2,508,451	599,799	0	0
Basic Utility Service	281,729	298,529	0	0
Transportation and Street Repair	8,183,460	26,679	2,258,850	1,712,043
Interest and Other Charges	1,659,947	0	0	0
Total Governmental Activities	34,711,587	4,651,752	3,562,350	1,712,043
Business-Type Activities:				
Sewer	6,248,535	6,100,178	0	769,644
Waste Collection	1,384,282	1,582,570	0	0
Stormwater Utility	1,142,284	1,142,264	0	0
Community Center	5,898,548	6,445,131	0	0
Golf Course	2,651,261	1,871,546	0	10,000
Total Business-Type Activities	17,324,910	17,141,689	0	779,644
Totals	\$52,036,497	\$21,793,441	\$3,562,350	\$2,491,687

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Special Revenue Purposes
 Debt Service Purposes
Grants and Entitlements, Not Restricted
Revenue 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, Restated

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
(\$4,836,429)	\$0	(\$4,836,429)
(10,446,015)	0	(10,446,015)
(1,765,311)	0	(1,765,311)
(1,908,652)	0	(1,908,652)
16,800	0	16,800
(4,185,888)	0	(4,185,888)
(1,659,947)	0	(1,659,947)
<u>(24,785,442)</u>	<u>0</u>	<u>(24,785,442)</u>
0	621,287	621,287
0	198,288	198,288
0	(20)	(20)
0	546,583	546,583
0	(769,715)	(769,715)
<u>0</u>	<u>596,423</u>	<u>596,423</u>
<u>(24,785,442)</u>	<u>596,423</u>	<u>(24,189,019)</u>
26,314,564	0	26,314,564
611,485	0	611,485
3,966,997	0	3,966,997
1,523,714	0	1,523,714
2,608,730	0	2,608,730
1,007,338	0	1,007,338
105,613	29,511	135,124
985,437	26,313	1,011,750
(1,054,000)	1,054,000	0
<u>36,069,878</u>	<u>1,109,824</u>	<u>37,179,702</u>
11,284,436	1,706,247	12,990,683
<u>183,888,865</u>	<u>99,103,618</u>	<u>282,992,483</u>
<u>\$195,173,301</u>	<u>\$100,809,865</u>	<u>\$295,983,166</u>

City of Mason, Ohio
Balance Sheet
Governmental Funds
December 31, 2013

	General	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$39,294,603	\$6,250,474	\$8,153,555	\$53,698,632
Restricted Cash and Investments	0	0	1,619,960	1,619,960
Receivables (Net):				
Taxes	6,510,852	4,202,233	1,661,635	12,374,720
Accounts	367,254	138,159	58,870	564,283
Interest	54,012	8,962	9,412	72,386
Intergovernmental	889,849	423,756	2,072,092	3,385,697
Special Assessments	0	0	6,452	6,452
Interfund	5,650,000	0	0	5,650,000
Inventory	222,398	26,839	0	249,237
Total Assets	52,988,968	11,050,423	13,581,976	77,621,367
Liabilities:				
Accounts Payable	421,696	62,083	12,065	495,844
Accrued Wages and Benefits	782,255	336,173	23,394	1,141,822
Contracts Payable	0	0	213,439	213,439
Retainage Payable	0	0	102,732	102,732
Accrued Interest Payable	64,515	0	0	64,515
Interfund Payable	0	0	400,000	400,000
Claims Payable	360,464	0	0	360,464
General Obligation Notes Payable	11,055,000	0	0	11,055,000
Total Liabilities	12,683,930	398,256	751,630	13,833,816
Deferred Inflows of Resources:				
Property Taxes	552,593	4,202,233	1,661,635	6,416,461
Income Taxes	3,319,478	0	0	3,319,478
Grants and Other Taxes	362,993	233,281	1,690,591	2,286,865
Special Assessments	0	0	6,452	6,452
Unavailable Revenue	116,234	54,559	25,101	195,894
Total Deferred Inflows of Resources	4,351,298	4,490,073	3,383,779	12,225,150
Fund Balances:				
Nonspendable	282,398	26,839	0	309,237
Restricted	0	6,135,255	7,586,944	13,722,199
Committed	0	0	686	686
Assigned	22,794,902	0	2,074,188	24,869,090
Unassigned	12,876,440	0	(215,251)	12,661,189
Total Fund Balances	35,953,740	6,162,094	9,446,567	51,562,401
Total Liabilities, Deferred Inflows and Fund Balances	\$52,988,968	\$11,050,423	\$13,581,976	\$77,621,367

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, 2013

Total Governmental Fund Balance \$51,562,401

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.

Capital assets used in the operation of Governmental Funds 176,003,253

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

Income Taxes	\$3,319,478	
Delinquent Property Taxes	191,822	
Delinquent TIF Payments	88,938	
Interest	42,511	
Intergovernmental	1,605,666	
Other	76,004	
		5,324,419

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. (126,303)

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 (1,502,604)

Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 1,058,237

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds. (37,146,102)

Net Position of Governmental Activities \$195,173,301

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, 2013

	General	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$1,464,745	\$3,988,594	\$1,550,944	\$7,004,283
Income Taxes	25,698,786	0	0	25,698,786
Charges for Services	1,526,475	647,913	0	2,174,388
Investment Earnings	66,741	12,591	12,586	91,918
Intergovernmental	1,859,842	1,074,345	2,951,616	5,885,803
Special Assessments	0	0	13,426	13,426
Fines, Licenses & Permits	1,565,236	0	763,683	2,328,919
Revenue in Lieu of Taxes	0	0	1,101,682	1,101,682
Other Revenues	1,349,553	20,156	47,425	1,417,134
Total Revenues	33,531,378	5,743,599	6,441,362	45,716,339
Expenditures:				
Current:				
General Government	5,813,758	0	473,577	6,287,335
Public Safety	6,608,229	5,761,693	11,972	12,381,894
Leisure Time Activities	1,710,742	0	0	1,710,742
Community Development	2,207,989	0	290,621	2,498,610
Basic Utility Service	281,729	0	0	281,729
Transportation and Street Repair	3,285,469	0	182,254	3,467,723
Capital Outlay	2,996,286	971,156	3,188,692	7,156,134
Debt Service:				
Principal	0	0	2,681,250	2,681,250
Interest and Other Charges	55,308	0	1,602,410	1,657,718
Total Expenditures	22,959,510	6,732,849	8,430,776	38,123,135
Excess of Revenues Over (Under) Expenditures	10,571,868	(989,250)	(1,989,414)	7,593,204
Other Financing Sources (Uses):				
Proceeds of Capital Leases	0	0	25,000	25,000
Transfers In	0	2,300,000	1,993,511	4,293,511
Transfers (Out)	(5,014,000)	0	(333,511)	(5,347,511)
Total Other Financing Sources (Uses)	(5,014,000)	2,300,000	1,685,000	(1,029,000)
Net Change in Fund Balance	5,557,868	1,310,750	(304,414)	6,564,204
Fund Balance - Beginning of Year	30,405,443	4,856,070	9,750,981	45,012,494
Change in Reserve for Inventory	(9,571)	(4,726)	0	(14,297)
Fund Balance - End of Year	\$35,953,740	\$6,162,094	\$9,446,567	\$51,562,401

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, 2013

Net Change in Fund Balance - Total Governmental Funds \$6,564,204

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	\$5,186,216	
Depreciation Expense	(3,316,770)	
		1,869,446

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. (2,346)

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

Income Taxes	\$615,778	
Delinquent Property Taxes	52,672	
Delinquent TIF Payments	(94,344)	
Interest	6,147	
Intergovernmental	56,882	
Other	(316,333)	
		320,802

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,681,250

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 7,639

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	(\$107,394)	
Amortization of Bond Premium	71,535	
Amortization of Deferred Charge on Refunding	(81,403)	
Change in Inventory	(14,297)	
		(131,559)

Proceeds from a capital lease issues are an other financing source in the funds, but a capital lease issue increases long-term liabilities in the statement of net position. (25,000)

Change in Net Position of Governmental Activities \$11,284,436

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2013

	Sewer	Waste Collection	Stormwater Utility	Community Center
Current Assets:				
Equity in Pooled Cash and Investments	\$8,941,787	\$253,702	\$1,472,254	\$4,465,060
Restricted Cash and Investments	0	0	0	786,591
Receivables (Net):				
Accounts	1,042,492	233,961	160,375	41,893
Interest	12,821	364	2,111	331
Intergovernmental	67,982	0	258,000	0
Inventory	73,209	0	0	48,429
Prepaid Items	0	0	0	419,620
Total Current Assets	10,138,291	488,027	1,892,740	5,761,924
Nondepreciable Capital Assets	5,126,552	0	420,990	0
Depreciable Capital Assets, Net	61,313,217	0	34,104,698	18,182,950
Total Noncurrent Assets	66,439,769	0	34,525,688	18,182,950
Total Assets	76,578,060	488,027	36,418,428	23,944,874
Deferred Outflows of Resources:				
Deferred Charge on Refunding	2,646,158	0	0	0
Total Deferred Outflows of Resources	2,646,158	0	0	0
Liabilities:				
Current Liabilities:				
Accounts Payable	108,021	0	0	47,010
Accrued Wages and Benefits	71,944	989	10,383	152,369
Compensated Absences	85,254	368	12,715	23,330
Contracts Payable	16,277	6,630	19,645	11,180
Retainage Payable	42,054	0	8,497	0
Accrued Interest Payable	67,383	0	4,112	37,887
Interfund Payable	0	0	0	5,250,000
Long-Term Liabilities Due Within One Year	1,107,000	0	100,000	315,000
Total Current Liabilities	1,497,933	7,987	155,352	5,836,776
Long-Term Liabilities:				
Compensated Absences	83,100	467	12,344	16,890
Bonds, Notes & Loans Payable	22,501,875	0	1,297,679	0
Capital Lease	0	0	0	9,718,479
Total Noncurrent Liabilities	22,584,975	467	1,310,023	9,735,369
Total Liabilities	24,082,908	8,454	1,465,375	15,572,145
Net Position:				
Net Investment in Capital Assets	45,477,052	0	33,128,009	8,149,471
Restricted for:				
Debt Service	0	0	0	786,591
Unrestricted	9,664,258	479,573	1,825,044	(563,333)
Total Net Position	\$55,141,310	\$479,573	\$34,953,053	\$8,372,729

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$404,798	\$15,537,601
0	786,591
4,441	1,483,162
0	15,627
0	325,982
131,921	253,559
0	419,620
<u>541,160</u>	<u>18,822,142</u>
5,677,247	11,224,789
<u>2,559,723</u>	<u>116,160,588</u>
<u>8,236,970</u>	<u>127,385,377</u>
<u>8,778,130</u>	<u>146,207,519</u>
<u>0</u>	<u>2,646,158</u>
<u>0</u>	<u>2,646,158</u>
18,514	173,545
0	235,685
0	121,667
11,907	65,639
0	50,551
19,897	129,279
0	5,250,000
<u>315,000</u>	<u>1,837,000</u>
<u>365,318</u>	<u>7,863,366</u>
0	112,801
6,549,612	30,349,166
<u>0</u>	<u>9,718,479</u>
<u>6,549,612</u>	<u>40,180,446</u>
<u>6,914,930</u>	<u>48,043,812</u>
1,372,358	88,126,890
0	786,591
<u>490,842</u>	<u>11,896,384</u>
<u>\$1,863,200</u>	<u>\$100,809,865</u>

