

Comprehensive Annual Financial Report



City of Mason
Mason, Ohio 45040
Year Ended December 31, 2017

CITY OF MASON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared by:
Finance Department

Joseph Reigelsperger
Finance Director

Produced by the City of Mason
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INTRODUCTORY SECTION

June 8, 2018

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 ending December 31, 2017. 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 a complete report on the finances of the municipality at the end of each fiscal year to City Council as well as make the report available to the public. 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 its presentation is assured through a comprehensive framework of internal control that is established for this purpose. Since 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 ending December 31, 2017. 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 complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

Mason is considered one of the most desirable communities in the Cincinnati region and has earned a reputation as a progressive, innovative community. Centrally located in southwest Ohio, the City is a destination for corporations seeking a thriving business environment and for families desiring attractive neighborhoods and nationally ranked schools.

With a population of about 33,000, Mason is located in the southwest quadrant of Warren County. More than 36 miles of interstate highways provide businesses and residents easy access to the metropolitan centers of both Cincinnati and Dayton which fuel the area's residential growth as well as business expansion. Mason is strategically located between the Cincinnati region's two most vital commerce corridors, Interstates 71 and 75, just north of the I-275 beltway. The City is served by four direct interchanges - two on I-71 and two on I-75.

Several organizations continue to recognize Mason as a great place to live, work, and play. Recently, Wallet Hub ranked Mason as one of only two cities in Ohio in the 98th percentile for livability; including affordability, economic health, education, health, quality of life, and safety. Consumer website, Nerdwallet.com, continues to rank Mason among the best small cities for families. For multiple years,



SafeWise Security Systems name Mason as one of the top 100 safest cities in Ohio. Warren County prides itself as “Ohio’s Largest Playground” and Mason is the anchor. Mason is home to some of the region’s largest attractions including Kings Island amusement park, Great Wolf Lodge, the Beach Waterpark, and the annual Western & Southern Open; one of the “super nine,” tournaments in the world.

HISTORY AND ORGANIZATION

Originally settled as the village of Palmyra in 1815 by Revolutionary War veteran Major William Mason, the village was renamed in his honor 20 years later. With its population exceeding 5,000 in 1971, Mason became a city and a charter was created to establish 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 established by City Council and the efficient delivery of all city services. The City provides many services normally associated with a municipality, including emergency services; street construction and maintenance; full engineering, building, and planning services; recreation space and activities; and business recruitment and retention.

Sanitary sewer, stormwater, solid waste collection and disposal services are provided under an enterprise fund concept, with user charges established 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 city 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 department/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.



P&G Beauty Innovation Center continues construction at its existing business center 241-acre campus on Mason-Montgomery Road. The 500,000 square foot project is making timely headway and expected meet its completion date of early 2019.

LOCAL ECONOMY

Mason’s reputation as a competitive business environment is confirmed by corporate decisions to consolidate and transfer jobs and investment to the city. New investments reported in 2017 were over \$126 million as 217,351,000 square feet of new corporate and industrial space were added, resulting in over 730 new jobs to the community. The combined growth of the last 36 months sets a record level in every category with investment exceeding \$650 million and jobs over 3, 800. This activity in three years exceeds the combined activity of the previous ten years and reiterates Mason’s trend of performing at or near the top in the region

for new investment in the industrial and corporate sector.

Mason continues to attract quality companies that are relocating or expanding. In choosing the City, 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 talent and workforce, and an exceptional level of support and services with a favorable business environment widely promoted in the region. Tax incentives targeting companies in the bio health, high-tech and research and development sectors in Mason continue to be a focus as well as advanced manufacturing, aerospace, logistics and automotive sectors. Over the past decade, Mason has encouraged the marriage between tourism, Warren County's top industry, and business development. Additionally, the City's economic strategy has a strong focus on the growth of early and mid-stage entrepreneurial companies within the target sectors of bio-health, bio-health IT, and digital IT. A collaborative environment between all of these provides added strength to Mason's business environment.

Mason business employment is roughly equivalent to the City's nighttime population of about 33,000. Five of the top ten largest employers in Warren County are located in Mason. The City's ten largest employers provide work for more than 10,000 people and generate more than \$12.5 million in income tax revenue in 2017. Overall, it is estimated that there are more than 800 businesses that operate within Mason's nineteen square miles.

In the last fifteen years, Mason has grown its global business base and is home to many domestic and foreign companies and has one of the region's largest complements of international businesses. As of 2014, the Metropolitan Area ranks fourteenth in total exports among U.S. cities. The City of Mason contributes to the Cincinnati region's worldwide impact, being home to a number of the region's approximately 1,000 firms engaged in international trade that generate annual export sales of over \$20 billion. More than 300 firms from Japan, Western

Europe, and Canada have established facilities in the Metropolitan Area.

Mason is home to the Procter & Gamble's Health Care Research Center serving as the worldwide hub for the company's health care business. The P&G Mason Business Center is currently under expansion to add a Beauty Innovation Center. This expansion makes it the largest population of science and technical workforce across the company. This project doubles the size of the P&G facility to over 2 million square feet and makes the R&D laboratories in Mason the largest of the global P&G portfolio. The company's combined employment in Mason after the completion of the project in 2019 will be 3,400.

In 2012, Mason broadened its scope in economic development to develop greater public private partnership (P3) activity, such as the Mason Tech Elevator Program. The combined result of increasing success stories in business recruitment and additional public private partnership is an increased return on investment for the Mason residents, driving the overall tax burden down by nearly 42% in the last decade.



The Mason Tech Elevator, has three locations, 5412 Courseview Drive shown above, the most recent location addition. The 85,000 square foot facility represents the City's P3 initiative to grow entrepreneurial tech and bio companies and is now home to 13 companies and well over 100 jobs.

The diversified tax base in Mason provides for steady investment across industry sectors from automotive to science and research headquarters. The top investment highlights from years 2015 and 2016 combined strength in bio health with 80% of the total investment and job creation in that sector.

These statistics continue to be the value proposition that is fueling new corporate and innovation sector announcements. New investment in 2015 and 2016 continued the trend of corporate reinvestment with numerous expansions of existing Mason businesses. Activity in the City includes acquisitions as three significant new companies add their names to the portfolio list, Honeywell (Intelligrated Acquisition), Myriad Genetics (Assurex Health Acquisition) and Perforce (Seapine Acquisition). New in 2017 was the addition of McKesson, a pharmaceutical industry leader ranked 5th in the Fortune 500. McKesson acquired Mason’s 360 Pharma adding further diversity to the bio portfolio. Strategic growth planning continues with these companies.

The following projects were the largest new developments announced in the City for 2017:

2017 Corporate Investment Announcements

	New Capital	New Payroll
Western & Southern Tennis Center	\$26.7M	
Spectrum Retirement	\$12M	\$20M
Chard Snyder Corp HQ	\$9M	\$250M
Marriot Residence Inn	\$9M	\$15M
Kings Island	\$6.5M	

Source: City of Mason Economic Development Office.



Chard Snyder, recently acquired by Ascensus, has completed their new corporate headquarters in Mason and opened May 2018 bringing 250 new jobs.

Planning for future high profile technology and advanced manufacturing is taking place in North

Mason Research Park (technology district), an area of both City and privately-owned land in the northeast quadrant of the community totaling over 1,000 acres, in addition to the I-71 corridor, which has approximately 600 acres of undeveloped land that has attracted the attention of the development community. Mason’s Oak Park District, near Interstate 71 in the County, is envisioned as a 250-acre walkable mixed-use development.



360 Pharma, now part of the McKesson family, 250,000 square feet on a 40+ acre campus with 320 jobs.

Residential growth is also a part of the City’s upward economic trend. Work continues on the redevelopment of the 168-acre former Crooked Tree Golf Course into a \$150 million upscale residential development. Plans are underway and call for approximately 212 single-family homes ranging in price from \$500,000 to more than \$1 million. In 2016, development began for Ambleside Meadows. The 224 acres annexed in 2016 includes plans for 314 single-family homes starting at \$500,000 and 86 acres of open space.

Mason’s most notable 2017 investment announcement that will be complete in August of 2018 is the \$26+ million addition to the Lindner Family Tennis Center. This 40,000 square foot state-of-the-art building expands the home to the high-profile Tennis Masters Series event, one of only 9 1000 series tennis events in the world requiring all top men and women to play. The new investment is expected to drive more interest in tourism development and continued international exposure for the City. The Mason’s economic development efforts fully recognize a positive relationship between destination tourism and the business



The annual Western & Southern Open brings the world's top professional tennis players to the nation's oldest professional tennis tournament played in its city of origin.



Known as the tennis stadium's South Building, the 40,000 square feet addition 104 foot tall adding significant capability to the tennis facilities. It will open for the 2018 tournament.

community's interest in conference, technology, and office development.

Growth and development in the City are expected to continue to be strong through 2018. To date through Q2 of 2018, the City has already reported an amount over 70% of last year's new investment figure. 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. Mason continues to see a surge in the interest of 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 has positioned itself to be at the forefront of positive commercial activity. Mason has put significant effort into partnerships and creativity in economic development resulting in successful attention within the business community and the creation of investment and jobs. In addition, the combination of Mason's physical location, municipal facilities, developable terrain, services and utilities, and the progressive attitude and actions of City Council, administration, and citizens are strong assets and support company decisions to build and grow in the City.

LONG-TERM FINANCIAL PLANNING

As part of the annual budgeting process, city administration prepares a capital improvement plan

for the next five years. City Council then reviews and prioritizes 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 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

further reduction of support to local governments including the elimination of the estate tax.

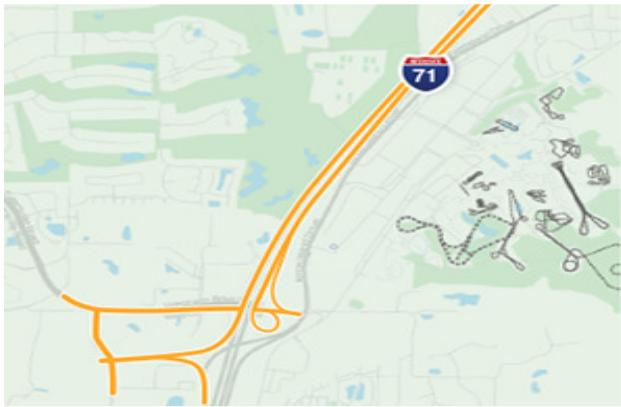
MAJOR INITIATIVES

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 priority. Mason’s success has been its ability to equitably balance the needs of residents and businesses.

Major projects that occurred in 2017 that position the City for future economic growth and improvement include:

I-71/Western Row Road Property Acquisition

Complete the acquisition of undeveloped land near the new I-71/Western Row Road Interchange. This property will be used for various needs of the City while preserving the best use in the future.

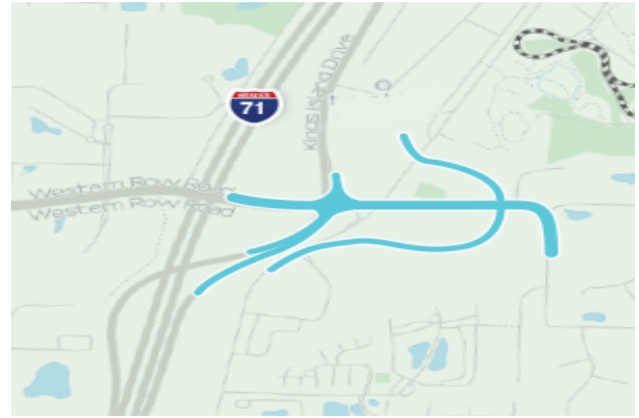


Major future initiatives include working with the Warren County Transportation Improvement District a nearly \$21 million project to convert the existing Interstate 71 and Western Row Road (I-71/WRR) interchange into a full interchange with new ramps and auxiliary lanes to be completed in 2019.

Columbia Road Relocation

The relocation of Columbia Road was completed 2017 in partnership with the Warren County Transportation Improvement District (TID). This project is a phase of the I-71/Western Row Road Interchange Project. It supports better traffic flow on Western Row Road and improves the northbound I-71 off-ramp. The work to extend the

distance between the ramp intersection and Columbia Road and improve turn lanes allows drivers to move more easily through this area.



Columbia Road Relocation Phase of the I-71/Western Row Road Interchange completed in 2017.

Looking Ahead to the Future

The City continues to see stable income tax revenue with increases impacted by economic development activity. The City of Mason seeks opportunity to maintain its level of services while cautiously evaluating where additional service is needed. A core principal of the City’s financial policies is reinvesting into capital assets while maintaining balances to stabilize future economic downturns. This policy will continue even during anticipated growth that is expected in 2019. Despite a long, but shallow recovery, the City of Mason is prepared for national economic uncertainty and changes in state support that may place pressure on the City budget in 2018 and subsequent years. Investment in long-term economic development activity will continue to be a priority.

Accomplishments to look forward to in 2018 include:

- Continuing phase II of the I-71/Western Row Road Interchange Project with a 2019 completion.
- Completing citywide traffic signal upgrade including fiber optics that significantly connects the City’s major facilities and infrastructure.
- Completing Bethany Road improvements from the west corporation line to Mason-Montgomery Road.

- Continued master planning for the redevelopment of the City's parks and recreation facilities and starting design for the redevelopments and improvements.

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, 2016. Mason has been awarded the Certificate of Achievement each year beginning in 1997. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfies both

generally accepted accounting principles and applicable legal requirements.

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

Our most sincere appreciation is extended to all members of the staff whose efforts have made this report possible, 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.

Sincerely,



Eric Hansen
City Manager



Joseph J. Reigelsperger
Finance Director

THE CITY OF MASON, OHIO

LIST OF PRINCIPAL OFFICIALS

December 31, 2017

COUNCIL MEMBERS

Mayor	Victor Kidd
Vice Mayor	Barbara Berry-Spaeth
Council Member	Ashley Chance
Council Member	Mike Gilb
Council Member	Kathy Grossmann
Council Member	TJ Honerlaw
Council Member	Diana K. Nelson

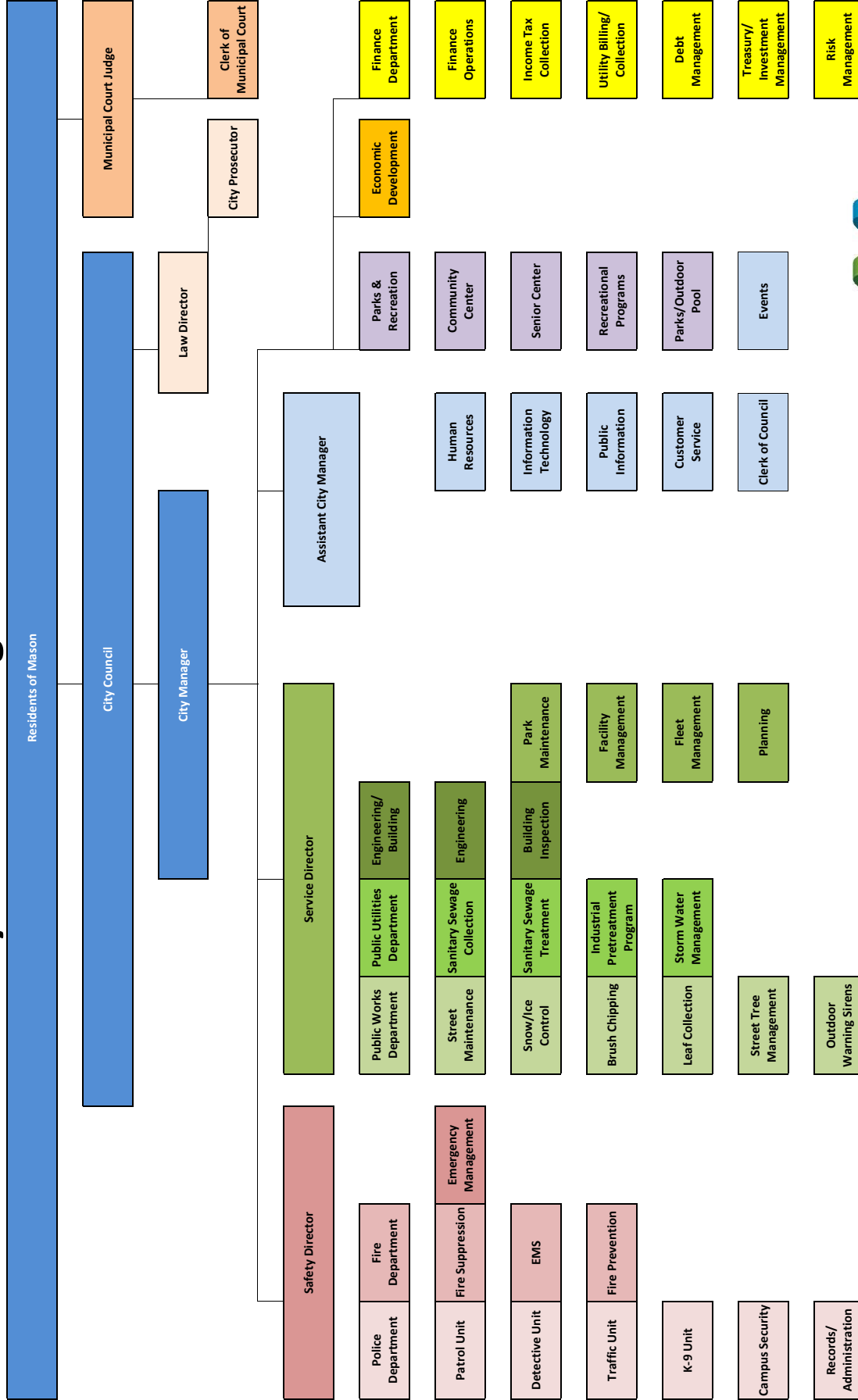
COUNCIL APPOINTED OFFICIALS

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
Chief of Police	Todd Carter
Assistant City Manager	Jennifer Heft
Public Utilities Director	D. Shawn Hollan
Fire Chief/Safety Director	John Moore
Finance Director	Joe Reigelsperger
Public Works Director	David Riggs
City Engineer	Kurt Seiler

City of Mason Organizational Chart





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, 2016

Christopher P. Morrill

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, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and schedules of net pension liabilities and pension contributions 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 8, 2018, 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 8, 2018

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

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, 2017. 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 2017 by \$342,747,087 (net position). Of this amount, \$59,814,159 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 91 percent of the 2017 expenses of \$65,443,897.

- The city's total net position increased by \$17,164,378.
- Net position of the governmental activities (defined below) increased \$12,794,059. Net position of the business-type activities (also defined below) increased \$4,370,319.
- The total cost of the city's programs increased \$4,057,401, which is 6.6 percent more than in 2016. The cost of governmental activities increased \$2,557,907 or 5.9 percent, while the cost of business-type activities increased \$1,499,494 or 8.2 percent. A large part of the increase is from additional cost of providing services for public safety and rising health care cost. Business-type activities increased from increased operating cost for community center.
- As of the close of the 2017 fiscal year, the city's governmental funds reported combined ending fund balances of \$79,517,207, an increase of \$9,097,033 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.

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

Thus, revenue and expenses reported in this statement for some items may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish governmental activities from business-type activities. **Governmental activities** are principally supported by taxes and intergovernmental revenues. These include general government, public safety, leisure time activities, community development, and transportation/street repair. **Business-type activities** are intended to recover all or a significant portion of their costs through user fees or charges. The city includes five enterprise activities under business-type activities: a sanitary sewer system, a storm water 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 29 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 safety fund. Data for the other 27 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.

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer, waste collection, stormwater, community center, and golf course funds. Statements for these funds are provided elsewhere in this document.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as fines collected by Mason Municipal Court. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

3) Notes to the financial statements.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's general fund budget, street construction maintenance and repair fund budget, and the safety 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 \$342,747,087 at the close of the most recent fiscal year.

The largest portion of the city's net position (75.3 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 (7.3 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (\$59,814,159) 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 (\$23,262,822) may not be used to fund governmental activities.

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

Overall net position of the city increased \$17,164,378 in 2017. Net position for governmental activities increased \$12,794,059, while net position for business-type activities increased \$4,370,319. The increase in net position for 2017 (\$17,164,378) was \$1,698,602 (9.0 percent) less than the increase in net position for 2016 (\$18,862,980).

City of Mason						
Net Position						
(amounts expressed in thousands)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and other assets	\$95,124	\$84,284	\$28,175	\$23,954	\$123,299	\$108,238
Capital assets	198,084	195,349	125,264	126,437	323,348	321,786
Total assets	<u>293,208</u>	<u>279,633</u>	<u>153,439</u>	<u>150,391</u>	<u>446,647</u>	<u>430,024</u>
Total deferred outflows of resources	<u>9,481</u>	<u>9,540</u>	<u>3,688</u>	<u>3,494</u>	<u>13,169</u>	<u>13,034</u>
Liabilities						
Long-term liabilities outstanding	37,750	38,647	33,185	35,519	70,935	74,166
Net Pension liability	31,655	29,171	4,564	3,615	36,219	32,786
Other liabilities	2,719	2,238	954	692	3,673	2,930
Total liabilities	<u>72,124</u>	<u>70,056</u>	<u>38,703</u>	<u>39,826</u>	<u>110,827</u>	<u>109,882</u>
Total deferred inflows of resources	<u>6,146</u>	<u>7,492</u>	<u>97</u>	<u>101</u>	<u>6,243</u>	<u>7,593</u>
Net Position						
Net investment in capital assets	163,697	160,014	94,273	93,283	257,970	253,297
Restricted	24,171	16,650	792	795	24,963	17,445
Unrestricted	36,551	34,961	23,263	19,879	59,814	54,840
Total Net Position	<u>\$224,419</u>	<u>\$211,625</u>	<u>\$118,328</u>	<u>\$113,957</u>	<u>\$342,747</u>	<u>\$325,582</u>