City of Mason, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2013

	Sewer	Waste Collection	Stormwater Utility	Community Center
Operating Revenues:				
Charges for Services	\$6,100,178	\$1,582,570	\$1,142,264	\$6,445,131
Other Revenues	4,029	46	406	17,391
Total Operating Revenues	<u>6,104,207</u>	<u>1,582,616</u>	<u>1,142,670</u>	<u>6,462,522</u>
Operating Expenses:				
Personal Services	1,234,080	18,361	177,209	2,534,144
Contractual Services	1,569,958	1,365,921	106,994	1,623,091
Materials and Supplies	378,360	0	89,582	730,211
Depreciation	2,249,906	0	723,150	543,997
Total Operating Expenses	<u>5,432,304</u>	<u>1,384,282</u>	<u>1,096,935</u>	<u>5,431,443</u>
Operating Income (Loss)	<u>671,903</u>	<u>198,334</u>	<u>45,735</u>	<u>1,031,079</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	23,619	928	3,431	1,533
Interest (Expense)	(816,231)	0	(45,349)	(467,105)
Total Non-Operating Revenues (Expenses)	<u>(792,612)</u>	<u>928</u>	<u>(41,918)</u>	<u>(465,572)</u>
Income (Loss) Before Contributions and Transfers	(120,709)	199,262	3,817	565,507
Capital Grants and Contributions	769,644	0	0	0
Transfers In	6,000	0	0	0
Change in Net Position	654,935	199,262	3,817	565,507
Net Position - Beginning of Year, Restated	<u>54,486,375</u>	<u>280,311</u>	<u>34,949,236</u>	<u>7,807,222</u>
Net Position - End of Year	<u>\$55,141,310</u>	<u>\$479,573</u>	<u>\$34,953,053</u>	<u>\$8,372,729</u>

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$1,871,546	\$17,141,689
4,441	26,313
<u>1,875,987</u>	<u>17,168,002</u>
3,492	3,967,286
1,753,332	6,419,296
536,864	1,735,017
136,992	3,654,045
<u>2,430,680</u>	<u>15,775,644</u>
<u>(554,693)</u>	<u>1,392,358</u>
0	29,511
<u>(220,581)</u>	<u>(1,549,266)</u>
<u>(220,581)</u>	<u>(1,519,755)</u>
(775,274)	(127,397)
10,000	779,644
<u>1,048,000</u>	<u>1,054,000</u>
282,726	1,706,247
<u>1,580,474</u>	<u>99,103,618</u>
<u>\$1,863,200</u>	<u>\$100,809,865</u>

City of Mason, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2013

	Sewer	Waste Collection	Stormwater Utility	Community Center
Cash Flows from Operating Activities:				
Cash Received from Customers	\$6,058,965	\$1,587,410	\$1,141,350	\$6,428,395
Cash Payments to Employees	(2,232,663)	(1,489,164)	(285,825)	(2,534,182)
Cash Payments to Suppliers	(1,294,292)	0	(147,741)	(2,057,785)
Net Cash Provided (Used) by Operating Activities	2,532,010	98,246	707,784	1,836,428
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	0
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(893,046)	0	(377,685)	(19,855)
Debt Principal Payments	(1,080,000)	0	(95,000)	(310,000)
Debt Interest Payments	(829,775)	0	(52,194)	(461,925)
Capital Grants Received	621,662	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,181,159)	0	(524,879)	(791,780)
Cash Flows from Investing Activities:				
Earnings on Investments	23,338	790	3,203	1,669
Net Cash Provided (Used) by Cash Flows from Investing Activities	23,338	790	3,203	1,669
Net Increase (Decrease) in Cash and Cash Equivalents	374,189	99,036	186,108	1,046,317
Cash and Cash Equivalents - Beginning of Year	8,567,598	154,666	1,286,146	4,205,334
Cash and Cash Equivalents - End of Year	8,941,787	253,702	1,472,254	5,251,651
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	671,903	198,334	45,735	1,031,079
Adjustments:				
Depreciation	2,249,906	0	723,150	543,997
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(45,242)	4,794	(1,320)	(33,920)
(Increase) Decrease in Inventory	(16,192)	0	0	(17,114)
(Increase) Decrease in Prepaid Items	0	0	0	331,964
Increase (Decrease) in Retainage Payable	35,054	0	0	0
Increase (Decrease) in Payables	(357,933)	(105,610)	(59,803)	(20,312)
Increase (Decrease) in Accrued Liabilities	(5,486)	728	22	734
Net Cash Provided (Used) by Operating Activities	\$2,532,010	\$98,246	\$707,784	\$1,836,428

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$1,883,317	\$17,099,437
(3,474)	(6,545,308)
<u>(2,320,907)</u>	<u>(5,820,725)</u>
(441,064)	4,733,404
<u>1,048,000</u>	<u>1,048,000</u>
1,048,000	1,048,000
(12,805)	(1,303,391)
(315,000)	(1,800,000)
(241,913)	(1,585,807)
<u>10,000</u>	<u>631,662</u>
(559,718)	(4,057,536)
<u>0</u>	<u>29,000</u>
0	29,000
47,218	1,752,868
<u>357,580</u>	<u>14,571,324</u>
<u>404,798</u>	<u>16,324,192</u>
(554,693)	1,392,358
136,992	3,654,045
6,547	(69,141)
(7,989)	(41,295)
0	331,964
0	35,054
(21,921)	(565,579)
<u>0</u>	<u>(4,002)</u>
<u>(\$441,064)</u>	<u>\$4,733,404</u>

City of Mason, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2013

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$930,828
Receivables (Net):	
Accounts	<u>60,000</u>
Total Assets	<u><u>990,828</u></u>
Liabilities:	
Due to Others	<u>990,828</u>
Total Liabilities	<u><u>\$990,828</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, 2013

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The 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, 2013

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, liabilities, and deferred outflows/inflows 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, cash 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, 2013

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 deferred outflows and liabilities and deferred inflows are reported as fund balance. The following are the City's major governmental funds:

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

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

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, 2013

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, 2013

accounting arise in the recognition of revenue, the recording of deferred inflows 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 Outflows/Inflows of Resources

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding reported in the government-wide statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include income taxes, property taxes, grants and other taxes, special assessments, and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes revenue in lieu of taxes, interest and accounts. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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 2013 amounted to \$91,918 (on the fund financial statements). The general fund interest revenue was \$66,741.

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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Prepaid Items

Payments made for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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, 2013

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 \$15,729,120 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, 2013

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.

Gain/Loss on Refunding

On the fund level and government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt (the gain/loss on refunding) is being amortized as a component of interest expense. This deferred amount (deferred charge on refunding) is amortized over the life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method.

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. 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.

City of Mason, Ohio
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For the Year Ended December 31, 2013

- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, 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, 2013, \$13,277,792 of the City's bank balance of \$13,777,792 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Investments

As of December 31, 2013, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
US Treasury Note	\$19,785,448	2.27
Federal National Mortgage Association	17,684,406	1.37
Federal Home Loan Mortgage	12,636,284	1.97
Federal Home Loan Bank	4,294,488	2.20
Federal Farm Credit Bank	2,964,487	2.46
Money Market Funds	1,996,164	0.00
Commercial Paper	1,000,063	0.19
	<u>\$60,361,340</u>	
Portfolio Weighted Average Maturity		1.84

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 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 33% of the City’s investments in US Treasury Note, 3% in Money Market Funds, 7% in Federal Home Loan Bank, 21% in Federal Home Loan Mortgage, 29% in Federal National Mortgage Association, 5% 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

City of Mason, Ohio
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of the City, or at least registered in the name of the City.

Note 4 – Receivables

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

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

Special assessments expected to be collected in more than one year amounts to \$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 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, 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.

Public utility real 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 tangible personal property upon which current year property tax receipts were based are as follows:

Real Property	\$969,297,620
Public Utility	<u>18,094,150</u>
Total Valuation	<u><u>\$987,391,770</u></u>

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

The City receives property taxes from Warren County. The County Treasurer collects property taxes on behalf of all taxing districts in the counties, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2013, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred inflows since the current taxes were not levied to finance 2013 operations and the collection of delinquent taxes

City of Mason, Ohio
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during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

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

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

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

City of Mason, Ohio
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For the Year Ended December 31, 2013

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

Liability:

Personal Injury Liability
Property Damage Liability
Public Officials Errors and Omissions
Employment Practices Liability
Employee Benefits Liability

Limits: \$10,000,000 per occurrence. \$10,000,000 annual aggregates per member for Employment Practices Liability; Public Officials Errors and Omissions and Employee benefits Liability combined; and Products/Completed Operations.

MVRMA self-insured \$500,000 per occurrence and obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$2.5 million excess of \$500,000, and from Genesis for 47 million excess of \$3 million.

Property:

\$1,000,000,000/occurrence
MVRMA Self-Insured Retention (SIR): \$250,000/occurrence

Coverage excess of SIR provided by PEPiP USA. List of carriers underwriting the coverage provided upon request.

Flood – 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 – included in Property Policy

\$25 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence

Boiler & Machinery – included in Property Policy

\$100,000,000/occurrence
MVRMA SIR: \$10,000-\$350,000/occurrence

(City of Piqua large power generating turbines had an SIR of \$500,000/occurrence 1/1/13 – 7/1/13 and were excluded 7/1/13 – 12/31/13.)

Cyber Liability – included in Property Policy

MVRMA SIR: \$100,000/occurrence
Coverage excess of SIR provided by Lloyd's of London – Beazley Syndicate

City of Mason, Ohio
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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 – Claims made and Reported Policy

Retroactive Date: Policy inception

Coverage excess SIR provided by ACE – Illinois Union Insurance Co.

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

MVRMA SIR: \$100,000/pollution condition (1/1/13 – 7/1/13);

\$75,000/pollution condition (7/1/13 – 12/31/13); \$750,000 underground storage tanks specific

Member Deductible/occurrence - \$2,500

The Financial Audit for 2013 has not been completed. Figures from the audited 2012 financial Audit are as follows:

Current Assets	\$11,487,302
Total Assets	\$19,242,277
Current Liabilities	\$ 0
Long-Term Liabilities	\$12,803,104

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.

The claims liability of \$360,464 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:

City of Mason, Ohio
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For the Year Ended December 31, 2013

Fiscal Year	Beginning of Fiscal Year Liability	Current Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2013	\$368,500	\$2,977,325	(\$2,985,361)	\$360,464
2012	439,809	3,788,331	(3,859,640)	368,500

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

Note 6 – Contingent Liabilities

Litigation

The City 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, 2013, 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, 2013

Note 7 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$64,660,164	\$1,447,248	\$0	\$66,107,412
Construction in Progress	11,738,015	4,352,656	9,340,752	6,749,919
Total Capital Assets, not being depreciated	76,398,179	5,799,904	9,340,752	72,857,331
Capital Assets, being depreciated:				
Buildings and Improvements	45,147,539	0	0	45,147,539
Equipment	15,698,106	392,154	132,037	15,958,223
Infrastructure	74,340,264	8,334,910	0	82,675,174
Totals at Historical Cost	211,584,088	14,526,968	9,472,789	216,638,267
Less Accumulated Depreciation:				
Buildings and Improvements	11,693,371	1,133,103	0	12,826,474
Equipment	11,627,623	805,750	129,691	12,303,682
Infrastructure	14,126,941	1,377,917	0	15,504,858
Total Accumulated Depreciation	\$37,447,935	\$3,316,770	\$129,691	\$40,635,014
Governmental Activities Capital Assets, Net	\$174,136,153	\$11,210,198	\$9,343,098	\$176,003,253
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$10,609,005	\$0	\$0	\$10,609,005
Construction in Progress	660,614	1,247,989	1,292,819	615,784
Total Capital Assets, not being depreciated	11,269,619	1,247,989	1,292,819	11,224,789
Capital Assets, being depreciated:				
Buildings and Improvements	54,303,641	0	0	54,303,641
Equipment	8,319,256	317,536	42,388	8,594,404
Infrastructure	86,627,411	1,030,685	0	87,658,096
Totals at Historical Cost	160,519,927	2,596,210	1,335,207	161,780,930
Less Accumulated Depreciation:				
Buildings and Improvements	8,350,371	1,552,967	0	9,903,338
Equipment	4,048,709	640,109	42,388	4,646,430
Infrastructure	18,384,816	1,460,969	0	19,845,785
Total Accumulated Depreciation	\$30,783,896	\$3,654,045	\$42,388	\$34,395,553
Business-Type Activities Capital Assets, Net	\$129,736,031	(\$1,057,835)	\$1,292,819	\$127,385,377

City of Mason, Ohio
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For the Year Ended December 31, 2013

Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$562,767
Public Safety	353,874
Leisure Time Activities	443,167
Transportation and Street Repair	1,956,590
Community Development	372
Total Depreciation Expense	<u>\$3,316,770</u>

Note 8 – Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Sick Leave Conversion at Retirement

- a. Upon retirement, a full-time, regular employee who meets the age and length of service requirements of the Public Employees Retirement System or the Police and Fireman's Disability and Pension Fund, whichever is applicable, and who was also in the service of the City of Mason for a period of ten (10) continuous years prior to retirement from the service of the City of Mason may redeem his or her accumulated sick leave providing all other criteria are met in order to receive the benefits (i.e. age for retirement).
- b. Redemption shall be at a rate of three (3) accumulated sick 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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For the Year Ended December 31, 2013