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

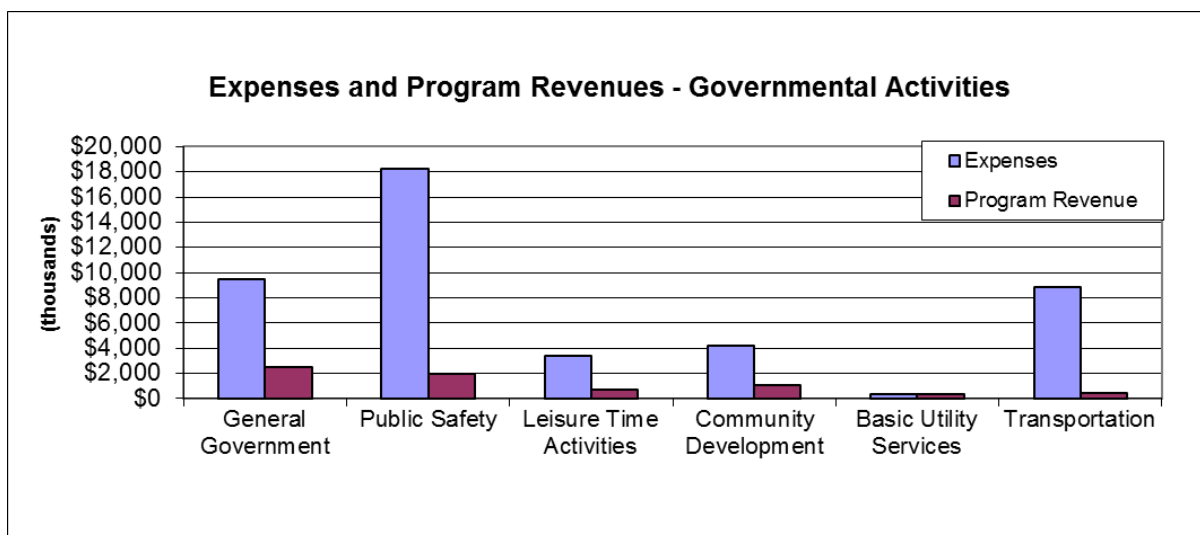
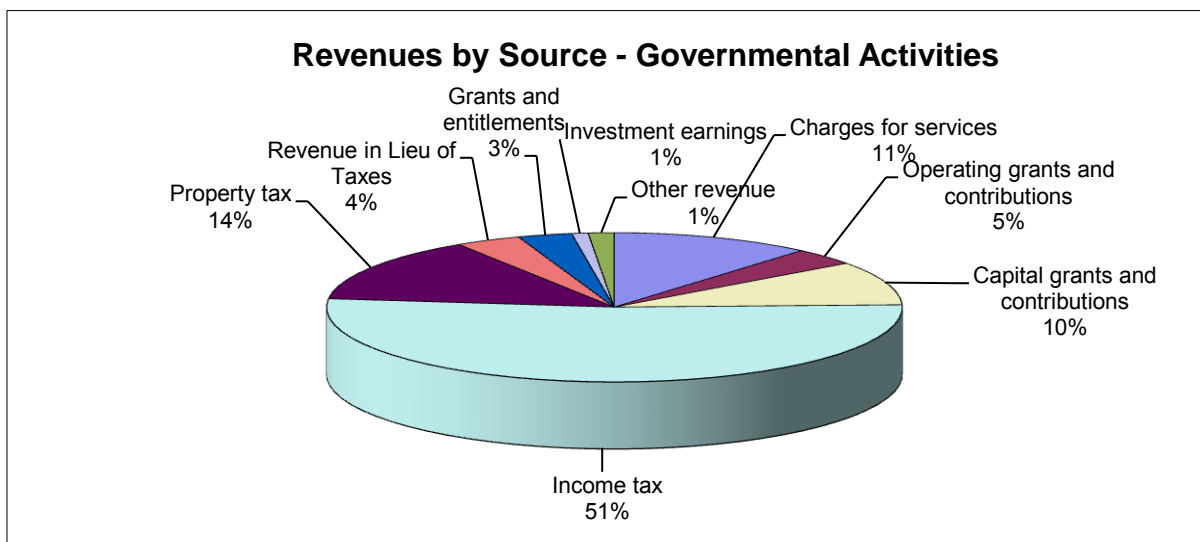
City of Mason
Changes in Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$6,892	\$6,291	\$18,747	\$19,228	\$25,639	\$25,519
Operating grants and contributions	2,258	2,694	0	0	2,258	2,694
Capital grants and contributions	5,819	6,354	2,501	2,324	8,320	8,678
General revenues:						
Income tax	31,924	30,933	0	0	31,924	30,933
Property tax	8,618	6,324	0	0	8,618	6,324
Revenue in Lieu of Taxes	2,249	2,973	0	0	2,249	2,973
Grants and entitlements	1,856	1,809	0	0	1,856	1,809
Investment earnings	564	495	204	183	768	678
Other revenue	883	604	93	37	976	641
Total Revenues	61,063	58,477	21,545	21,772	82,608	80,249
Expenses:						
General Government	9,447	8,201	0	0	9,447	8,201
Public Safety	18,253	16,338	0	0	18,253	16,338
Leisure Time Activities	3,346	2,923	0	0	3,346	2,923
Community Development	4,215	5,798	0	0	4,215	5,798
Basic Utility Services	302	281	0	0	302	281
Transportation	8,852	8,245	0	0	8,852	8,245
Interest and fiscal charges	1,332	1,404	0	0	1,332	1,404
Sewer utility	0	0	6,893	6,360	6,893	6,360
Waste Collection	0	0	1,636	1,494	1,636	1,494
Stormwater utility	0	0	1,389	1,248	1,389	1,248
Community Center	0	0	7,071	6,462	7,071	6,462
Golf Course	0	0	2,707	2,633	2,707	2,633
Total Expenses	45,747	43,190	19,696	18,197	65,443	61,387
Increase (decrease) in net position before transfers	15,316	15,287	1,849	3,575	17,165	18,862
Transfers - internal activities	(2,522)	(1,453)	2,522	1,453	0	0
Increase (decrease) in Net Position	12,794	13,834	4,371	5,028	17,165	18,862
Net Position beginning of year	211,625	197,791	113,957	108,929	325,582	306,720
Net Position end of year	\$224,419	\$211,625	\$118,328	\$113,957	\$342,747	\$325,582

City of Mason, Ohio
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(Unaudited)
For the Year Ended December 31, 2017

Governmental activities. Governmental activities increased the city's net position by \$12,794,059. This was a \$1,039,994 (7.5 percent) decrease from the previous year change in net position. Key elements of the changes in net position are as follows:

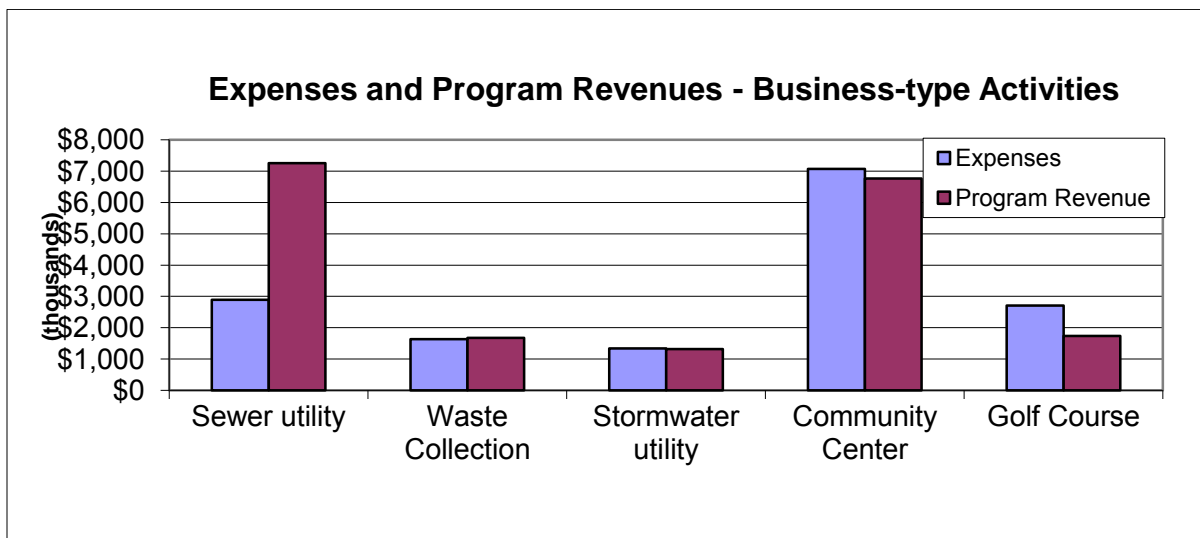
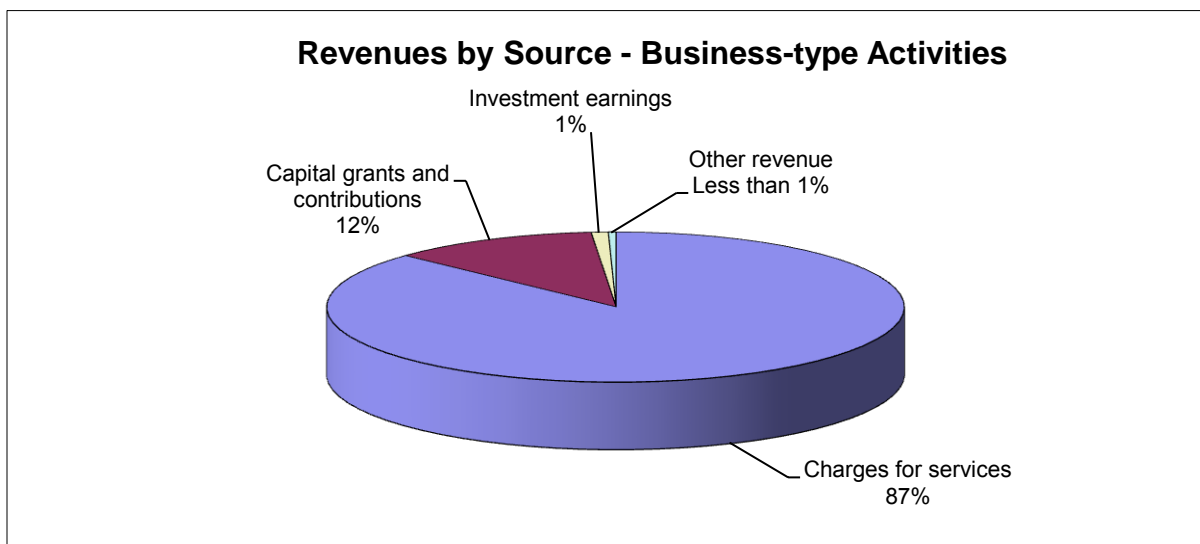
- Program revenue decreased \$369,892 (2.4 percent) since capital grants and operating grants decreased.
- General revenue increased \$1,887,805 (4.5 percent) with increased income tax and increased special assessments.
- Increased public safety expense and health care costs increased expenses \$2,557,907 (5.9 percent).



City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

Business-type activities. Business-type activities increased the city's net position by \$4,370,319. Key elements of the changes in net position are as follows:

- Charges for services decreased \$482,170 (2.5 percent). Most of the decrease was from decreased sales at the community center and golf course.
- Capital grants and contribution increased \$177,801 (7.7 percent) with an increase improvement dedications accepted from development activity.
- Expenses for business-type activities increased \$1,499,494 (8.2 percent). This was generally from operating cost to provide the services in the business-type activity especially in the community center.



City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

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 \$79,517,207 an increase of \$9,097,033 in comparison with the prior year.