- 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

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities					
General Fund:					
Real Estate Acquisition Note	1.75%	\$3,200,000	\$0	(\$3,200,000)	\$0
Tax Revenue Note	1.75%	3,120,000	0	(3,120,000)	0
Real Estate Acquisition Note	1.25%	0	2,885,000	0	2,885,000
Tax Revenue Note	1.50%	0	3,170,000	0	3,170,000
Public Work Garage	1.25%	0	5,000,000	0	5,000,000
Total Governmental Activities		<u>\$6,320,000</u>	<u>\$11,055,000</u>	<u>(\$6,320,000)</u>	<u>\$11,055,000</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, 2013

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	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
2008 Various Purpose	4.09%	\$14,525,000	\$0	(\$725,000)	\$13,800,000	\$750,000
Mason Road Widening	3.73%	1,950,000	0	(90,000)	1,860,000	95,000
US 42 Road Improvements	3.80%	930,000	0	(35,000)	895,000	40,000
Refunding 1998 Road Improvement	3.52%	1,810,000	0	(275,000)	1,535,000	290,000
Premium on Bonds		217,659	0	(26,090)	191,569	0
Total General Obligation Bonds		19,432,659	0	(1,151,090)	18,281,569	1,175,000
<u>Revenue Bonds</u>						
JW Harris Tax Increment Financing (TIF)	5.30%	195,000	0	(195,000)	0	0
2012 Enterprise Parke TIF Refunding	3.25%	450,000	0	(35,000)	415,000	35,000
Refunding Central Park TIF	4.50%	280,000	0	(280,000)	0	0
Refunding Tylersville Crossing TIF	4.50%	555,000	0	(125,000)	430,000	55,000
Everybody's Farm TIF	5.75%	1,750,000	0	0	1,750,000	25,000
Total Revenue Bonds		3,230,000	0	(635,000)	2,595,000	115,000
<u>Certificate of Participation Bonds</u>						
Refunding Certificate of Participation		16,575,000	0	(915,000)	15,660,000	940,000
Premium on Refunding Certificate of Participation		636,228	0	(45,445)	590,783	0
Total Refunding Certificate of Participation Bonds		17,211,228	0	(960,445)	16,250,783	940,000
Capital Leases		0	25,000	(6,250)	18,750	6,250
Total Long-Term Liabilities Bonds		39,873,887	25,000	(2,752,785)	37,146,102	2,236,250
Compensated Absences		1,395,210	706,065	(598,671)	1,502,604	685,111
Total Governmental Activities		\$41,269,097	\$731,065	(\$3,351,456)	\$38,648,706	\$2,921,361
Business-Type Activities						
<u>General Obligation Bonds</u>						
Sewer Refunding		\$21,860,000	\$0	(\$1,080,000)	\$20,780,000	\$1,080,000
Stormwater Improvement	3.65%	1,420,000	0	(95,000)	1,325,000	95,000
Golf Course Acquisition	3.69%	6,990,000	0	(315,000)	6,675,000	315,000
Premium on Bonds		3,299,968	0	(215,802)	3,084,166	0
Total General Obligation Bonds		33,569,968	0	(1,705,802)	31,864,166	1,490,000
<u>Special Assessment Bonds</u>						
Diley Utility	6.00%	13,000	0	(6,000)	7,000	6,000
<u>Lease</u>						
Capital Lease		10,465,000	0	(310,000)	10,155,000	310,000
Discount on Capital Lease		(127,308)	5,787	0	(121,521)	0
Total Capital Lease		10,337,692	5,787	(310,000)	10,033,479	310,000
Compensated Absences - Enterprise		228,412	125,264	(119,208)	234,468	121,667
Total Business-Type Activities		\$44,149,072	\$131,051	(\$2,141,010)	\$42,139,113	\$1,927,667

City of Mason, Ohio
Notes to the Basic Financial Statements
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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
2014	\$2,690,000	\$1,820,390	\$115,000	\$137,874	\$7,000	\$420
2015	2,770,000	1,742,539	175,000	132,738	0	0
2016	2,885,000	1,642,013	190,000	124,263	0	0
2017	2,930,000	1,569,839	220,000	114,987	0	0
2018	3,730,000	1,456,315	230,000	104,100	0	0
2019-2023	17,525,000	5,361,633	1,090,000	334,564	0	0
2024-2028	14,205,000	1,951,258	325,000	130,812	0	0
2029-2031	135,000	8,200	250,000	29,324	0	0
	<u>\$46,870,000</u>	<u>\$15,552,187</u>	<u>\$2,595,000</u>	<u>\$1,108,662</u>	<u>\$7,000</u>	<u>\$420</u>

Note 11 – Leases

The City entered into a new capital lease for a x-ray machine in 2013. The City also has capital leases for the municipal building and 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, 2013

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$1,603,275	\$769,640
2015	1,605,675	770,978
2016	1,606,475	770,740
2017	1,594,625	769,350
2018	1,597,825	772,276
2019-2023	7,986,525	3,848,826
2024-2028	4,786,365	3,851,834
2029-2033	0	3,852,260
2034	0	771,750
Total minimum lease payments	<u>20,780,765</u>	<u>16,177,654</u>
Less: Amount representing interest	(5,102,015)	(6,022,654)
Present value of minimum lease payments	<u>\$15,678,750</u>	<u>\$10,155,000</u>

Capital lease payments are made from the Government Center Reserve Fund, the Community Center and the Municipal Court Improvement Funds. 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	\$35,760,000
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Note 12 – Pension Plans

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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, 2013, 2012 and 2011 were \$832,558, \$814,222, and \$836,299 respectively. The full amount has been contributed for 2013, 2012 and 2011. The City's unpaid contractually required OPERS contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures. In 2013, there were no unpaid contractually required OPERS contributions to record in accrued wages and benefits.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2013, 2012 and 2011 were \$1,147,878, \$828,496, and \$853,744 respectively. In 2013, there were no unpaid contractually required OP&F contributions to record in accrued wages and benefits. The full amount has been contributed for 2012 and 2011. 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 13 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, 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 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. 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 \$83,222 for 2013, \$232,623 for 2012; and \$237,915 for 2011. The full amount has been contributed for 2013, 2012 and 2011.

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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.

Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employee contributions allocated to health care was 4.69% of covered payroll for January 1, 2013 through May 31, 2013, and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. 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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 period of January 1, 2013 through May 31, 2013 were \$55,191 (police) and \$46,442 (fire); and for the period of June 1, 2013 through December 31, 2013 were \$58,807 (police) and \$57,309 (fire); for the year ending December 31, 2012 were \$140,814 (police) and \$118,447 (fire); and for the year ending December 31, 2011 were \$145,704 (police) and \$121,570 (fire); respectively, and were allocated to the healthcare plan. The actual contributions for 2013, 2012 and 2011 were 100%.

Note 14 – Conduit Debt Obligations

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

The following is the conduit debt outstanding at December 31, 2013:

<u>Issuance</u>	<u>Year Issued</u>	<u>Original Amount</u>	<u>Outstanding December 31, 2013</u>	<u>Year Mature</u>
Cedar Village	2010	\$16,250,000	\$14,105,000	2035

Note 15 – Construction Commitments

The City had the following outstanding commitments at year end:

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Projects	Amount
MM Rd. & Bethany Rd. Roundabout	\$2,116,646
W.R.&I75 & ST Rt.741 Interchange study	1,600,000
Mason-Morrow-Millgrove Lift Station	1,573,782
Kings Island Drive Improvement	231,784
Freedom Way Construction	200,000
Brookstone Lift Station	155,370
Traffic Controller Replacement	111,952
Public Service Center	90,000
Police Cruisers	54,104
SCADA Update Phase II	47,330
Golf Course Pavillion Improvements	42,595
Street Light Replacements - 2014	17,970
Floodplain Improvement (Southwind & Windsong)	14,900
Street Light Replacements - Bay Meadows	14,515
Fire Aerial Ladder	12,562
Fire SUV	10,113
Mason Heights Drainage System	8,007
Alliance Drive Extension	7,175
Van Buren Drive ditch	1,130
SR 741/Stoneridge Dr Signal	1,086
Total	\$6,311,021

Note 16 – Interfund Transactions

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

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$5,650,000	\$0	\$0	\$5,014,000
Fire and Emergency Medical Services	0	0	2,300,000	0
Sewer Fund	0	0	6,000	0
Community Center Fund	0	5,250,000	0	0
Golf Course Fund	0	0	1,048,000	0
Other Governmental Funds	0	400,000	1,993,511	333,511
Total All Funds	\$5,650,000	\$5,650,000	\$5,347,511	\$5,347,511

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 \$162,550 was to make the debt service payment for the Mason Road Widening debt that is included in the 2013 Various Purpose General Obligation Bonds.

The transfer out of the State Highway Improvement Fund (Other Governmental Funds) to the General

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Bond Retirement Fund (Other Governmental Funds) of \$122,916 was to make the debt service payment for the US 42 Road Improvements debt that is included in the 2013 Various Purpose General Obligation Bonds.

The street subdivision fund (other Governmental Funds) accounts for funds collected to improve streets that benefit specific developments. These funds rarely cover the entire cost of the improvement which is generally paid from the Street Maintenance and Repair Fund (other Governmental Funds). The transfer of \$42,045 reimburses the Street Maintenance and Repair Fund for capital improvement.

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

Note 17 – Joint Venture

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

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

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

Distribution of Gross Tax:

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

Net Distribution:

83% Liberty Township
2% Middletown
15% Mason

Note 18 – Accountability

As of year end the following funds had deficit fund balances:

Other Governmental Funds:

State Highway Improvement \$215,251

The deficits in fund balances were primarily due to accrual in GAAP. The general fund is liable for any

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 19 – Fund Balances

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

Fund Balances	General	Fire and Emergency Medical Service	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$222,398	\$26,839	\$0	\$249,237
Unclaimed Monies	60,000	0	0	60,000
Total Nonspendable	282,398	26,839	0	309,237
Restricted for:				
Street Improvements	0	0	4,563,788	4,563,788
Fire and Emergency Medical Service	0	6,135,255	0	6,135,255
Street Subdivision	0	0	528,482	528,482
Parks and Recreation	0	0	96,579	96,579
Public Safety	0	0	98,657	98,657
Municipal Court	0	0	666,669	666,669
TIF Monies	0	0	850,819	850,819
Debt Service	0	0	764,552	764,552
Other Purposes	0	0	17,398	17,398
Total Restricted	0	6,135,255	7,586,944	13,722,199
Committed to:				
Police Crime Prevention	0	0	686	686
Total Committed	0	0	686	686
Assigned to:				
General Capital Improvement	11,380,068	0	0	11,380,068
Debt Service	0	0	1,961,798	1,961,798
Subdivision Inspection	0	0	112,390	112,390
Encumbrances	11,414,834	0	0	11,414,834
Total Assigned	22,794,902	0	2,074,188	24,869,090
Unassigned (Deficit)	12,876,440	0	(215,251)	12,661,189
Total Fund Balance	\$35,953,740	\$6,162,094	\$9,446,567	\$51,562,401

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 20 – Change in Accounting Principle

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the City.

Note 21 – Restatement

In prior periods, the City had reported assets related to bond issuance costs in the Governmental and Business-Type Activities entity-wide financial statements and proprietary fund financial statements. GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The implementation of GASB Statement Number 65 requires a restatement of prior period's net position as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Sewer Fund</u>	<u>Stormwater Utility</u>	<u>Community Center</u>	<u>Golf Course</u>
Net Position - December 31, 2012	\$184,366,548	\$99,571,061	\$54,732,898	\$34,959,603	\$7,974,714	\$1,623,535
Bond Issuance Costs	(477,683)	(467,443)	(246,523)	(10,367)	(167,492)	(43,061)
Restated Net Position - December 31, 2012	<u>\$183,888,865</u>	<u>\$99,103,618</u>	<u>\$54,486,375</u>	<u>\$34,949,236</u>	<u>\$7,807,222</u>	<u>\$1,580,474</u>

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, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$21,705,000	\$21,705,000	\$27,112,246	\$5,407,246
Fines, Licenses and Permits	1,346,100	1,346,100	1,581,965	235,865
Intergovernmental	60,000	60,000	120,892	60,892
Charges for Services	288,500	288,500	231,605	(56,895)
Investment Earnings	125,000	125,000	191,199	66,199
Other Revenues	572,500	572,500	696,936	124,436
Total Revenues	24,097,100	24,097,100	29,934,843	5,837,743
Expenditures:				
Current:				
General Government				
City Manager	365,697	365,696	276,522	89,174
Assistant City Manager	861,475	861,475	838,241	23,234
Finance	501,794	501,794	478,513	23,281
Earnings Tax	590,565	590,565	521,856	68,709
Refunds and Reimbursements	850,000	850,000	607,267	242,733
Law Director	556,353	456,353	336,632	119,721
Council	2,040,073	2,040,073	1,980,011	60,062
Municipal Court	1,177,119	1,177,119	1,157,376	19,743
Land, Buildings and Grounds	744,990	744,990	629,763	115,227
Auditor's Deductions	1,203,325	1,153,325	1,106,703	46,622
Contingency	250,000	250,000	0	250,000
Total General Government	9,141,391	8,991,390	7,932,884	1,058,506
Public Safety				
Police Department	5,736,072	5,736,072	5,632,008	104,064
Street Lighting	414,396	414,396	302,212	112,184
Diaster Services	38,471	38,471	31,606	6,865
Total Public Safety	6,188,939	6,188,939	5,965,826	223,113
Leisure Time Activities				
Recreation Programs	267,896	285,896	268,658	17,238
Parks	1,176,565	1,093,565	988,606	104,959
Swimming Pool	266,226	276,226	269,692	6,534
Senior Center	202,045	202,045	169,653	32,392
Total Leisure Time Activities	1,912,732	1,857,732	1,696,609	161,123
Community Development				
Community Planning-Zoning	111,620	111,620	109,717	1,903
Building Inspections	523,541	578,541	570,933	7,608
Economic Development	529,830	629,830	588,042	41,788
Community Development	2,443,903	2,993,902	2,976,538	17,364
Total Community Development	3,608,894	4,313,893	4,245,230	68,663
Transportation & Street Repair				
Traffic Signals	166,970	166,970	137,084	29,886
Street Maintenance & Repair	2,779,492	2,779,492	2,349,855	429,637
Garage	344,759	344,759	312,856	31,903
Engineering	794,203	794,203	708,226	85,977
Total Transportation & Street Repair	4,085,424	4,085,424	3,508,021	577,403

(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, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Capital Outlay	1,700,000	1,700,000	1,700,000	0
Total Expenditures	26,637,380	27,137,378	25,048,570	2,088,808
Excess of Revenues Over (Under) Expenditures	(2,540,280)	(3,040,278)	4,886,273	3,748,935
Other Financing Sources (Uses): Transfers (Out)	(3,675,000)	(12,375,000)	(12,336,000)	39,000
Total Other Financing Sources (Uses)	(3,675,000)	(12,375,000)	(12,336,000)	39,000
Net Change in Fund Balance	(6,215,280)	(15,415,278)	(7,449,727)	3,787,935
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,856,366	16,856,366	16,856,366	0
Fund Balance End of Year	<u>\$10,641,086</u>	<u>\$1,441,088</u>	<u>\$9,406,639</u>	<u>\$3,787,935</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, 2013

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,850,500	\$3,850,500	\$3,988,594	\$138,094
Intergovernmental	449,500	449,500	883,870	434,370
Charges for Services	600,000	600,000	675,730	75,730
Investment Earnings	20,000	20,000	33,364	13,364
Other Revenues	0	0	8,331	8,331
Total Revenues	4,920,000	4,920,000	5,589,888	669,888
Expenditures:				
Current:				
Public Safety	6,211,861	6,146,016	5,861,028	284,988
Capital Outlay	932,497	998,342	993,078	5,264
Total Expenditures	7,144,358	7,144,358	6,854,105	290,252
Excess of Revenues Over (Under) Expenditures	(2,224,358)	(2,224,358)	(1,264,217)	960,140
Other Financing Sources (Uses):				
Transfers In	0	4,000,000	6,300,000	2,300,000
Transfers (Out)	0	(4,000,000)	(4,000,000)	0
Total Other Financing Sources (Uses)	0	0	2,300,000	2,300,000
Net Change in Fund Balance	(2,224,358)	(2,224,358)	1,035,783	3,260,140
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,049,932	5,049,932	5,049,932	0
Fund Balance End of Year	\$2,825,574	\$2,825,574	\$6,085,715	\$3,260,140

See accompanying notes to the required supplementary information.

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2013

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting.

The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The certificate of estimated resources may be amended during the year if projected decreases in revenue are identified by the Finance Director. To maintain the original estimate where possible to maintain conservative estimates, amendments for increases occur only if additional an appropriation is needed by Council action. The amounts reported as the budgeted amounts for revenue on the budgetary statement reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted revenue on the budgetary statements reflects the amounts on the final amended certificate of estimated resources issued during the year.

In Ohio, municipal corporations have certain powers granted to them in Article XVIII of the Ohio Constitution that exist outside authority found in the Ohio Revised Code. Because these powers originate in the Constitution, law passed by the General Assembly that interfere with them may be invalid as applied to municipal corporation unless those laws are sanctioned by other provisions of the Constitution. These powers, granted by the Constitution and known as “home rule” powers, include the power of local self-government, the exercise of certain police powers, and the ownership and operation of public utilities.

The appropriations ordinance is Council’s authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by Council. As a power of local self-government, 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 with in the General Fund. All other funds are maintained at the fund level. 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 ordinance 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 after any supplemental or re-appropriation 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, 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).

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2013

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).
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 and the Fire and Emergency Medical Service Fund.

Net Change in Fund Balance

	<u>General</u>	<u>Fire and Emergency Medical Service</u>
GAAP Basis	\$5,557,868	\$1,310,750
Revenue Accruals	(3,596,535)	(153,711)
Expenditure Accruals	2,387,461	61,621
Transfers Out	(5,742,000)	0
Encumbrances	(4,476,521)	(182,877)
Funds Budgeted Elsewhere	(1,580,000)	0
Budget Basis	<u>(\$7,449,727)</u>	<u>\$1,035,783</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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$7,046,477	\$1,107,078	\$8,153,555
Restricted Cash and Investments	0	1,619,960	1,619,960
Receivables (Net):			
Taxes	0	1,661,635	1,661,635
Accounts	58,870	0	58,870
Interest	6,849	2,563	9,412
Intergovernmental	1,859,981	212,111	2,072,092
Special Assessments	0	6,452	6,452
Total Assets	8,972,177	4,609,799	13,581,976
Liabilities:			
Accounts Payable	11,377	688	12,065
Accrued Wages and Benefits	23,394	0	23,394
Contracts Payable	213,439	0	213,439
Retainage Payable	102,732	0	102,732
Interfund Payable	400,000	0	400,000
Total Liabilities	750,942	688	751,630
Deferred Inflows of Resources:			
Property Taxes	0	1,661,635	1,661,635
Grants and Other Taxes	1,478,480	212,111	1,690,591
Special Assessments	0	6,452	6,452
Unavailable Revenue	22,538	2,563	25,101
Total Deferred Inflows of Resources	1,501,018	1,882,761	3,383,779
Fund Balances:			
Restricted	6,822,392	764,552	7,586,944
Committed	686	0	686
Assigned	112,390	1,961,798	2,074,188
Unassigned	(215,251)	0	(215,251)
Total Fund Balances	6,720,217	2,726,350	9,446,567
Total Liabilities, Deferred Inflows and Fund Balances	\$8,972,177	\$4,609,799	\$13,581,976

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$0	\$1,550,944	\$1,550,944
Investment Earnings	12,212	374	12,586
Intergovernmental	2,770,205	181,411	2,951,616
Special Assessments	0	13,426	13,426
Fines, Licenses & Permits	763,683	0	763,683
Revenue in Lieu of Taxes	923,706	177,976	1,101,682
Other Revenues	47,425	0	47,425
Total Revenues	4,517,231	1,924,131	6,441,362
Expenditures:			
Current:			
General Government	473,577	0	473,577
Public Safety	11,972	0	11,972
Community Development	290,621	0	290,621
Transportation and Street Repair	1,360	180,894	182,254
Capital Outlay	3,188,692	0	3,188,692
Debt Service:			
Principal	446,250	2,235,000	2,681,250
Interest and Other Charges	153,950	1,448,460	1,602,410
Total Expenditures	4,566,422	3,864,354	8,430,776
Excess of Revenues Over (Under) Expenditures	(49,191)	(1,940,223)	(1,989,414)
Other Financing Sources (Uses):			
Proceeds of Capital Leases	25,000	0	25,000
Transfers In	108,045	1,885,466	1,993,511
Transfers (Out)	(327,511)	(6,000)	(333,511)
Total Other Financing Sources (Uses)	(194,466)	1,879,466	1,685,000
Net Change in Fund Balance	(243,657)	(60,757)	(304,414)
Fund Balance - Beginning of Year	6,963,874	2,787,107	9,750,981
Fund Balance - End of Year	\$6,720,217	\$2,726,350	\$9,446,567

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.

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.

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

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, 2013

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation
Assets:					
Equity in Pooled Cash and Investments	\$4,511,753	\$168,582	\$528,182	\$0	\$96,000
Receivables (Net):					
Accounts	18,620	0	300	0	520
Interest	6,469	242	0	0	138
Intergovernmental	1,233,494	56,397	0	0	0
Total Assets	5,770,336	225,221	528,482	0	96,658
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0
Contracts Payable	210,823	2,616	0	0	0
Retainage Payable	102,732	0	0	0	0
Interfund Payable	0	400,000	0	0	0
Total Liabilities	313,555	402,616	0	0	0
Deferred Inflows of Resources:					
Grants and Other Taxes	870,672	37,718	0	0	0
Unavailable Revenue	22,321	138	0	0	79
Total Deferred Inflows of Resources	892,993	37,856	0	0	79
Fund Balances:					
Restricted	4,563,788	0	528,482	0	96,579
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	(215,251)	0	0	0
Total Fund Balances	4,563,788	(215,251)	528,482	0	96,579
Total Liabilities, Deferred Inflows and Fund Balances	\$5,770,336	\$225,221	\$528,482	\$0	\$96,658

Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement
\$686	\$23,818	\$2,994	\$76,981	\$183,171	\$113,561	\$222,989
0	155	25	268	7,328	2,593	14,236
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>686</u>	<u>23,973</u>	<u>3,019</u>	<u>77,249</u>	<u>190,499</u>	<u>116,154</u>	<u>237,225</u>
0	0	0	5,584	2,800	0	602
0	0	0	0	0	0	7,563
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>5,584</u>	<u>2,800</u>	<u>0</u>	<u>8,165</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	23,973	3,019	71,665	187,699	116,154	229,060
686	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>686</u>	<u>23,973</u>	<u>3,019</u>	<u>71,665</u>	<u>187,699</u>	<u>116,154</u>	<u>229,060</u>
<u>\$686</u>	<u>\$23,973</u>	<u>\$3,019</u>	<u>\$77,249</u>	<u>\$190,499</u>	<u>\$116,154</u>	<u>\$237,225</u>

Continued

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	Subdivision Inspection	Central Parke TIF
Assets:					
Equity in Pooled Cash and Investments	\$17,363	\$95,556	\$36,383	\$117,639	\$910
Receivables (Net):					
Accounts	35	14,745	0	45	0
Interest	0	0	0	0	0
Intergovernmental	0	0	0	0	110,852
Total Assets	17,398	110,301	36,383	117,684	111,762
Liabilities:					
Accounts Payable	0	2,251	140	0	0
Accrued Wages and Benefits	0	10,537	0	5,294	0
Contracts Payable	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Total Liabilities	0	12,788	140	5,294	0
Deferred Inflows of Resources:					
Grants and Other Taxes	0	0	0	0	110,852
Unavailable Revenue	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	110,852
Fund Balances:					
Restricted	17,398	97,513	36,243	0	910
Committed	0	0	0	0	0
Assigned	0	0	0	112,390	0
Unassigned	0	0	0	0	0
Total Fund Balances	17,398	97,513	36,243	112,390	910
Total Liabilities, Deferred Inflows and Fund Balances	\$17,398	\$110,301	\$36,383	\$117,684	\$111,762

Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Total Nonmajor Special Revenue Funds
\$35,762	\$197,176	\$123,804	\$493,167	\$7,046,477
0	0	0	0	58,870
0	0	0	0	6,849
83,055	197,878	37,257	141,048	1,859,981
<u>118,817</u>	<u>395,054</u>	<u>161,061</u>	<u>634,215</u>	<u>8,972,177</u>
0	0	0	0	11,377
0	0	0	0	23,394
0	0	0	0	213,439
0	0	0	0	102,732
0	0	0	0	400,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>750,942</u>
83,055	197,878	37,257	141,048	1,478,480
0	0	0	0	22,538
<u>83,055</u>	<u>197,878</u>	<u>37,257</u>	<u>141,048</u>	<u>1,501,018</u>
35,762	197,176	123,804	493,167	6,822,392
0	0	0	0	686
0	0	0	0	112,390
0	0	0	0	(215,251)
<u>35,762</u>	<u>197,176</u>	<u>123,804</u>	<u>493,167</u>	<u>6,720,217</u>
<u>\$118,817</u>	<u>\$395,054</u>	<u>\$161,061</u>	<u>\$634,215</u>	<u>\$8,972,177</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, 2013

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation
Revenues:					
Investment Earnings	\$10,845	\$757	\$0	\$0	\$610
Intergovernmental	2,608,377	161,828	0	0	0
Fines, Licenses & Permits	0	0	26,574	0	48,070
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	37,658	0	0	0	2,500
Total Revenues	2,656,880	162,585	26,574	0	51,180
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	1,890	0
Community Development	0	0	0	0	0
Transportation and Street Repair	0	0	1,360	0	0
Capital Outlay	2,814,336	16,836	0	0	17,170
Debt Service:					
Principal	0	0	0	0	0
Interest and Other Charges	0	0	0	0	0
Total Expenditures	2,814,336	16,836	1,360	1,890	17,170
Excess of Revenues Over (Under) Expenditures	(157,456)	145,749	25,214	(1,890)	34,010
Other Financing Sources (Uses):					
Proceeds of Capital Leases	0	0	0	0	0
Transfers In	42,045	0	66,000	0	0
Transfers (Out)	(162,550)	(122,916)	(42,045)	0	0
Total Other Financing Sources (Uses)	(120,505)	(122,916)	23,955	0	0
Net Change in Fund Balance	(277,961)	22,833	49,169	(1,890)	34,010
Fund Balance - Beginning of Year	4,841,749	(238,084)	479,313	1,890	62,569
Fund Balance - End of Year	\$4,563,788	(\$215,251)	\$528,482	\$0	\$96,579

Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	2,805	1,171	9,323	97,516	32,603	201,726
0	0	0	0	0	0	0
0	0	0	0	0	0	357
0	2,805	1,171	9,323	97,516	32,603	202,083
0	0	0	26,779	51,902	0	170,512
0	8,517	1,565	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	406	25,000
0	0	0	0	0	0	6,250
0	0	0	0	0	0	0
0	8,517	1,565	26,779	51,902	406	201,762
0	(5,712)	(394)	(17,456)	45,614	32,197	321
0	0	0	0	0	0	25,000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	25,000
0	(5,712)	(394)	(17,456)	45,614	32,197	25,321
686	29,685	3,413	89,121	142,085	83,957	203,739
<u>\$686</u>	<u>\$23,973</u>	<u>\$3,019</u>	<u>\$71,665</u>	<u>\$187,699</u>	<u>\$116,154</u>	<u>\$229,060</u>

Continued

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	Subdivision Inspection	Central Parke TIF
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Fines, Licenses & Permits	105	195,577	9,008	139,205	0
Revenue in Lieu of Taxes	0	0	0	0	134,009
Other Revenues	0	805	0	45	6,060
Total Revenues	105	196,382	9,008	139,250	140,069
Expenditures:					
Current:					
General Government	0	220,060	4,324	0	0
Public Safety	0	0	0	0	0
Community Development	0	0	0	91,699	51,384
Transportation and Street Repair	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal	0	0	0	0	280,000
Interest and Other Charges	0	0	0	0	12,600
Total Expenditures	0	220,060	4,324	91,699	343,984
Excess of Revenues Over (Under) Expenditures	105	(23,678)	4,684	47,551	(203,915)
Other Financing Sources (Uses):					
Proceeds of Capital Leases	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	105	(23,678)	4,684	47,551	(203,915)
Fund Balance - Beginning of Year	17,293	121,191	31,559	64,839	204,825
Fund Balance - End of Year	\$17,398	\$97,513	\$36,243	\$112,390	\$910

Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$12,212
0	0	0	0	2,770,205
0	0	0	0	763,683
124,063	223,028	36,874	405,732	923,706
0	0	0	0	47,425
<u>124,063</u>	<u>223,028</u>	<u>36,874</u>	<u>405,732</u>	<u>4,517,231</u>
0	0	0	0	473,577
0	0	0	0	11,972
38,728	82,679	26,131	0	290,621
0	0	0	0	1,360
0	0	0	314,944	3,188,692
35,000	125,000	0	0	446,250
15,750	24,975	0	100,625	153,950
<u>89,478</u>	<u>232,654</u>	<u>26,131</u>	<u>415,569</u>	<u>4,566,422</u>
<u>34,585</u>	<u>(9,626)</u>	<u>10,743</u>	<u>(9,837)</u>	<u>(49,191)</u>
0	0	0	0	25,000
0	0	0	0	108,045
0	0	0	0	(327,511)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(194,466)</u>
34,585	(9,626)	10,743	(9,837)	(243,657)
1,177	206,802	113,061	503,004	6,963,874
<u>\$35,762</u>	<u>\$197,176</u>	<u>\$123,804</u>	<u>\$493,167</u>	<u>\$6,720,217</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, 2013

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,459,555	\$2,485,978	\$26,423
Investment Earnings	20,000	27,473	7,473
Revenue in Lieu of Taxes	0	66,113	66,113
Other Revenues	66,000	0	(66,000)
Total Revenues	<u>2,545,555</u>	<u>2,579,564</u>	<u>34,009</u>
Expenditures:			
Current:			
Capital Outlay	8,066,730	7,713,982	352,748
Total Expenditures	<u>8,066,730</u>	<u>7,713,982</u>	<u>352,748</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,521,175)</u>	<u>(5,134,418)</u>	<u>386,757</u>
Other Financing Sources (Uses):			
Transfers In	42,045	42,045	0
Transfers (Out)	(163,000)	(162,550)	450
Total Other Financing Sources (Uses)	<u>(120,955)</u>	<u>(120,505)</u>	<u>450</u>
Net Change in Fund Balance	(5,642,130)	(5,254,923)	387,207
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>4,914,913</u>	<u>4,914,913</u>	<u>0</u>
Fund Balance End of Year	<u>(\$727,217)</u>	<u>(\$340,010)</u>	<u>\$387,207</u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2013

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$600,000	\$608,069	\$8,069
Investment Earnings	0	1,165	1,165
Total Revenues	<u>600,000</u>	<u>609,234</u>	<u>9,234</u>
Expenditures:			
Current:			
Capital Outlay	<u>288,564</u>	<u>288,914</u>	<u>(350)</u>
Total Expenditures	<u>288,564</u>	<u>288,914</u>	<u>(350)</u>
Excess of Revenues Over (Under) Expenditures	<u>311,436</u>	<u>320,320</u>	<u>8,884</u>
Other Financing Sources (Uses):			
Transfers (Out)	<u>(173,872)</u>	<u>(172,916)</u>	<u>956</u>
Total Other Financing Sources (Uses)	<u>(173,872)</u>	<u>(172,916)</u>	<u>956</u>
Net Change in Fund Balance	137,565	147,405	9,840
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>17,969</u>	<u>17,969</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$155,534</u></u>	<u><u>\$165,374</u></u>	<u><u>\$9,840</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, 2013

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$26,274	\$26,274
Total Revenues	0	26,274	26,274
Expenditures:			
Current:			
Transportation and Street Repair	9,040	9,040	0
Total Expenditures	9,040	9,040	0
Excess of Revenues Over (Under) Expenditures	(9,040)	17,234	26,274
Other Financing Sources (Uses):			
Transfers In	0	66,000	66,000
Transfers (Out)	(467,800)	(42,045)	425,755
Total Other Financing Sources (Uses)	(467,800)	23,955	491,755
Net Change in Fund Balance	(476,840)	41,189	518,029
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	479,313	479,313	0
Fund Balance End of Year	<u>\$2,473</u>	<u>\$520,502</u>	<u>\$518,029</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, 2013

	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	2,391	2,391	0
Total Expenditures	2,391	2,391	0
Net Change in Fund Balance	(2,391)	(2,391)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,391	2,391	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, 2013

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$47,550	\$32,550
Intergovernmental	198,000	198,000	0
Investment Earnings	0	958	958
Other Revenues	0	2,500	2,500
Total Revenues	<u>213,000</u>	<u>249,008</u>	<u>36,008</u>
Expenditures:			
Capital Outlay	<u>63,158</u>	<u>44,866</u>	<u>18,293</u>
Total Expenditures	<u>63,158</u>	<u>44,866</u>	<u>18,293</u>
Excess of Revenues Over (Under) Expenditures	<u>149,842</u>	<u>204,143</u>	<u>54,301</u>
Other Financing Sources (Uses):			
Transfers (Out)	<u>(208,000)</u>	<u>(208,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(208,000)</u>	<u>(208,000)</u>	<u>0</u>
Net Change in Fund Balance	(58,158)	(3,857)	54,301
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>100,135</u>	<u>100,135</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$41,977</u></u>	<u><u>\$96,278</u></u>	<u><u>\$54,301</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, 2013

	Police Crime Prevention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
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, 2013

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$2,500	\$2,805	\$305
Total Revenues	2,500	2,805	305
Expenditures:			
Current:			
Public Safety	30,000	8,517	21,483
Total Expenditures	30,000	8,517	21,483
Net Change in Fund Balance	(27,500)	(5,712)	21,788
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,528	29,528	0
Fund Balance End of Year	<u>\$2,028</u>	<u>\$23,816</u>	<u>\$21,788</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, 2013

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$1,196	\$696
Total Revenues	500	1,196	696
Expenditures:			
Current:			
Public Safety	3,000	1,565	1,435
Total Expenditures	3,000	1,565	1,435
Net Change in Fund Balance	(2,500)	(369)	2,131
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,363	3,363	0
Fund Balance End of Year	<u>\$863</u>	<u>\$2,994</u>	<u>\$2,131</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, 2013

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$9,405	\$8,405
Total Revenues	1,000	9,405	8,405
Expenditures:			
Current:			
General Government	68,234	36,081	32,153
Total Expenditures	68,234	36,081	32,153
Net Change in Fund Balance	(67,234)	(26,676)	40,558
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	92,612	92,612	0
Fund Balance End of Year	<u>\$25,378</u>	<u>\$65,936</u>	<u>\$40,558</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, 2013

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$50,000	\$96,335	\$46,335
Total Revenues	50,000	96,335	46,335
Expenditures:			
Current:			
General Government	56,500	52,772	3,728
Total Expenditures	56,500	52,772	3,728
Net Change in Fund Balance	(6,500)	43,563	50,063
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	136,505	136,505	0
Fund Balance End of Year	\$130,005	\$180,068	\$50,063

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, 2013

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$20,000	\$31,847	\$11,847
Total Revenues	20,000	31,847	11,847
Expenditures:			
Capital Outlay	2,000	832	1,168
Total Expenditures	2,000	832	1,168
Net Change in Fund Balance	18,000	31,015	13,015
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	82,545	82,545	0
Fund Balance End of Year	\$100,545	\$113,560	\$13,015

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, 2013

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$180,000	\$202,757	\$22,757
Total Revenues	180,000	202,757	22,757
Expenditures:			
Current:			
General Government	224,933	174,699	50,234
Capital Outlay	6,250	6,250	0
Total Expenditures	231,183	180,949	50,234
Net Change in Fund Balance	(51,183)	21,808	72,991
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	198,251	198,251	0
Fund Balance End of Year	\$147,068	\$220,059	\$72,991