The general fund is the chief operating fund of the city. At December 31, 2017, the unassigned fund balance of the general fund was \$20,126,332, while the total fund balance was \$55,084,766. The city's general fund balance increased by \$1,287,459 during the current fiscal year. This is a \$5,459,848 decrease from 2016. 2017 includes large purchase of land and increased transfer to for street improvements. Revenues increased by \$1,563,160 (4.1 percent). Current expenditures increased \$3,330,829 (12.7 percent) due to increased public safety activity and increased health care costs.

The safety fund provides public safety services to the City of Mason using revenue from a charter amendment. 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 continued the 4.4 mills for 2017 and the total income tax rate of 1.12% including 0.12% that would be transferred for safety services. The fund balance increased by \$951,856. Revenue increased by \$1,073,773 (18.7 percent) due to an advance of property taxes being available that is usually deferred. Expenditures increased \$1,142,982 (16.0 percent) since additional full-time positions were hired as it continues to be a challenge to fill part-time positions and increased capital outlay. \$2,431,005 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 \$18,265,725 with a total increase in net position of \$1,880,959. Unrestricted net position for the waste collection fund at the end of the year amounted to \$1,029,862, with a total growth in net position of \$47,611. Unrestricted net position for the storm water utility fund at the end of the year amounted to \$3,484,944. Unrestricted net position for the community center fund at the end of the year amounted to a negative \$515,583, but with a total change in net position of a negative \$203,366. Unrestricted net position for the golf course fund at the end of the year amounted to \$997,874. 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)
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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 2017, there was an \$11,195,000 increase in appropriations between the original and the final amended budget. The total original appropriations, including those for transfers out, were \$6,565,000, while the final appropriations were \$17,565,000. An additional \$11,000,000 was transferred to the General Capital Improvement Fund for future capital projects and debt reductions. \$195,000 was paid for economic development activities and \$500,000 for health insurance claims. 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 \$33,880,500. The actual revenue received was \$38,134,965. 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, 2017, amounted to \$323,347,854 (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 increase in the city’s investment in capital assets for 2017 over 2016 was 1.8 percent (a 1.4 percent increase for governmental activities and a 0.9 percent decrease for business type activities.)

City of Mason
Capital Assets
(amounts expressed in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$73,207	\$68,156	\$10,695	\$10,695	\$83,902	\$78,851
Construction in Progress	6,786	13,672	437	233	7,223	13,905
Buildings and Improvements	51,857	51,735	54,299	54,273	106,156	106,008
Machinery and Equipment	20,754	20,393	10,538	10,312	31,292	30,705
Infrastructure	98,569	91,395	98,394	95,898	196,963	187,293
Accumulated Depreciation	<u>(53,090)</u>	<u>(50,002)</u>	<u>(49,099)</u>	<u>(44,974)</u>	<u>(102,189)</u>	<u>(94,976)</u>
Total	<u>\$198,083</u>	<u>\$195,349</u>	<u>\$125,264</u>	<u>\$126,437</u>	<u>\$323,347</u>	<u>\$321,786</u>

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

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

- Kings Island Drive improvements were completed in 2017.
- Western Row/I-71 interchange construction continued.
- City-wide Traffic Controller replacement project was almost completed in 2017.
- Ambleside Meadows improvement was completed in 2017.
- Several projects continue in 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, 2017, the city had \$59,740,000 of long-term debt outstanding (bonds and capital leases). Of this amount, \$40,045,000 comprises debt backed by the full faith and credit of the government. Capital leases outstanding (\$18,000,000) at December 31, 2017, are certificates of participation for the municipal center and the community center. Revenue bonds in the governmental activity of \$1,695,000 are funded through tax increment financing. All figures above and the table below do not include premiums and discounts.

The city has notes outstanding of \$5,000,000 for the golf course acquisition in business-type activities with a maturity of less than one year. The notes are expected to be re-issued as the City of Mason plans to reduce the outstanding principal.

The city continues to maintain the highest rating, "Aaa" from Moody's Investors Service for its general obligation bonds. This rating was reviewed in 2016 when refunding bonds were issued.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$22,965	\$22,660	\$17,080	\$18,385	\$40,045	\$41,045
Capital Leases	9,165	10,210	8,835	9,180	18,000	19,390
Revenue Bonds	1,695	1,855	0	0	1,695	1,855
Total	\$33,825	\$34,725	\$25,915	\$27,565	\$59,740	\$62,290

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, 2017, the city's total net debt of 1.96% 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, 2017, the millage amount was 5.1973 mills, of which 4.0507 mills were restricted by the City of Mason for unvoted debt.

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2017

Additional information regarding the city's long-term debt can be found in Note 9 and 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 3.4 percent. The City's unemployment rate is 3.2 percent. This is lower than the current Ohio rate of 4.0 percent and the national rate of 3.7 percent (not seasonally adjusted). By promoting economic growth in Mason, 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 2018 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 and maintaining capital assets. As part of the budget process, a capital improvement plan was completed and evaluated for 2018 and future years. 2018 continues to be a year where substantial effort and planning occurs for long-term capital improvements especially for parks and recreational facilities. The total appropriations budgeted for 2018 including transfers and capital outlay (\$112,640,294) is nineteen percent more than the 2017 original appropriations (\$94,303,173) due to debt refunding plans. Stable capital improvements and continued debt reduction were also important elements to the budget.

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 finance@masonoh.org.

City of Mason, Ohio
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$69,653,650	\$30,306,113	\$99,959,763
Restricted Cash	1,517,931	792,282	2,310,213
Receivables (Net):			
Taxes	12,656,527	0	12,656,527
Accounts	443,249	1,395,873	1,839,122
Interest	239,152	91,023	330,175
Intergovernmental	3,076,274	162,450	3,238,724
Special Assessments	2,005,326	0	2,005,326
Internal Balances	5,250,000	(5,250,000)	0
Inventory	282,643	214,836	497,479
Prepaid Items	0	461,797	461,797
Nondepreciable Capital Assets	79,992,940	11,131,916	91,124,856
Depreciable Capital Assets, Net	118,090,599	114,132,399	232,222,998
Total Assets	293,208,291	153,438,689	446,646,980
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	1,378,764	1,940,514	3,319,278
	8,101,838	1,748,059	9,849,897
Total Deferred Outflows of Resources	9,480,602	3,688,573	13,169,175
Liabilities:			
Accounts Payable	724,637	262,813	987,450
Accrued Wages and Benefits	593,452	105,766	699,218
Contracts Payable	630,024	405,616	1,035,640
Retainage Payable	172,579	11,321	183,900
Accrued Interest Payable	110,559	168,551	279,110
Claims Payable	487,412	0	487,412
Long-Term Liabilities:			
Due Within One Year	4,041,676	2,341,242	6,382,918
Due In More Than One Year			
Net Pension Liability	31,654,973	4,563,715	36,218,688
Other Amounts	33,708,261	30,843,861	64,552,122
Total Liabilities	72,123,573	38,702,885	110,826,458
Deferred Inflows of Resources:			
Property Taxes	4,786,238	0	4,786,238
Grants and Other Taxes	1,108,494	0	1,108,494
Pension	251,181	96,697	347,878
Total Deferred Inflows of Resources	6,145,913	96,697	6,242,610
Net Position:			
Net Investment in Capital Assets	163,696,502	94,272,576	257,969,078
Restricted for:			
Debt Service	3,107,095	792,282	3,899,377
Street Improvements	6,938,255	0	6,938,255
Public Safety	10,700,294	0	10,700,294
Parks and Recreation	431,193	0	431,193
Tax increment Financing Projects	2,990,105	0	2,990,105
Other Purposes	4,626	0	4,626
Unrestricted	36,551,337	23,262,822	59,814,159
Total Net Position	\$224,419,407	\$118,327,680	\$342,747,087

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2017

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$9,447,447	\$2,467,450	\$0	\$0
Public Safety	18,252,746	1,934,390	561,944	0
Community Development	4,215,313	1,087,732	0	0
Leisure Time Activities	3,346,183	674,459	0	0
Transportation and Street Repair	8,852,082	386,068	1,696,108	5,818,898
Basic Utility Service	301,912	341,426	0	0
Interest and Other Charges	1,332,168	0	0	0
Total Governmental Activities	45,747,851	6,891,525	2,258,052	5,818,898
Business-Type Activities:				
Sewer	6,893,298	7,253,272	0	1,363,401
Waste Collection	1,635,745	1,674,251	0	0
Stormwater Utility	1,388,963	1,315,890	0	1,128,069
Community Center	7,070,645	6,767,137	0	0
Golf Course	2,707,395	1,735,919	0	10,000
Total Business-Type Activities	19,696,046	18,746,469	0	2,501,470
Totals	\$65,443,897	\$25,637,994	\$2,258,052	\$8,320,368

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

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,979,997)	\$0	(\$6,979,997)
(15,756,412)	0	(15,756,412)
(3,127,581)	0	(3,127,581)
(2,671,724)	0	(2,671,724)
(951,008)	0	(951,008)
39,514	0	39,514
(1,332,168)	0	(1,332,168)
<u>(30,779,376)</u>	<u>0</u>	<u>(30,779,376)</u>
0	1,723,375	1,723,375
0	38,506	38,506
0	1,054,996	1,054,996
0	(303,508)	(303,508)
0	(961,476)	(961,476)
<u>0</u>	<u>1,551,893</u>	<u>1,551,893</u>
<u>(30,779,376)</u>	<u>1,551,893</u>	<u>(29,227,483)</u>
31,924,252	0	31,924,252
964,574	0	964,574
5,494,947	0	5,494,947
2,157,903	0	2,157,903
1,856,392	0	1,856,392
2,249,384	0	2,249,384
564,352	204,091	768,443
883,407	92,559	975,966
(2,521,776)	2,521,776	0
<u>43,573,435</u>	<u>2,818,426</u>	<u>46,391,861</u>
12,794,059	4,370,319	17,164,378
<u>211,625,348</u>	<u>113,957,361</u>	<u>325,582,709</u>
<u>\$224,419,407</u>	<u>\$118,327,680</u>	<u>\$342,747,087</u>

City of Mason, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General	Safety	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$47,822,811	\$8,852,760	\$12,978,079	\$69,653,650
Restricted Cash	0	0	1,517,931	1,517,931
Receivables (Net):				
Taxes	6,527,310	4,406,033	1,723,184	12,656,527
Accounts	250,002	123,812	69,435	443,249
Interest	165,451	32,787	40,914	239,152
Intergovernmental	277,058	267,350	2,531,866	3,076,274
Special Assessments	1,653	0	2,003,673	2,005,326
Interfund	5,450,000	0	0	5,450,000
Inventory	263,486	19,157	0	282,643
Total Assets	60,757,771	13,701,899	20,865,082	95,324,752
Liabilities:				
Accounts Payable	512,240	206,134	6,263	724,637
Accrued Wages and Benefits	363,043	219,321	11,088	593,452
Contracts Payable	116,347	0	513,677	630,024
Retainage Payable	0	0	172,579	172,579
Interfund Payable	0	0	200,000	200,000
Claims Payable	487,412	0	0	487,412
Total Liabilities	1,479,042	425,455	903,607	2,808,104
Deferred Inflows of Resources:				
Property Taxes	388,209	3,236,033	1,273,184	4,897,426
Income Taxes	3,448,940	0	0	3,448,940
Grants and Other Taxes	185,182	267,350	1,896,725	2,349,257
Special Assessments	1,653	0	2,003,673	2,005,326
Unavailable Amounts	169,979	69,331	59,182	298,492
Total Deferred Inflows of Resources	4,193,963	3,572,714	5,232,764	12,999,441
Fund Balances:				
Nonspendable	360,487	19,157	0	379,644
Restricted	0	9,684,573	11,715,089	21,399,662
Committed	0	0	686	686
Assigned	34,597,957	0	3,039,830	37,637,787
Unassigned	20,126,322	0	(26,894)	20,099,428
Total Fund Balances	55,084,766	9,703,730	14,728,711	79,517,207
Total Liabilities, Deferred Inflows and Fund Balances	\$60,757,771	\$13,701,899	\$20,865,082	\$95,324,752