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, 2013

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$70	\$70
Total Revenues	0	70	70
Expenditures:			
Current:			
General Government	500	0	500
Total Expenditures	500	0	500
Net Change in Fund Balance	(500)	70	570
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,293	17,293	0
Fund Balance End of Year	<u>\$16,793</u>	<u>\$17,363</u>	<u>\$570</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, 2013

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$190,000	\$195,567	\$5,567
Total Revenues	190,000	195,567	5,567
Expenditures:			
Current:			
General Government	229,021	220,878	8,143
Total Expenditures	229,021	220,878	8,143
Net Change in Fund Balance	(39,021)	(25,311)	13,710
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	118,168	118,168	0
Fund Balance End of Year	\$79,147	\$92,857	\$13,710

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, 2013

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$10,516	\$9,516
Total Revenues	1,000	10,516	9,516
Expenditures:			
Current:			
General Government	6,154	6,000	154
Total Expenditures	6,154	6,000	154
Net Change in Fund Balance	(5,154)	4,516	9,670
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,051	30,051	0
Fund Balance End of Year	\$24,897	\$34,567	\$9,670

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, 2013

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$35,000	\$139,205	\$104,205
Total Revenues	35,000	139,205	104,205
Expenditures:			
Current:			
Community Development	94,664	91,534	3,130
Total Expenditures	94,664	91,534	3,130
Net Change in Fund Balance	(59,664)	47,671	107,335
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	69,970	69,970	0
Fund Balance End of Year	\$10,306	\$117,641	\$107,335

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, 2013

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$134,000	\$134,009	\$9
Other Revenues	6,000	6,060	60
Total Revenues	<u>140,000</u>	<u>140,069</u>	<u>69</u>
Expenditures:			
Current:			
Community Development	51,400	51,384	16
Debt Service:			
Principal Retirement	280,000	280,000	0
Interest and Fiscal Charges	12,600	12,600	0
Total Expenditures	<u>344,000</u>	<u>343,984</u>	<u>16</u>
Net Change in Fund Balance	(204,000)	(203,915)	85
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>204,826</u>	<u>204,826</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$826</u></u>	<u><u>\$911</u></u>	<u><u>\$85</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, 2013

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$90,000	\$124,063	\$34,063
Total Revenues	90,000	124,063	34,063
Expenditures:			
Current:			
Community Development	68,797	68,525	272
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Charges	16,000	15,750	250
Total Expenditures	119,797	119,275	522
Net Change in Fund Balance	(29,797)	4,788	34,585
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,976	30,976	0
Fund Balance End of Year	\$1,179	\$35,764	\$34,585

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, 2013

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$220,000	\$223,028	\$3,028
Total Revenues	<u>220,000</u>	<u>223,028</u>	<u>3,028</u>
Expenditures:			
Current:			
Community Development	83,000	82,679	321
Debt Service:			
Principal Retirement	125,000	125,000	0
Interest and Fiscal Charges	<u>25,000</u>	<u>24,975</u>	<u>25</u>
Total Expenditures	<u>233,000</u>	<u>232,654</u>	<u>346</u>
Net Change in Fund Balance	(13,000)	(9,626)	3,374
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>206,803</u>	<u>206,803</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$193,803</u></u>	<u><u>\$197,177</u></u>	<u><u>\$3,374</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, 2013

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$35,000	\$36,874	\$1,874
Total Revenues	35,000	36,874	1,874
Expenditures:			
Current:			
Community Development	185,000	75,319	109,681
Total Expenditures	185,000	75,319	109,681
Net Change in Fund Balance	(150,000)	(38,445)	111,555
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	162,249	162,249	0
Fund Balance End of Year	<u>\$12,249</u>	<u>\$123,804</u>	<u>\$111,555</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, 2013

	Everybody's Farm TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$405,732	\$405,732
Total Revenues	0	405,732	405,732
Expenditures:			
Current:			
Capital Outlay	405,958	319,806	86,152
Debt Service:			
Interest and Fiscal Charges	101,000	100,625	375
Total Expenditures	506,958	420,431	86,527
Net Change in Fund Balance	(506,958)	(14,699)	492,259
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	507,866	507,866	0
Fund Balance End of Year	\$908	\$493,167	\$492,259

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, 2013

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Assets:					
Equity in Pooled Cash and Investments	\$735,048	\$20,744	\$8,848	\$342,438	\$1,107,078
Restricted Cash and Investments	0	0	0	1,619,960	1,619,960
Receivables (Net):					
Taxes	1,661,635	0	0	0	1,661,635
Interest	0	0	0	2,563	2,563
Intergovernmental	101,001	0	111,110	0	212,111
Special Assessments	0	6,452	0	0	6,452
Total Assets	2,497,684	27,196	119,958	1,964,961	4,609,799
Liabilities:					
Accounts Payable	0	88	0	600	688
Total Liabilities	0	88	0	600	688
Deferred Inflows of Resources					
Property Taxes	1,661,635	0	0	0	1,661,635
Grants and Other Taxes	101,001	0	111,110	0	212,111
Special Assessments	0	6,452	0	0	6,452
Unavailable Revenue	0	0	0	2,563	2,563
Total Deferred Inflows of Resources	1,762,636	6,452	111,110	2,563	1,882,761
Fund Balances:					
Restricted	735,048	20,656	8,848	0	764,552
Assigned	0	0	0	1,961,798	1,961,798
Total Fund Balances	735,048	20,656	8,848	1,961,798	2,726,350
Total Liabilities, Deferred Inflows and Fund Balances	\$2,497,684	\$27,196	\$119,958	\$1,964,961	\$4,609,799

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, 2013

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:					
Property and Other Taxes	\$1,550,944	\$0	\$0	\$0	\$1,550,944
Investment Earnings	0	0	0	374	374
Intergovernmental	181,411	0	0	0	181,411
Special Assessments	0	13,426	0	0	13,426
Revenue in Lieu of Taxes	0	0	177,976	0	177,976
Total Revenues	1,732,355	13,426	177,976	374	1,924,131
Expenditures:					
Current:					
Transportation and Street Repair	0	0	180,894	0	180,894
Debt Service:					
Principal	1,125,000	0	195,000	915,000	2,235,000
Interest and Other Charges	759,670	1,130	2,585	685,075	1,448,460
Total Expenditures	1,884,670	1,130	378,479	1,600,075	3,864,354
Excess of Revenues Over (Under) Expenditures	(152,315)	12,296	(200,503)	(1,599,701)	(1,940,223)
Other Financing Sources (Uses):					
Transfers In	285,466	0	0	1,600,000	1,885,466
Transfers (Out)	0	(6,000)	0	0	(6,000)
Total Other Financing Sources (Uses)	285,466	(6,000)	0	1,600,000	1,879,466
Net Change in Fund Balance	133,151	6,296	(200,503)	299	(60,757)
Fund Balance - Beginning of Year	601,897	14,360	209,351	1,961,499	2,787,107
Fund Balance - End of Year	\$735,048	\$20,656	\$8,848	\$1,961,798	\$2,726,350

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, 2013

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,525,000	\$1,550,944	\$25,944
Intergovernmental	175,000	181,411	6,411
Total Revenues	1,700,000	1,732,355	32,355
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	1,125,000	1,125,000	0
Interest and Fiscal Charges	775,000	759,670	15,330
Total Expenditures	1,900,000	1,884,670	15,330
Excess of Revenues Over (Under) Expenditures	(200,000)	(152,315)	47,685
Other Financing Sources (Uses):			
Transfers In	235,000	285,466	50,466
Total Other Financing Sources (Uses)	235,000	285,466	50,466
Net Change in Fund Balance	35,000	133,151	98,151
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	601,898	601,898	0
Fund Balance End of Year	\$636,898	\$735,049	\$98,151

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, 2013

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$5,000	\$13,426	\$8,426
Total Revenues	5,000	13,426	8,426
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	6,000	6,000	0
Interest and Fiscal Charges	1,218	1,218	0
Total Expenditures	7,218	7,218	0
Net Change in Fund Balance	(2,218)	6,208	8,426
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,449	14,449	0
Fund Balance End of Year	\$12,231	\$20,657	\$8,426

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, 2013

	Tax Increment Financing Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$177,900	\$177,976	\$76
Total Revenues	177,900	177,976	76
Expenditures:			
Current:			
Transportation and Street Repair	182,985	180,894	2,091
Capital Outlay	3,726	0	3,726
Debt Service:			
Principal Retirement	195,000	195,000	0
Interest and Fiscal Charges	5,250	2,585	2,665
Total Expenditures	386,961	378,479	8,482
Net Change in Fund Balance	(209,061)	(200,503)	8,558
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	209,352	209,352	0
Fund Balance End of Year	\$291	\$8,849	\$8,558

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, 2013

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$12,612	\$12,612
Total Revenues	0	12,612	12,612
Expenditures:			
Debt Service:			
Principal Retirement	915,000	915,000	0
Interest and Fiscal Charges	685,700	685,675	25
Total Expenditures	1,600,700	1,600,675	25
Excess of Revenues Over (Under) Expenditures	(1,600,700)	(1,588,063)	12,637
Other Financing Sources (Uses):			
Transfers In	1,600,000	1,600,000	0
Total Other Financing Sources (Uses)	1,600,000	1,600,000	0
Net Change in Fund Balance	(700)	11,937	12,637
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,959,112	1,959,112	0
Fund Balance End of Year	<u>\$1,958,412</u>	<u>\$1,971,049</u>	<u>\$12,637</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, 2013

	General Capital Improvement Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$7,548	\$7,548
Other Revenues	0	70,495	70,495
Total Revenues	0	78,043	78,043
Expenditures:			
Current:			
Capital Outlay	4,670,115	4,217,135	452,980
Debt Service:			
Principal Retirement	6,620,000	6,320,000	300,000
Interest and Fiscal Charges	193,000	129,438	63,562
Total Expenditures	11,483,115	10,666,573	816,542
Excess of Revenues Over (Under) Expenditures	(11,483,115)	(10,588,530)	894,585
Other Financing Sources (Uses):			
Issuance of Debt	12,085,000	11,110,322	(974,678)
Advances In	0	0	0
Transfers In	0	8,258,000	8,258,000
Transfers (Out)	(6,717,225)	(6,678,000)	39,225
Total Other Financing Sources (Uses)	5,367,775	12,690,322	7,322,547
Net Change in Fund Balance	(6,115,340)	2,101,792	8,217,132
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,998,285	12,998,285	0
Fund Balance End of Year	\$6,882,945	\$15,100,077	\$8,217,132

(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, 2013

	Employee Medical Insurance Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$1,296,202	\$1,297,954	\$1,752
Other Revenues	0	482,204	482,204
Total Revenues	1,296,202	1,780,158	483,956
Expenditures:			
Current:			
General Government	338,318	0	338,318
Public Safety	739,500	643,992	95,508
Leisure Time Activities	168,868	147,059	21,809
Community Development	17,000	14,804	2,196
Basic Utility	283,336	246,742	36,594
Total Expenditures	1,547,022	1,052,597	494,425
Net Change in Fund Balance	(250,820)	727,561	978,381
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	600,018	600,018	0
Fund Balance End of Year	\$349,198	\$1,327,579	\$978,381

(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, 2013

	City Contributions Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government	120,000	0	120,000
Total Expenditures	120,000	0	0
Net Change in Fund Balance	(120,000)	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	120,206	120,206	0
Fund Balance End of Year	<u>\$206</u>	<u>\$120,206</u>	<u>\$0</u>

(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, 2013

	Unclaimed Monies Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$9,915	\$9,915
Total Revenues	0	9,915	9,915
Expenditures:			
Current:			
General Government	45,000	405	44,595
Total Expenditures	45,000	405	44,595
Net Change in Fund Balance	(45,000)	9,510	54,510
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,491	50,491	0
Fund Balance End of Year	<u>\$5,491</u>	<u>\$60,001</u>	<u>\$54,510</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, 2013

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$61,809	\$2,263,768	\$2,227,779	\$97,798
Total Assets	<u>61,809</u>	<u>2,263,768</u>	<u>2,227,779</u>	<u>97,798</u>
Liabilities:				
Due to Others	61,809	2,263,768	2,227,779	97,798
Total Liabilities	<u>\$61,809</u>	<u>\$2,263,768</u>	<u>\$2,227,779</u>	<u>\$97,798</u>

	Mason Port Authority			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$9,000	\$550,011	\$500	\$558,511
Receivables (Net):				
Accounts	0	60,000	0	60,000
Total Assets	<u>9,000</u>	<u>610,011</u>	<u>500</u>	<u>618,511</u>
Liabilities:				
Due to Others	9,000	610,011	500	618,511
Total Liabilities	<u>\$9,000</u>	<u>\$610,011</u>	<u>\$500</u>	<u>\$618,511</u>

	Community Improvement Corporation			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$240,919	\$33,600	\$0	\$274,519
Total Assets	<u>240,919</u>	<u>33,600</u>	<u>0</u>	<u>274,519</u>
Liabilities:				
Due to Others	240,919	33,600	0	274,519
Total Liabilities	<u>\$240,919</u>	<u>\$33,600</u>	<u>\$0</u>	<u>\$274,519</u>

Continued

City of Mason, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2013

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$311,728	\$2,847,379	\$2,228,279	\$930,828
Receivables (Net):				
Accounts	0	60,000	0	60,000
Total Assets	<u>311,728</u>	<u>2,907,379</u>	<u>2,228,279</u>	<u>990,828</u>
Liabilities:				
Due to Others	<u>311,728</u>	<u>2,907,379</u>	<u>2,228,279</u>	<u>990,828</u>
Total Liabilities	<u>\$311,728</u>	<u>\$2,907,379</u>	<u>\$2,228,279</u>	<u>\$990,828</u>

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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 sources, income tax and property 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.

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

	Fiscal Year									
	<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>	<u>2013</u>
Governmental Activities										
Net Investment in Capital Assets	\$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	\$128,860,388
Restricted	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	14,942,529
Unrestricted	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	51,370,384
Total Governmental Activities Net Position	\$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	\$195,173,301
Business-Type Activities										
Net Investment in Capital Assets	\$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	\$88,126,890
Restricted	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	786,591
Unrestricted	(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	11,896,384
Total Business-Type Activities Net Position	\$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	\$100,809,865
Primary Government										
Net Investment in Capital Assets	\$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	\$216,987,278
Restricted	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	15,729,120
Unrestricted	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	63,266,768
Total Governmental Activities Net Position	\$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	\$295,983,166

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$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	\$6,893,775
Public Safety	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	12,986,006
Leisure Time Activities	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	2,198,219
Community Development	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	2,508,451
Basic Utility Service	0	0	513,694	252,588	251,649	233,714	224,627	295,972	277,539	281,729
Transportation and Street Repair	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	8,183,460
Interest and Fiscal Charges	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	1,659,947
Total Governmental Activities Expenses	24,623,035	25,967,413	29,070,969	34,198,791	33,571,456	31,790,898	30,990,514	33,514,064	34,182,081	34,711,587
Business-type activities										
Water	320,815	0	0	0	0	0	0	0	0	0
Sewer	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	6,248,535
Waste Collection	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	1,384,282
Stormwater Utility	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	1,142,284
Community Center	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	5,898,548
Golf Course	0	0	0	3,145,633	3,864,928	3,246,476	3,158,462	3,239,390	2,665,088	2,651,261
Total business-type activities expenses	8,134,497	9,070,925	10,148,236	14,836,677	15,861,668	15,315,292	15,960,184	16,944,482	16,606,080	17,324,910
Total primary government expenses	\$32,757,532	\$35,038,338	\$39,219,205	\$49,035,468	\$49,433,124	\$47,106,190	\$46,950,698	\$50,458,546	\$50,788,161	\$52,036,497
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$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	\$2,057,346
Public Safety	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	1,236,491
Leisure Time Activities	320,394	407,548	514,992	585,664	561,063	564,185	555,017	452,927	443,332	432,908
Community Development	398,360	489,196	391,088	442,307	513,136	306,726	354,236	472,771	503,782	599,799
Basic Utility Service	285,781	0	228,738	276,203	286,189	263,341	255,781	303,507	319,006	298,529
Transportation and Street Repair	0	0	13,969	9,865	7,600	6,400	17,248	12,245	10,400	26,679
Interest and Fiscal Charges	0	6,022	963	0	0	0	0	0	0	0
Operating Grants and Contributions	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	3,562,350
Capital Grants and Contributions	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	1,712,043
Total Governmental Activities Program Revenues	12,596,770	8,689,616	9,656,043	9,984,447	9,643,924	10,080,970	10,342,347	9,494,708	11,864,405	9,926,145
Business-Type Activities										
Charges for Services:										
Sewer	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	6,100,178
Waste Collection	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	1,582,570

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Charges for Services: (continued)										
Stormwater Utility	784,892	788,602	793,059	808,253	836,751	832,872	838,534	964,294	1,078,126	1,142,264
Community Center	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	6,445,131
Golf Course	0	0	0	2,385,062	2,408,790	2,225,669	2,107,523	1,978,633	1,966,766	1,871,546
Operating Grants and Contributions	0	0	0	0	0	0	0	0	20,000	0
Capital Grants and Contributions	4,505,577	3,807,321	3,167,731	3,516,835	762,214	642,683	519,910	963,382	1,572,077	779,644
Total Business-Type Activities Program Revenues	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	17,921,333
Total Primary Government Program Revenues	\$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	\$27,847,478
Net (Expense)/Revenue										
Governmental Activities	(\$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)	(\$24,785,442)
Business-Type Activities	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	596,423
Total Primary Government Net Expense	(\$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)	(\$24,189,019)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$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	\$26,314,564
Property Taxes Levied for:										
General Purposes	1,727,974	1,861,088	2,068,561	2,116,689	1,294,885	1,196,087	498,141	583,084	542,228	611,485
Special Revenue Purposes	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	3,966,997
Debt Service Purposes	401,942	181,859	85,178	378,098	380,224	1,385,822	1,625,282	1,547,804	1,536,649	1,523,714
Capital Project Purposes	220,283	217,918	275,675	440,642	546,268	509,685	0	0	0	0
Unrestricted Grants and Entitlements	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	2,608,730
Unrestricted Contributions	25,000	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0	0	818,970	1,026,869	2,398,676	1,007,338
Investment Earnings	178,414	910,574	1,928,561	2,725,268	1,997,266	208,558	151,128	211,821	257,148	105,613
Other Revenues	639,483	375,644	558,488	820,723	665,897	921,424	567,068	964,417	887,160	985,437
Transfers-Internal Activities	(279,639)	(1,345,662)	326,510	(1,287,036)	(3,715,268)	(9,038,489)	(3,222,025)	(1,586,000)	(996,500)	(1,054,000)
Total Governmental Activities	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	36,069,878
Business-Type Activities										
Investment Earnings	435,371	898,940	980,492	1,121,249	720,066	83,653	62,180	97,787	63,321	29,511
Other Revenues	60,442	12,077	16,542	1,166	10,626	0	29,865	20,572	13,663	26,313
Transfers-Internal Activities	279,639	1,345,662	(326,510)	1,287,036	3,715,268	9,038,489	3,222,025	1,586,000	996,500	1,054,000
Special Item	0	0	(10,580,607)	0	0	0	0	0	0	0
Total Business-Type Activities	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	1,109,824
Total Primary Government	\$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	\$37,179,702

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Changes in Net Position										
Governmental Activities	\$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	\$11,284,436
Business-Type Activities	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	1,706,247
Total Primary Government	\$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	\$12,990,683

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		
2004	\$17,629,586	\$1,727,974	\$4,318,008	\$622,225	\$6,668,207	\$24,297,793	
2005	19,803,888	1,861,088	4,125,581	399,777	6,386,446	26,190,334	
2006	21,324,631	2,068,561	4,121,987	360,853	6,551,401	27,876,032	
2007	20,514,861	2,116,689	4,161,619	818,740	7,097,048	27,611,909	
2008	22,265,663	1,294,885	3,966,207	926,492	6,187,584	28,453,247	
2009	20,749,797	1,196,087	3,859,491	1,895,507	6,951,085	27,700,882	
2010	18,823,241	498,141	3,868,790	1,625,282	5,992,213	24,815,454	
2011	20,615,343	583,084	3,860,898	1,547,804	5,991,786	26,607,129	
2012	22,957,701	542,228	3,823,815	1,536,649	5,902,692	28,860,393	
2013	26,314,564	611,485	3,966,997	1,523,714	6,102,196	32,416,760	

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									
	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
General Fund										
Nonspendable										
Assigned								\$324,731	\$282,460	\$282,398
Reserved	\$5,855,656	\$10,729,834	\$12,032,677	\$7,511,771	\$11,959,422	\$8,243,141	\$8,724,982	19,081,712	22,788,806	22,794,902
Unassigned								5,460,148	7,334,177	12,876,440
Unreserved	7,039,758	5,580,027	6,524,041	15,222,929	12,693,451	10,650,144	13,044,258			
Total General Fund	\$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	\$35,953,740
All Other Governmental Funds										
Nonspendable								32,267	31,565	26,839
Restricted								14,956,736	12,786,546	13,722,199
Committed								686	686	686
Assigned								2,000,407	2,026,338	2,074,188
Reserved	3,675,638	1,633,574	7,375,036	4,593,699	2,948,109	7,468,085	4,654,587			
Unassigned									(238,084)	(215,251)
Unreserved, Reported in:										
Special Revenue Funds	7,772,452	8,460,746	4,582,009	9,674,826	9,860,224	5,711,471	8,762,011			
Debt Service Funds	486,201	335,878	54,128	90,938	145,176	2,483,332	1,022,104			
Capital Projects Funds	(466,641)	2,132,108	999,083	4,233,983	5,402,670	0	0			
Total All Other Governmental Funds	\$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	\$15,608,661

Source: City of Mason, Ohio, Department of Finance

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

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

	Fiscal Year									
	<u>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>	<u>2013</u>
Revenues										
Taxes	\$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	\$32,703,069
Fines, Licenses & Permits	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	2,328,919
Charges for Services	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	2,174,388
Investment Earning	180,449	950,697	1,758,873	2,625,347	2,204,775	244,519	153,341	220,863	236,004	91,918
Intergovernmental	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	5,885,803
Special Assessments	156,177	137,175	93,272	99,374	93,501	69,847	86,162	62,767	13,364	13,426
Other Revenue	1,022,872	706,464	944,165	1,148,050	996,019	1,311,066	1,926,875	2,267,578	3,645,661	2,518,816
Total Revenues	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	45,716,339
Expenditures										
General Government	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	6,287,335
Public Safety	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	12,381,894
Leisure Time Activities	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	1,710,742
Community Development	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	2,498,610
Basic Utility Service	0	0	513,694	252,588	251,649	233,714	224,627	295,972	277,539	281,729
Transportation and Street Repair	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	3,467,723
Capital Outlay	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	7,156,134
Debt Service										
Principal Retirement	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	2,681,250
Interest and Fiscal Charges	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	1,657,718
Total Expenditures	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	38,123,135
Excess of Revenues Over (Under) Expenditures	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	7,593,204

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Transfer In	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	4,293,511
Transfer Out	(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)	(5,347,511)
Issuance of Long-Term Capital-Related Debt	1,030,000	0	0	12,450,000	17,570,000	0	974,672	4,936,009	450,000	0
Capital Leases	0	0	0	0	0	0	0	0	0	25,000
Total Other Financing Sources (Uses)	750,361	(3,000)	(4,000)	11,579,000	14,152,500	(9,038,489)	(631,875)	3,350,009	(546,500)	(1,029,000)
Net Change in Fund Balances	\$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	\$6,564,204
Debt Service as a Percentage of Noncapital Expenditures	16.9%	12.5%	12.5%	10.4%	38.4%	14.0%	9.2%	18.9%	14.9%	13.2%

Source: City of Mason, Ohio, Department of Finance

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

<u>Fiscal Year</u>	<u>Withholding</u>	<u>Business</u>	<u>Individual</u>	<u>Total</u>	<u>Percentage of Total</u>			
					<u>Withholding</u>	<u>Business</u>	<u>Individual</u>	<u>Total</u>
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%
2013	17,387,727	3,732,510	4,577,195	25,697,432	67.7%	14.5%	17.8%	100.0%

General Governmental Income Tax Revenue by Tax Year
Last Ten 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	4,569,926	15,063,120	20,339,090
2010	202,084	215,264	4,074,582	14,741,847	19,233,777
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
2013	(51,451)	253,618	5,622,577	19,872,688	25,697,432