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, 2017

Total Governmental Fund Balance		\$79,517,207
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		198,083,539
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	3,448,940	
Delinquent Property Taxes	111,188	
Interest	108,950	
Intergovernmental	1,133,676	
Other Receivables	<u>2,301,955</u>	
		7,104,709
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.		
		(110,559)
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		(1,984,136)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		1,378,764
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	8,101,838	
Deferred inflows of resources related to pensions	<u>(251,181)</u>	
		7,850,657
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(31,654,973)	
Other Amounts	<u>(35,765,801)</u>	
		<u>(67,420,774)</u>
Net Position of Governmental Activities		<u>\$224,419,407</u>

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2017

	General	Safety	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$2,027,210	\$5,494,947	\$2,158,194	\$9,680,351
Income Taxes	31,397,148	0	0	31,397,148
Charges for Services	2,202,234	638,201	0	2,840,435
Investment Earnings	405,587	85,382	43,403	534,372
Intergovernmental	598,981	526,811	3,766,990	4,892,782
Fines, Licenses & Permits	2,099,313	0	1,385,176	3,484,489
Revenue in Lieu of Taxes	0	0	2,280,491	2,280,491
Other Revenues	1,338,469	81,609	5,760	1,425,838
Total Revenues	40,068,942	6,826,950	9,640,014	56,535,906
Expenditures:				
Current:				
General Government	7,529,082	0	493,610	8,022,692
Public Safety	7,816,152	7,553,609	0	15,369,761
Community Development	2,866,140	0	1,187,464	4,053,604
Leisure Time Activities	2,397,596	0	0	2,397,596
Transportation and Street Repair	3,406,911	0	1,963,458	5,370,369
Basic Utility Service	301,912	0	0	301,912
Capital Outlay	5,307,166	744,223	2,174,762	8,226,151
Debt Service:				
Principal	0	0	2,900,000	2,900,000
Interest and Other Charges	0	0	1,374,429	1,374,429
Total Expenditures	29,624,959	8,297,832	10,093,723	48,016,514
Excess of Revenues Over (Under) Expenditures	10,443,983	(1,470,882)	(453,709)	8,519,392
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	31,945	0	0	31,945
Issuance of Long-Term Capital-Related Debt	0	0	2,000,000	2,000,000
Transfers In	0	2,431,005	5,617,882	8,048,887
Transfers (Out)	(9,047,342)	0	(306,545)	(9,353,887)
Total Other Financing Sources (Uses)	(9,015,397)	2,431,005	7,311,337	726,945
Net Change in Fund Balance	1,428,586	960,123	6,857,628	9,246,337
Fund Balance - Beginning of Year	53,797,217	8,751,874	7,871,083	70,420,174
Change in Reserve for Inventory	(141,037)	(8,267)	0	(149,304)
Fund Balance - End of Year	\$55,084,766	\$9,703,730	\$14,728,711	\$79,517,207

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, 2017

Net Change in Fund Balance - Total Governmental Funds \$9,246,337

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

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

Capital assets used in governmental activities	7,048,588	
Depreciation Expense	<u>(4,279,630)</u>	2,768,958

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. (34,828)

Governmental funds report City pension contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension benefits earned net of employee contributions is
 reported as pension expense.

City pension contributions	2,422,853	
Cost of benefits earned net of employee contributions	<u>(4,803,530)</u>	(2,380,677)

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

Income Taxes	527,105	
Delinquent Property Taxes	(1,112)	
Interest	29,980	
Intergovernmental	28,490	
Other	<u>2,014,106</u>	2,598,569

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position. 2,900,000

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. (6,349)

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	(197,257)	
Amortization of Bond Premium	194,627	
Amortization of Deferred Charge on Refunding	(146,017)	
Change in Inventory	<u>(149,304)</u>	(297,951)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net position. (2,000,000)

Change in Net Position of Governmental Activities \$12,794,059

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities -Enterprise Funds					Total
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Business-Type Activities
Current Assets:						
Equity in Pooled Cash and Investments:	\$18,660,342	\$1,002,962	\$3,309,036	\$6,375,051	\$958,722	\$30,306,113
Restricted Cash	0	0	0	792,282	0	792,282
Receivables (Net):						
Accounts	1,009,127	186,943	150,072	37,266	12,465	1,395,873
Interest	69,110	3,715	12,255	5,943	0	91,023
Intergovernmental	0	0	162,450	0	0	162,450
Inventory	36,841	0	0	46,676	131,319	214,836
Prepaid Items	0	0	0	461,797	0	461,797
Total Current Assets	19,775,420	1,193,620	3,633,813	7,719,015	1,102,506	33,424,374
Noncurrent Assets:						
Capital Assets:						
Nondepreciable Capital Assets	4,759,393	0	622,536	0	5,749,987	11,131,916
Depreciable Capital Assets, Net	58,521,099	0	36,322,194	16,431,026	2,858,080	114,132,399
Total Noncurrent Assets	63,280,492	0	36,944,730	16,431,026	8,608,067	125,264,315
Total Assets	83,055,912	1,193,620	40,578,543	24,150,041	9,710,573	158,688,689
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	1,940,514	0	0	0	0	1,940,514
	581,702	9,117	39,163	1,118,077	0	1,748,059
Total Deferred Outflows of Resources	2,522,216	9,117	39,163	1,118,077	0	3,688,573
Liabilities:						
Current Liabilities:						
Accounts Payable	186,498	12	6,586	41,112	28,605	262,813
Accrued Wages and Benefits	32,810	609	2,374	69,973	0	105,766
Compensated Absences	70,880	1,238	9,333	39,791	0	121,242
Contracts Payable	100,469	146,196	38,920	120,031	0	405,616
Retainage Payable	0	0	11,321	0	0	11,321
Accrued Interest Payable	55,356	0	2,812	34,356	76,027	168,551
Interfund Payable	0	0	0	5,250,000	0	5,250,000
Long-Term Liabilities Due Within One Year	1,245,000	0	115,000	360,000	500,000	2,220,000
Total Current Liabilities	1,691,013	148,055	186,346	5,915,263	604,632	8,545,309
Long-Term Liabilities:						
Compensated Absences	94,538	513	12,275	24,282	0	131,608
Bonds, Notes & Loans Payable	16,994,375	0	841,251	8,376,627	4,500,000	30,712,253
Net Pension Liability	1,518,668	23,803	102,245	2,918,999	0	4,563,715
Total Noncurrent Liabilities	18,607,581	24,316	955,771	11,319,908	4,500,000	35,407,576
Total Liabilities	20,298,594	172,371	1,142,117	17,235,171	5,104,632	43,952,885
Deferred Inflows of Resources:						
Pension	32,178	504	2,166	61,849	0	96,697
Total Deferred Inflows of Resources	32,178	504	2,166	61,849	0	96,697
Net Position:						
Net Investment in Capital Assets	46,981,631	0	35,988,479	7,694,399	3,608,067	94,272,576
Restricted for:						
Debt Service	0	0	0	792,282	0	792,282
Unrestricted	18,265,725	1,029,862	3,484,944	(515,583)	997,874	23,262,822
Total Net Position	\$65,247,356	\$1,029,862	\$39,473,423	\$7,971,098	\$4,605,941	\$118,327,680

See accompanying notes to the basic financial statements

City of Mason, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2017

	Business-Type Activities -Enterprise Funds					Total
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Business-Type Activities
Operating Revenues:						
Charges for Services	\$7,253,272	\$1,674,251	\$1,315,890	\$6,767,137	\$1,735,919	\$18,746,469
Other Revenues	0	0	0	90,094	2,465	92,559
Total Operating Revenues	7,253,272	1,674,251	1,315,890	6,857,231	1,738,384	18,839,028
Operating Expenses:						
Personal Services	1,658,699	28,893	80,928	2,929,011	0	4,697,531
Contractual Services	1,376,185	1,606,552	435,698	2,463,492	1,785,258	7,667,185
Materials and Supplies	585,282	300	37,805	725,433	618,127	1,966,947
Depreciation	2,576,755	0	803,362	523,579	223,081	4,126,777
Total Operating Expenses	6,196,921	1,635,745	1,357,793	6,641,515	2,626,466	18,458,440
Operating Income (Loss)	1,056,351	38,506	(41,903)	215,716	(888,082)	380,588
Non-Operating Revenues (Expenses):						
Investment Earnings	157,584	9,105	27,354	10,048	0	204,091
Interest (Expense)	(696,377)	0	(31,170)	(429,130)	(80,929)	(1,237,606)
Total Non-Operating Revenues (Expenses)	(538,793)	9,105	(3,816)	(419,082)	(80,929)	(1,033,515)
Income (Loss) Before Contributions and Transfers	517,558	47,611	(45,719)	(203,366)	(969,011)	(652,927)
Capital Grants and Contributions	1,363,401	0	2,344,845	0	10,000	3,718,246
Transfers In	0	0	0	0	1,305,000	1,305,000
Change in Net Position	1,880,959	47,611	2,299,126	(203,366)	345,989	4,370,319
Net Position - Beginning of Year	63,366,397	982,251	37,174,297	8,174,464	4,259,952	113,957,361
Net Position - End of Year	\$65,247,356	\$1,029,862	\$39,473,423	\$7,971,098	\$4,605,941	\$118,327,680

See accompanying notes to the basic financial statements

City of Mason, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds					Total Business-Type Activities
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	
Cash Flows from Operating Activities:						
Cash Received from Customers	\$7,737,627	\$1,721,951	\$1,447,810	\$6,897,705	\$1,739,556	\$19,544,649
Cash Payments to Employees	(1,378,346)	(24,796)	(110,034)	(2,471,616)	0	(3,984,792)
Cash Payments to Suppliers	(1,909,413)	(1,591,147)	(458,514)	(3,106,769)	(2,379,756)	(9,445,599)
Net Cash Provided (Used) by Operating Activities	4,449,868	106,008	879,262	1,319,320	(640,200)	6,114,258
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	0	0	0	0	1,305,000	1,305,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	0	1,305,000	1,305,000
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(169,835)	0	(164,353)	(22,349)	(90,384)	(446,921)
Debt Proceeds	0	0	0	0	5,000,000	5,000,000
Debt Principal Payments	(1,195,000)	0	(110,000)	(345,000)	(5,500,000)	(7,150,000)
Debt Interest Payments	(712,075)	0	(38,144)	(424,350)	(70,902)	(1,245,471)
Capital Grants Received	1,049,772	0	0	0	10,000	1,059,772
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,027,138)	0	(312,497)	(791,699)	(651,286)	(2,782,620)
Cash Flows from Investing Activities:						
Earnings on Investments	134,746	8,113	23,429	5,136	0	171,424
Net Cash Provided (Used) by Cash Flows from Investing Activities	134,746	8,113	23,429	5,136	0	171,424
Net Increase (Decrease) in Cash and Cash Equivalents	3,557,476	114,121	590,194	532,757	13,514	4,808,062
Cash and Cash Equivalents - Beginning of Year	15,102,866	888,841	2,718,842	6,634,576	945,208	26,290,333
Cash and Cash Equivalents - End of Year	18,660,342	1,002,962	3,309,036	7,167,333	958,722	31,098,395
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	1,056,351	38,506	(41,903)	215,716	(888,082)	380,588
Adjustments:						
Depreciation	2,576,755	0	803,362	523,579	223,081	4,126,777
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	484,355	47,700	131,920	40,474	1,173	705,622
(Increase) Decrease in Inventory	7,998	0	0	(18,693)	3,957	(6,738)
(Increase) Decrease in Prepaid Items	0	0	0	84,517	0	84,517
(Increase) Decrease in Deferred Outflows of Resources	(170,626)	(2,391)	18,939	(217,301)	0	(371,379)
Increase (Decrease) in Payables	42,602	15,703	14,980	92,557	19,671	185,513
Increase (Decrease) in Accrued Liabilities	11,251	339	4,395	49,191	0	65,176
Increase (Decrease) in Deferred Inflows of Resources	1,976	10	(2,103)	(4,331)	0	(4,448)
Increase (Decrease) in Net Pension Liability	439,206	6,141	(50,328)	553,611	0	948,630
Net Cash Provided (Used) by Operating Activities	\$4,449,868	\$106,008	\$879,262	\$1,319,320	(\$640,200)	\$6,114,258
Schedule of Noncash Capital Activities:						
During the fiscal year, these amounts were received representing noncash contributions of:						
Capital Assets	\$313,629	\$0	\$2,344,845	\$0	\$10,000	\$2,668,474

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2017

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,138,415
Receivables (Net):	
Accounts	20,433
Due From Other Funds	<u>13,042</u>
Total Assets	<u>1,171,890</u>
Liabilities:	
Accounts Payable	750
Due to Others	<u>1,171,140</u>
Total Liabilities	<u>\$1,171,890</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, 2017

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 16.

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, 2017

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, and all liabilities and deferred inflows of resources 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

City of Mason, Ohio
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For the Year Ended December 31, 2017

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

Safety Fund – This special revenue fund accounts for expenditures of property tax revenues and other resources authorized by section 10.05 of the City's Charter for safety, fire and emergency medical services.

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
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Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

Basis of Accounting

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 and pension 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. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. On the government wide statement of net position and governmental funds balance sheet, property taxes and revenue in lieu of taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for accounts receivable and investment earnings. These amounts are deferred and recognized as an

City of Mason, Ohio
Notes to the Basic Financial Statements
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inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the proprietary funds statement of net position and the government-wide statement of net position (see Note 11).

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.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following the Ohio Revised Code and City Ordinance, the City has specified certain funds to receive an allocation of interest earnings. Interest revenues during 2017 amounted to \$405,587 in the General fund, \$85,382 in the Safety Fund, and \$43,403 in other governmental funds.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Inventory

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

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

Prepaid Items

Payments made for services that will benefit periods beyond December 31, 2017, 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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets are also capitalized. The City uses a \$5,000 capitalization threshold.

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

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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.

City of Mason, Ohio
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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.

Net Position

Net position represents 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 \$24,963,850 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Contributions of Capital

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

Interfund Activity

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

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

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

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.

City of Mason, Ohio
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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 the Ohio Revised Code:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from 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 or subdivision in Ohio.
- (6) Bonds and other obligations of any state or subdivision in the top three highest rating classification by at least one nationally recognized rating agency.
- (7) The Ohio State Treasurer's investment pool (STAR Ohio).
- (8) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Chapter 135.
- (9) 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.

City of Mason, Ohio
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For the Year Ended December 31, 2017

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, 2017, \$1,367,361 of the City's bank balance of \$1,792,248 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities through a program through the Ohio Treasurer of State. 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. The Ohio Treasurer of State establishes and maintains a perfected security interest in the pledge of collateral securities. The City had monies deposited in 5/3 Bank, which at December 31, 2017 only had a pooled collateral percentage of 91.5%. The City had 8.5% of those deposits at risk at year end.

Investments

As of December 31, 2017, the City had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal National Mortgage Association	\$24,714,133	Level 2	2.24
US Treasury Bills	23,549,587	Level 2	2.91
Commercial Paper	13,393,486	Level 2	0.40
Federal Home Loan Mortgage	11,188,436	Level 2	1.88
STAR Ohio	10,152,986	N/A	0.14
Federal Home Loan Bank	9,100,183	Level 2	1.21
Federal Farm Credit Bank	3,204,441	Level 2	1.37
Municipal Bonds	2,406,907	Level 2	2.04
Negotiable Certificate of Deposit	1,411,481	Level 2	2.49
Money Market Funds	772,048	N/A	0.00
	<u>\$99,893,688</u>		
Portfolio Weighted Average Maturity			1.74

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs

City of Mason, Ohio
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are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2017. STAR Ohio is reported at its share price (Net Asset value per share).

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, 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. Municipal Bonds were rated Aaa, Aa1, Aa2, Aa3, and A2 by Moody's Investors service and AAA, AA+, AA- and A+ by Standard and Poor's and Fitch ratings. Investments in STAR Ohio were rated AAAM by Standard & Poor's. US Treasury Bills, Negotiable Certificate of Deposit 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 25% of the City's investments in Federal National Mortgage Association, 24% in US Treasury Bills, 14% in Commercial Paper, 11% in Federal Home Loan Mortgage, 10% in STAR Ohio, 9% in Federal Home Loan Bank, 3% in Federal Farm Credit Bank, 2% in Municipal Bonds, 1% in Negotiable Certificate of Deposit and 1% in Money Market Funds.

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

Note 4 – Receivables

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

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

Special assessments expected to be collected in more than one year amounts to \$1,653 in the General Fund and \$2,003,673 in other governmental funds.

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 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All

City of Mason, Ohio
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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	\$1,122,760,390
Public Utility	<u>22,147,560</u>
Total Valuation	<u><u>\$1,144,907,950</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, 2017, and for which there is an enforceable legal claim. In the funds, a portion of the receivable has been offset by deferred inflows since the current taxes were not levied to finance 2017 operations and the collection of delinquent taxes 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 to allow 100% credit for residents employed in another city.

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.

City of Mason, Ohio
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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.

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: \$12,000,000 per occurrence. \$12,000,000 annual aggregate 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 \$4.5 million excess of \$500,000, and from Genesis for \$7 million excess of \$5 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

Cyber Liability – included in Property Policy

Third Party Liability:

\$2 million/occurrence and annual aggregate, but sublimited to:

\$1,000,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability

\$2 million/occurrence and annual aggregate subject to policy sublimits

MVRMA SIR: \$100,000/occurrence

Coverage excess of SIR provided by Lloyd's of London – Beazley Syndicate

Pollution Liability – Claims made and Reported Policy

\$1 million/pollution condition and aggregate

Retroactive Date: Policy inception

MVRMA SIR: \$75,000/pollution condition;

\$750,000 underground storage tanks specific

Coverage excess SIR provided by Illinois Union Insurance Co.

Member Deductible/occurrence - \$2,500

The audit of MVRMA's 2017 financial statements has not been completed yet. Figures from the audited December 31, 2016 financial statements are as follows:

Current Assets	\$1,583,593
Total Assets	\$18,767,708
Current Liabilities	\$5,317,138
Non-Current Liabilities	\$2,369,558
Net Position	\$11,194,331

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 \$487,412 reported in the General Fund at year end is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amounts were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2017	\$363,365	\$3,989,996	(\$3,865,949)	\$487,412
2016	371,443	3,400,440	(3,408,518)	363,365

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, 2017, 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, 2017

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	\$68,156,219	\$5,050,634	\$0	\$73,206,853
Construction in Progress	13,672,153	3,145,785	10,031,852	6,786,086
Total Capital Assets, not being depreciated	<u>81,828,372</u>	<u>8,196,419</u>	<u>10,031,852</u>	<u>79,992,939</u>
Capital Assets, being depreciated:				
Buildings and Improvements	51,735,253	122,212	0	51,857,465
Equipment	20,392,834	1,587,149	1,226,082	20,753,901
Infrastructure	<u>91,394,453</u>	<u>7,174,660</u>	<u>0</u>	<u>98,569,113</u>
Totals at Historical Cost	<u>245,350,912</u>	<u>17,080,440</u>	<u>11,257,934</u>	<u>251,173,418</u>
Less Accumulated Depreciation:				
Buildings and Improvements	16,392,115	1,247,439	0	17,639,554
Equipment	13,621,105	1,389,377	1,191,254	13,819,228
Infrastructure	<u>19,988,283</u>	<u>1,642,814</u>	<u>0</u>	<u>21,631,097</u>
Total Accumulated Depreciation	<u>\$50,001,503</u>	<u>\$4,279,630</u>	<u>\$1,191,254</u>	<u>\$53,089,879</u>
Governmental Activities Capital Assets, Net	<u>\$195,349,409</u>	<u>\$12,800,810</u>	<u>\$10,066,680</u>	<u>\$198,083,539</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$10,694,550	\$0	\$0	\$10,694,550
Construction in Progress	232,520	325,754	120,909	437,365
Total Capital Assets, not being depreciated	<u>10,927,070</u>	<u>325,754</u>	<u>120,909</u>	<u>11,131,915</u>
Capital Assets, being depreciated:				
Buildings and Improvements	54,273,331	25,976	0	54,299,307
Equipment	10,312,294	247,031	21,100	10,538,225
Infrastructure	<u>95,898,131</u>	<u>2,496,024</u>	<u>0</u>	<u>98,394,155</u>
Totals at Historical Cost	<u>171,410,826</u>	<u>3,094,785</u>	<u>142,009</u>	<u>174,363,602</u>
Less Accumulated Depreciation:				
Buildings and Improvements	14,398,264	1,554,438	0	15,952,702
Equipment	6,061,926	949,557	1,490	7,009,993
Infrastructure	<u>24,513,810</u>	<u>1,622,782</u>	<u>0</u>	<u>26,136,592</u>
Total Accumulated Depreciation	<u>\$44,974,000</u>	<u>\$4,126,777</u>	<u>\$1,490</u>	<u>\$49,099,287</u>
Business-Type Activities Capital Assets, Net	<u>\$126,436,826</u>	<u>(\$1,031,992)</u>	<u>\$140,519</u>	<u>\$125,264,315</u>

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$628,870
Public Safety	686,639
Leisure Time Activities	431,750
Transportation and Street Repair	2,505,506
Community Development	26,865
Total Depreciation Expense	<u>\$4,279,630</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
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