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		
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%
2013	969,297,620	2,769,421,771	18,094,150	20,561,534	0	0	987,391,770	2,789,983,305	6.72	35.39%

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
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%
2013	0.58%	4.40%	1.74%	6.72%	83.97%	7.78%	2.70%	2.25%	103.42%

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, 2013
Table 9

Taxpayer	Fiscal Year 2013			Fiscal Year 2003		
	Assessed Valuation (1)	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Kings Island Company	\$20,471,470	1	2.07%	\$34,488,580	1	3.69%
Duke Energy Ohio Inc.	17,752,950	2	1.80%	9,090,410	5	0.97%
Twin Fountains of Mason	8,044,720	3	0.81%	4,549,300	10	0.49%
Tennis for Charity	5,932,840	4	0.60%			
Cintas Sales Corporation	5,564,970	5	0.56%	5,748,990	9	0.62%
Mason Christian Village	4,934,630	6	0.50%	6,069,390	8	0.65%
LM Development Co LTD/Makino	4,724,780	7	0.48%	7,501,640	7	0.80%
Mitsubishi Electric Auto	4,214,370	8	0.43%	22,974,160	2	2.46%
H J Heinz Co LLP	2,772,390	9	0.28%			
Optimus Mason II LLC	2,588,740	10	0.26%			
Procter & Gamble Company				17,161,130	4	1.84%
Cintas Corporation #2				8,863,400	6	0.95%
UBE Automotive				18,483,520	3	1.98%
All Others	910,389,910		92.20%	798,954,350		85.55%
Total Assessed Valuation	\$987,391,770		100.00%	\$933,884,870		100.00%

(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:	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Fiscal Year:	<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>	<u>2013</u>
Current Tax Levy	\$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	\$6,714,798
Current Tax Collections	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	6,606,807
Percent of Levy Collected	94.74%	96.04%	96.72%	97.18%	96.35%	96.73%	94.86%	96.27%	97.97%	98.39%
Delinquent Tax Collections (1)	123,183	167,596	125,232	221,301	176,537	176,271	152,780	142,457	414,651	188,875
Total Tax Collections	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	6,795,682
Ratio of Total Tax Collections to Current Taxes Levied	96.58%	98.46%	98.56%	100.34%	98.81%	99.31%	97.14%	98.40%	104.02%	101.20%

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.
The County does not identify delinquent collections by the year for which the tax was levied.

City of Mason, Ohio
Special Assessment Billings and Collections
Last Ten Fiscal Years
Table 1.1

Tax Year	Current Assessments Billings	Current Assessments Collected	Ratio of Collection To Amount Billed
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%
2012	14,852	14,011	94.34%

Source: Warren County Auditor's Office

Note: Tax Year 2012 is billed and due in 2013

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

Fiscal Year	Governmental Activities										Business-Type Activities						
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Financing	Certificates of Participation	Special Assessments Bonds	Taxable Revenue Note	Capital Leases	Total Governmental Activities	General Obligation Bonds	Mortgage Revenue Bonds	Bond Anticipation Notes	Certificates of Participation	Special Assessments Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income(1)	Per Capital(1)
2004	\$3,845,000	\$9,700,000	\$3,450,000	\$22,275,000	\$684,000	\$0	\$155,420	\$40,109,420	\$0	\$36,745,000	\$0	\$0	\$49,000	\$36,794,000	\$76,903,420	7.97%	2,774
2005	3,640,000	9,400,000	3,405,000	21,650,000	551,000	0	0	38,646,000	0	35,765,000	3,165,000	0	46,000	38,976,000	77,622,000	7.63%	2,728
2006	3,425,000	19,700,000	3,350,000	21,005,000	455,000	0	0	47,935,000	0	34,973,698	2,115,000	0	42,000	37,130,698	85,065,698	7.83%	2,929
2007	3,200,000	20,350,000	3,265,000	20,335,000	358,000	0	0	47,508,000	0	33,745,000	11,010,000	0	38,000	44,793,000	92,301,000	8.16%	3,135
2008	20,215,000	4,200,000	3,140,000	19,640,000	262,000	0	0	47,457,000	0	32,710,000	10,720,000	0	33,000	43,463,000	90,920,000	7.83%	3,059
2009	19,320,000	6,300,000	2,710,000	18,915,000	165,000	0	0	47,410,000	0	31,640,000	10,195,000	11,335,000	29,000	53,199,000	100,609,000	8.79%	3,354
2010	20,530,000	3,800,000	2,495,000	18,325,000	70,000	3,025,000	0	48,245,000	0	30,540,000	9,640,000	11,060,000	24,000	51,264,000	99,509,000	8.49%	3,240
2011	20,315,000	3,500,000	3,865,000	17,470,000	0	3,070,000	0	48,220,000	0	29,395,000	0	10,765,000	18,000	48,993,000	97,213,000	7.98%	3,165
2012	19,215,000	3,200,000	3,230,000	16,575,000	0	3,120,000	0	45,340,000	0	30,270,000	0	10,465,000	13,000	40,748,000	86,088,000	6.78%	2,774
2013	18,090,000	7,885,000	2,595,000	15,660,000	0	3,170,000	0	47,400,000	0	28,780,000	0	10,155,000	7,000	38,942,000	86,342,000	6.39%	2,777

Source: City of Mason, Ohio, Department of Finance

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

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

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

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	General Bonded Debt ⁽³⁾	Less Debt Service Fund ⁽⁴⁾	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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	977,809,650	49,485,000	601,897	48,883,103	5.00%	1,575
2013	31,091	987,391,770	46,870,000	735,048	46,134,952	4.67%	1,484

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

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service To General Government Expenditures
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%
2013	1,125,000	759,670	1,884,670	6,287,335	29.98%

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, 2013
 Table 15

	Net General Obligations Bonded Debt Outstanding (1)	Percentage Applicable (2) to City	Amount Applicable to City
Mason City School District	\$108,735,000	60.60%	\$65,893,410
Kings Local School District	42,710,000	11.98%	5,116,658
Great Oaks Career Center Joint Vocational School	14,695,000	5.05%	742,098
Lebanon City School District	41,866,745	0.22%	92,107
Deerfield Township	11,220,000	0.41%	46,002
Warren County Career Center Jt. Voc. School	670,000	2.23%	14,941
Warren County	0	17.63%	0
Subtotal Overlapping Debt	219,896,745		71,905,215
City of Mason - Direct Debt	\$47,400,000	100.00%	\$47,400,000
Total Direct and Overlapping Debt	\$267,296,745		\$119,305,215

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Debt Limit (1)										
Total Debt Limit (10.5%)	\$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	\$103,676,136
Total Net Debt Applicable to Limits	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	31,914,952
Legal Debt Limit Margin	\$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	\$71,761,184
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	12.71%	12.25%	21.84%	30.26%	30.95%	33.30%	31.29%	28.26%	28.05%	30.78%
Total Unvoted Debt Limit (1)										
Total Unvoted Debt Limit (5.5%)	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	54,306,547
Total Net Debt Applicable to Limits	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	31,914,952
Legal Unvoted Debt Limit Margin	\$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	\$22,391,595
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	24.26%	23.38%	41.69%	57.77%	59.09%	63.56%	59.74%	53.95%	53.56%	58.77%

Legal Debt Margin Calculation for Fiscal Year 2013

Net assessed valuation	Total Debt Limit
Statutory legal debt limitation (1)	\$987,391,770
Total debt limitation	10.5%
	\$103,676,136
Debt applicable to limit:	Total Unvoted Debt Limit
Debt applicable to limit(2)	\$987,391,770
Less: applicable debt service fund amounts(3)	5.5%
	\$54,306,547
Total net debt applicable to limit	32,650,000
Legal debt margin	(735,048)
	31,914,952
	\$71,761,184

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
 Demographic and Economic Statistics
 December 31, 2013
 Table 17

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
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%
2013	18.6	31,091	1,351,028,314	43,454	38.4	10,911	4.6%	5.7%	6.3%

Sources:

- (1) U.S. Census Bureau 2012 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 Eight Years Ago (1)
Table 18

Fiscal Year 2013				Fiscal Year 2005			
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Ranking (3)</u>	<u>Income Tax Withholding Ranking (3)</u>
Procter & Gamble Company	Healthcare research	1,920	Procter & Gamble Company	Healthcare research	2,590	1	1
Luxtotta (Lenscrafters)	Eyewear and lens	1,600	Cintas Corporation	Professional uniforms	1,397	2	2
Cintas Corporation	Professional uniforms	1,226	Luxtotta (Lenscrafters)	Eyewear and lens	1,166	3	3
Mason City Schools	Local school district	1,188	Mason City Schools	Local school district	919	4	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	653	Blackhawk Automotive	Plastic molding	584	5	5
Intelligent Systems LLC	Material handling solutions	468	H.J. Heinz/Portion Pac	Portion-controlled condiments	519	6	6
H.J. Heinz/Portion Pac	Portion-controlled condiments	410	Mitsubishi Electric	Automotive electrical components	403	7	7
Mitsubishi Electric	Automotive electrical components	389	L3 Cincinnati Electronics	Aerospace and defense industry electronics	371	8	8
Lindner Center of Hope	Mental health treatment center	253	J.W. Harris	Brazing, soldering and welding alloys	252	9	9
Cedar Village	Not for profit retirement community	222	W/S Packaging-Superior Label	Print-pressured sensitive labels	215	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 eight 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 19

Full-time position at December 31	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Administration	9	10	10	10	10	10	10	10	10	10
Council				1	1	1	1	1	1	1
Engineering	10	10	11	11	11	11	11	11	11	11
Facility	1	1	1	1	1	1	1	1	1	1
Finance	10	10	10	10	10	10	10	10	10	10
Municipal Court	24	22	22	22	22	22	20	20	20	20
Public Safety										
Police										
Officers	36	37	39	41	43	43	43	43	43	43
Non-sworn	4	15	6	7	7	7	7	7	8	8
Fire	15	23	32	32	33	33	33	33	36	42
Leisure Time Activities	18	19	20	21	22	22	22	22	22	22
Community Development										
Planning	1	1	1	1	2	2	2	2	2	2
Building Inspection	4	5	5	5	5	5	5	5	5	5
Economic Development	3	3	3	4	3	3	3	3	3	3
Basic Utility Service	15	15	15	15	15	15	15	15	15	15
Billing	1	1	1	1	1	1	1	1	1	1
Stormwater	1	1	1	1	1	1	1	1	1	1
Transportation and Street Repair	20	20	21	21	21	21	21	21	21	21
Total Full-Time Positions	172	193	198	204	208	208	206	206	210	216
Total Part-Time Positions	314	240	287	265	209	217	188	188	182	203

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 20

	Fiscal Year									
	<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>	<u>2013</u>
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	19	19	19	21	17	20	20	21	21	19
Calls for Service	10,065	12,564	14,804	19,878	26,087	24,810	33,735	27,448	31,545	36,635
Moving Violation Citations	3,718	2,628	2,779	3,742	3,426	3,175	3,797	2,460	2,638	2,502
Arrests	711	611	739	851	822	785	899	843	536	910
Fire & Emergency Medical(1):										
Fire Responses	915	1,087	992	1,003	1,206	1,184	1,013	886	1,118	978
Emergency Medical Responses	2,077	2,287	2,257	2,704	2,611	2,431	2,570	2,516	2,601	2,477
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	17	17	17	19	19	20	19	20	20	19
Leisure Time Activities										
Parks	6	6	6	6	7	7	7	7	7	7
Park acreage (developed)	242	242	279	279	296	296	296	296	296	296
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Community Center (opened in 2002)	1	1	1	1	1	1	1	1	1	1
Community Development										
Permits issued	211	179	97	77	52	35	54	49	54	92
Utility Services										
Sanitary sewers (miles)	118	123	129	132	133	134	135	136	137	137
Storm sewers (miles)	80	84	87	91	92	92	93	94	95	95
Sewage Treatment capacity per day (million gallons)	5.00	5.00	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67
Transportation & Street Repair										
Number of Streets (dedicated)	387	408	420	433	440	445	446	448	452	452
Lane Miles	341	341	343	351	354	355	355	356	357	357
Traffic Signals	36	39	40	40	40	40	40	40	40	40
Bike Paths (miles)	10	11	12	14	17	17	19	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
SEPTEMBER 9, 2014**