- 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 – Long-Term Debt

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
<u>General Obligation Bonds</u>					
2008 Various Purpose	\$2,625,000	\$0	(\$825,000)	\$1,800,000	\$875,000
2016 Various Purpose - Refunding	8,415,000	0	(50,000)	8,365,000	50,000
2017 Special Assessment Bonds	0	2,000,000	0	2,000,000	75,000
2011 Mason Road Widening	1,565,000	0	(105,000)	1,460,000	110,000
2011 US 42 Road Improvements	775,000	0	(45,000)	730,000	45,000
2011 Refunding 1998 Road Improvement	640,000	0	(315,000)	325,000	325,000
2015 Combined Financing	8,640,000	0	(355,000)	8,285,000	360,000
Premium on Bonds	1,680,980	0	(149,182)	1,531,798	0
Total General Obligation Bonds	<u>24,340,980</u>	<u>2,000,000</u>	<u>(1,844,182)</u>	<u>24,496,798</u>	<u>1,840,000</u>
<u>Revenue Bonds</u>					
2012 Enterprise Parke TIF Refunding	300,000	0	(45,000)	255,000	45,000
Everybody's Farm TIF	1,555,000	0	(115,000)	1,440,000	120,000
Total Revenue Bonds	<u>1,855,000</u>	<u>0</u>	<u>(160,000)</u>	<u>1,695,000</u>	<u>165,000</u>
<u>Certificate of Participation Bonds</u>					
Refunding Certificate of Participation	10,210,000	0	(1,045,000)	9,165,000	1,090,000
Premium on Refunding Certificate of Participation	454,448	0	(45,445)	409,003	0
Total Refunding Certificate of Participation Bonds	<u>10,664,448</u>	<u>0</u>	<u>(1,090,445)</u>	<u>9,574,003</u>	<u>1,090,000</u>
Total Long-Term Liabilities Bonds	36,860,428	2,000,000	(3,094,627)	35,765,801	3,095,000
Net Pension Liability:					
OPERS	7,397,598	2,043,122	0	9,440,720	0
OPF	21,773,305	440,948	0	22,214,253	0
Total Net Pension Liability	<u>29,170,903</u>	<u>2,484,070</u>	<u>0</u>	<u>31,654,973</u>	<u>0</u>
Compensated Absences	1,786,879	1,191,493	(994,236)	1,984,136	946,676
Total Governmental Activities	<u>\$67,818,210</u>	<u>\$5,675,563</u>	<u>(\$4,088,863)</u>	<u>\$69,404,910</u>	<u>\$4,041,676</u>

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-Type Activities					
<u>General Obligation Bonds</u>					
Sewer Refunding	\$17,365,000	\$0	(\$1,195,000)	\$16,170,000	\$1,245,000
Stormwater Improvement	1,020,000	0	(110,000)	910,000	115,000
Golf Course Acquisition	5,500,000	0	(500,000)	5,000,000	500,000
Premium on Bonds	2,310,358	0	(194,732)	2,115,626	0
Total General Obligation Bonds	26,195,358	0	(1,999,732)	24,195,626	1,860,000
<u>Lease</u>					
Capital Lease	9,180,000	0	(345,000)	8,835,000	360,000
Discount on Capital Lease	(104,160)	5,787	0	(98,373)	0
Total Capital Lease	9,075,840	5,787	(345,000)	8,736,627	360,000
Net Pension Liability:					
OPERS	3,615,085	948,630	0	4,563,715	0
Total Net Pension Liability	3,615,085	948,630	0	4,563,715	0
Compensated Absences - Enterprise	248,112	125,037	(120,299)	252,850	121,242
Total Business-Type Activities	\$39,134,395	\$1,079,454	(\$2,465,031)	\$37,748,818	\$2,341,242

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 and Note		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$3,700,000	\$1,552,758	\$165,000	\$91,725
2019	3,460,000	1,474,748	180,000	83,250
2020	3,450,000	1,387,585	185,000	74,026
2021	3,560,000	1,274,131	205,000	64,512
2022	3,625,000	1,189,363	215,000	53,963
2023-2027	19,675,000	3,832,677	420,000	154,962
2028-2032	5,225,000	867,358	325,000	48,012
2033-2037	2,350,000	198,225	0	0
	<u>\$45,045,000</u>	<u>\$11,776,845</u>	<u>\$1,695,000</u>	<u>\$570,450</u>

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

New Long Term Special Assessment Bonds

On September 7, 2017 the City issued \$2,000,000 in Special Assessment Bonds with an interest rate of 3.2%. The road and utility improvement special assessment bonds were issued for the purpose of paying the cost of the property owners' share of the construction of road and utility improvements in the Ambleside subdivision. The Bonds will be retired from the Special Assessment Bond Retirement.

Note 10 – Leases

The City currently has capital leases for the municipal building and the community center addition.

The City's lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease.

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

Year	Governmental Activities	Business-Type Activities
2018	\$1,491,640	\$772,276
2019	1,493,040	769,226
2020	1,487,640	768,038
2021	1,490,640	770,712
2022	1,494,390	772,488
2023-2027	3,488,860	3,848,080
2028-2032	0	3,852,626
2033-2034	0	1,543,500
Total minimum lease payments	10,946,210	13,096,946
Less: Amount representing interest	(1,781,210)	(4,261,946)
Present value of minimum lease payments	\$9,165,000	\$8,835,000

Capital lease payments are made from the Government Center Reserve Fund and the Community Center Funds. The costs of capital assets acquired under these capital leases are as follows:

Buildings and Improvements	\$35,760,000
Equipment	25,000

Note 11 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued wages and benefits* on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The City’s employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City is contractually required contribution was \$1,038,340 for 2017. Of this amount \$52,903 is reported as accrued wages and benefits.

Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time safety officers participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.opf.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Safety Officers</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

The City's contractually required contribution to OPF was \$1,722,883 for 2017. Of this amount \$65,992 is reported as accrued wages and benefits.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City proportion of the net pension liability was based on the City share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$14,004,435	\$22,214,253	\$36,218,688
Proportion of the Net Pension Liability			
Current Measurement Date	0.06167100%	0.35072000%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.06357900%</u>	<u>0.33845900%</u>	
Change in Proportionate Share	-0.0019080%	0.0122610%	
Pension Expense	\$2,848,319	\$2,866,385	\$5,714,704

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$18,982	\$6,284	\$25,266
Changes in assumptions	2,221,275	0	2,221,275
Net difference between projected and actual earnings on pension plan investments	2,085,584	2,160,238	4,245,822
Changes in employer proportionate share of net pension liability	0	596,311	596,311
Contributions subsequent to the measurement date	<u>1,038,340</u>	<u>1,722,883</u>	<u>2,761,223</u>
Total Deferred Outflows of Resources	<u>\$5,364,181</u>	<u>\$4,485,716</u>	<u>\$9,849,897</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$83,347	\$51,146	\$134,493
Changes in employer proportionate share of net pension liability	<u>213,385</u>	<u>0</u>	<u>213,385</u>
Total Deferred Inflows of Resources	<u>\$296,732</u>	<u>\$51,146</u>	<u>\$347,878</u>

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

\$2,761,223 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OPF	Total
2018	\$1,628,269	\$938,503	\$2,566,772
2019	1,727,244	938,503	2,665,747
2020	734,730	742,739	1,477,469
2021	(61,134)	(28,498)	(89,632)
2022	0	109,455	109,455
Thereafter	0	10,985	10,985
Total	<u>\$4,029,109</u>	<u>\$2,711,687</u>	<u>\$6,740,796</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board’s actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2016
Experience Study	5 year period ending December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Cost-of-Living Adjustments:	
Pre 1/7/2013 Retirees	3.00% Simple,
Post 1/7/2013 Retirees	3.00% Simple,
Through 2018, then	2.15% Simple.

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate - The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability or asset calculated using the discount rate of 7.5%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability:			
OPERS	\$21,394,903	\$14,004,435	\$7,845,785

Changes in Benefit Terms and Assumptions - There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board’s investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities the plan will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	OPF Pension Plan
Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Experience Study	5 year period ending December 31, 2011
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Wage Inflation	3.25%, plus productivity increase rate of 0.50%
Projected Salary Increases	4.25% - 11.00%
Cost-of-Living Adjustments	3.00% Simple; 2.60% simple for increases based on the lesser of the increase in CPI and 3.00%

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police (safety officers) and three years for firefighters. For service retirements, set back zero years for police (safety officers) and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study of five years was completed in 2017 covering the period 2012-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the OPF's Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalent	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	4.46	5.21
Non-US Equity	16.00	4.66	5.40
Core Fixed Income*	20.00	1.67	2.37
Global Inflation Protected Securities*	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	120.00 %		

Note: Assumptions are geometric

* levered 2x

** Numbers are net of expected inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the preceding table presents the net pension liability calculated using the discount rate of 8.25% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.25% or one percentage point higher, 9.25% than the current rate.

	1% Decrease <u>(7.25%)</u>	Current Discount Rate <u>(8.25%)</u>	1% Increase <u>(9.25%)</u>
City's proportionate share of the net pension liability :			
OPF	\$29,586,752	\$22,214,253	\$15,965,959

Changes Between Measurement Date and Report Date - In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net pension liability.

Note 12 – 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 health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS CAFR for details.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

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 \$79,840 for 2017, \$136,679 for 2016, and \$158,256 for 2015. The full amount has been contributed for 2017, 2016 and 2015.

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2017 was \$40,748, December 31, 2016 was \$40,049, and December 31, 2015 was \$34,358. The actual contributions for 2017, 2016 and 2015 were 100%.

Note 13 – Conduit Debt Obligations

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The following is the conduit debt outstanding at December 31, 2017:

<u>Issuance</u>	<u>Year Issued</u>	<u>Original Amount</u>	<u>Outstanding December 31, 2017</u>	<u>Year Mature</u>
Cedar Village	2010	\$16,250,000	\$12,325,000	2035

Note 14 – Construction Commitments

The City had the following outstanding commitments at year end:

<u>Projects</u>	<u>Amount</u>
Bethany Road Widening - RAB to West	\$2,595,920
Traffic Controller Replacement	864,390
Downtown Sewer Phase II	449,386
Castle Drive Lift Station Elimination	258,948
St. Rt. 741 Parkside Intersection	223,421
Annual WWTP Maintenance and Repair Program	151,800
Mason-Lebanon Trail Connection	109,805
Municipal Center Maintenance and Repair Program	105,577
General Government Commitment	75,000
Golf Center Commitment	72,810
Snider Road RAB	69,730
Marival/Broadview Stream & Riparian Restoration	47,822
Muddy Creek Bike Path Stormwater	47,000
Stormwater Commitment	39,480
Annual Street Striping Program	20,818
Community Center Commitment	14,995
Sewer Commitment	14,850
US 42 Warning Siren Project	13,484
Annual Sidewalk Program	9,521
Emergency Operations Center MMC	5,771
Anthony Lane Culvert Replacement	370
Total	<u>\$5,190,898</u>

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in all of the funds were as follows:

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Fund	Amount
General	\$12,854,049
Safety	475,383
Sewer	232,819
Waste Collection	146,039
Stormwater Utility	767,403
Community Center	381,761
Golf Course	155,476
Nonmajor Funds	<u>6,509,525</u>
Total	<u>\$21,522,455</u>

Note 15 – 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	\$5,450,000	\$0	\$0	\$9,047,342
Safety Fund	0	0	2,431,005	0
Community Center Fund	0	5,250,000	0	0
Golf Course Fund	0	0	1,305,000	0
Other Governmental Funds	0	200,000	5,617,882	306,545
Total All Funds	<u>\$5,450,000</u>	<u>\$5,450,000</u>	<u>\$9,353,887</u>	<u>\$9,353,887</u>

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

The transfer out of the Street Construction, Maintenance, and Repair Fund (Other Governmental Funds) to the General Bond Retirement Fund of \$164,000 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 Bond Retirement Fund (Other Governmental Funds) of \$74,594 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The transfer out of the Municipal Court Indigent Driver IDAM Fund (Other Governmental Funds) to the Indigent Driver Fund of \$42,658 was for indigent driver programs.

The transfer out of the Police Crime Prevention Fund (Other Governmental Funds) to the Police Officer Training Fund of \$9,460 was for police officer training to prevent crimes.

The transfer out of the Ambleside Meadows Improvement Fund (Other Governmental Funds) to the Special Assessment Bond Retirement Fund of \$15,833 was to make the debt service payment for the 2017 Special Assessment Bond.

Note 16 – 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 17 – Accountability

As of year end the following fund had a deficit fund balance:

Other Governmental Funds:

State Highway Improvement	\$26,894
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The deficits in fund balances were primarily due to accrual in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 18 – 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:

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Fund Balances	General	Safety	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$263,486	\$19,157	\$0	\$282,643
Unclaimed Monies	97,001	0	0	97,001
Total Nonspendable	360,487	19,157	0	379,644
Restricted for:				
Fire and Emergency Medical Service Safety	0	9,684,573	0	9,684,573
Street Construction Maintenance and Repair	0	0	5,562,097	5,562,097
Street Subdivision	0	0	787,046	787,046
Police Officer Training	0	0	4,626	4,626
Parks and Recreation	0	0	430,538	430,538
Drug Law Enforcement	0	0	28,620	28,620
Law Enforcement and Education	0	0	3,342	3,342
Indigent Drive	0	0	96,878	96,878
Municipal Court Computer Costs	0	0	292,361	292,361
Municipal Court Computer Education	0	0	197,350	197,350
Municipal Court Improvement	0	0	247,917	247,917
Vehicle Immobilization Fee	0	0	17,398	17,398
Municipal Court Probation Services	0	0	113,966	113,966
Municipal Court Indigent Driver IDAM	0	0	4,054	4,054
Central Parke TIF	0	0	482,253	482,253
Mason Enterprise Parke TIF	0	0	100,751	100,751
Tylersville Road TIF	0	0	288,387	288,387
I-71 Corridor TIF	0	0	1,199,982	1,199,982
Everybody's Farm TIF	0	0	370,307	370,307
JW Harris TIF	0	0	448,982	448,982
General Obligation Bond Retirement	0	0	1,017,796	1,017,796
Special Assessment Bond Retirement	0	0	20,438	20,438
Total Restricted	0	9,684,573	11,715,089	21,399,662
Committed to:				
Police Crime Prevention	0	0	686	686
Total Committed	0	0	686	686
Assigned to:				
General Capital Improvement	30,564,986	0	0	30,564,986
Debt Service	0	0	2,240,655	2,240,655
Common Ground Park Construction	0	0	300,000	300,000
Subdivision Inspection	0	0	499,175	499,175
Encumbrances	4,032,971	0	0	4,032,971
Total Assigned	34,597,957	0	3,039,830	37,637,787
Unassigned (Deficit)	20,126,322	0	(26,894)	20,099,428
Total Fund Balance	\$55,084,766	\$9,703,730	\$14,728,711	\$79,517,207

Encumbrances (assigned) will be used for general government functions, safety of residences, recreational activities, economic development projects and purchases of capital items for the City.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 19 – Implementation of New Accounting Principles

For the year ended December 31, 2017, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 80, “*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*”, GASB Statement No. 81 “*Irrevocable Split Interest Agreements*”, and GASB Statement No. 82, “*Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of the Statement No. 39, “*Determining Whether Certain Organizations Are Component Units*”. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by the employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

Note 20 – Tax Abatements

As of December 31, 2017, the City provides tax abatements through two programs-the Community Reinvestment Area (CRA) program and Economic Development Incentives:

The Ohio Community Reinvestment Area program is an economic development tool administered by the City that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Under Ohio Revised Code section 3765 to 3735.70, city, village or county can petition the Ohio Department of Development to confirm that investment in a particular geographical area. Once the Department has confirmed the investment in the area, the community may offer real estate tax exemptions to taxpayers who are willing to invest in the area. Up to 12 years may be exempt for commercial and industrial remodeling and up to 15 years may be exempt for new construction. State law requires reimbursement agreements with school districts for tax revenue losses for CRA in place after 1994. It is the City’s policy to have reimbursement agreements with school districts for any CRA prior to 1994. Payments in lieu of taxes paid by the property owner directly to the school districts as required by the agreement are not reduced from the total amount of taxes abated.

Economic Development Incentive is customized incentives that are for specific projects that are part of an overall incentive package in a competitive environment to attract business investment and employment growth. One agreement currently is in effect to partially reimburse for property taxes. The property tax agreement expires in tax year 2018. As a reimbursement, this tax abatement has no impact on any other taxing jurisdiction.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

<u>Mason Tax Abatement Programs</u>	<u>Total Amount Of Taxes Abated (in thousands)</u>	<u>City of Mason Share of Taxes Abated (in thousands)</u>
Community Reinvestment Area	\$3,085	\$322
Economic Development Incentive	187	187

Note 21 – Subsequent Event

In May 2018, the City issued \$4,500,000 of general obligation recreational facilities refunding notes to refund the \$5,000,000 general obligation golf course notes which were due in May 2018. The notes are due May 2019.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Mason, Ohio
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Traditional Plan
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.06167100%	0.06357900%	0.06477700%	0.06477700%
City's Proportionate Share of the Net Pension Liability	\$14,004,435	\$11,012,684	\$7,812,829	\$7,636,364
City's Covered-Employee Payroll	\$7,972,958	\$9,235,283	\$7,967,975	\$8,325,577
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.65%	119.25%	98.05%	91.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available

Note - The schedule is reported as of the measurement date of the Net Pension Liability.

See accompanying notes to the required supplementary information.

City of Mason, Ohio
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Police and Fire Pension Fund
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.3507200%	0.3384590%	0.3372289%	0.3372289%
City's Proportionate Share of the Net Pension Liability	\$22,214,253	\$21,773,305	\$17,469,862	\$16,424,105
City's Covered-Employee Payroll	\$8,431,353	\$7,354,405	\$6,931,636	\$5,687,506
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	263.47%	296.06%	252.03%	288.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available

Note - The schedule is reported as of the measurement date of the Net Pension Liability.

See accompanying notes to the required supplementary information.

City of Mason, Ohio
 Required Supplementary Information
 Schedule of City Contributions
 Ohio Public Employees Retirement System - Traditional Plan
 Last Four Fiscal Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,038,340	\$956,755	\$1,108,234	\$956,157
Contributions in Relation to the Contractually Required Contribution	<u>(1,038,340)</u>	<u>(956,755)</u>	<u>(1,108,234)</u>	<u>(956,157)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll	\$7,987,231	\$7,972,958	\$9,235,283	\$7,967,975
Contributions as a Percentage of Covered-Employee Payroll	13.00%	12.00%	12.00%	12.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available

See accompanying notes to the required supplementary information.

City of Mason, Ohio
 Required Supplementary Information
 Schedule of City Contributions
 Ohio Police and Fire Pension Fund
 Last Four Fiscal Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,722,883	\$1,601,957	\$1,477,500	\$1,411,281
Contributions in Relation to the Contractually Required Contribution	<u>(1,722,883)</u>	<u>(1,601,957)</u>	<u>(1,477,500)</u>	<u>(1,411,281)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll	\$9,067,805	\$8,431,353	\$7,354,405	\$6,931,636
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	20.09%	20.36%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$30,805,000	\$30,805,000	\$33,272,068	\$2,467,068
Fines, Licenses and Permits	1,573,000	1,573,000	2,176,183	603,183
Intergovernmental	70,000	70,000	588,522	518,522
Charges for Services	562,500	562,500	719,238	156,738
Investment Earnings	135,000	135,000	515,670	380,670
Other Revenues	735,000	735,000	863,284	128,284
Total Revenues	33,880,500	33,880,500	38,134,965	4,254,465
Expenditures:				
Current:				
General Government				
City Manager	350,802	365,802	350,595	15,207
Assistant City Manager	1,304,940	1,304,940	1,094,635	210,305
Finance	523,392	523,392	455,413	67,979
Earnings Tax	747,166	747,166	617,850	129,316
Refunds and Reimbursements	1,200,000	1,375,000	1,293,654	81,346
Law Director	562,319	562,319	415,673	146,646
Council	349,240	334,240	281,955	52,285
Municipal Court	1,365,113	1,365,113	1,222,573	142,540
Land, Buildings and Grounds	955,052	1,005,052	938,758	66,294
Auditor's Deductions	803,666	628,666	391,517	237,149
Contingency	250,000	250,000	0	250,000
Total General Government	8,411,690	8,461,690	7,062,623	1,399,067
Public Safety				
Police Department	6,985,421	6,900,421	6,500,453	399,968
Street Lighting	392,301	397,301	394,799	2,502
Campus Security	0	50,905	39,516	11,389
Diaster Services	45,905	75,000	50,468	24,532
Total Public Safety	7,423,627	7,423,627	6,985,236	438,391
Leisure Time Activities				
Recreation Programs	516,161	516,161	437,996	78,165
Parks	1,576,671	1,606,671	1,509,353	97,318
Swimming Pool	305,202	275,202	240,424	34,778
Senior Center	225,084	225,084	153,452	71,632
Total Leisure Time Activities	2,623,118	2,623,118	2,341,225	281,893
Community Development				
Community Planning-Zoning	276,766	276,766	260,870	15,896
Building Inspections	803,359	803,359	758,160	45,199
Economic Development	710,097	710,097	565,118	144,979
Community Development	2,823,478	3,018,478	2,833,625	184,853
Total Community Development	4,613,700	4,808,700	4,417,773	390,927
Transportation & Street Repair				
Traffic Signals	176,985	176,985	120,221	56,764
Street Maintenance & Repair	3,435,746	3,385,746	2,561,486	824,260
Garage	610,818	610,818	406,933	203,885
Engineering	646,019	646,019	557,353	88,666
Total Transportation & Street Repair	4,869,568	4,819,568	3,645,993	1,173,575

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City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2017

	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	29,641,703	29,836,703	26,152,850	3,683,853
Excess of Revenues Over (Under) Expenditures	4,238,797	4,043,797	11,982,115	7,938,318
Other Financing Sources (Uses):				
Transfers (Out)	(6,565,000)	(17,565,000)	(15,542,342)	2,022,658
Total Other Financing Sources (Uses)	(6,565,000)	(17,565,000)	(15,542,342)	2,022,658
Net Change in Fund Balance	(2,326,203)	(13,521,203)	(3,560,227)	9,960,976
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,912,652	13,912,652	13,912,652	0
Fund Balance End of Year	<u>\$11,586,449</u>	<u>\$391,449</u>	<u>\$10,352,425</u>	<u>\$9,960,976</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, 2017

	Safety Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$4,200,000	\$4,200,000	\$4,324,947	\$124,947
Intergovernmental	520,000	520,000	526,811	6,811
Charges for Services	600,000	600,000	644,647	44,647
Investment Earnings	0	0	104,391	104,391
Other Revenues	0	0	81,609	81,609
Total Revenues	<u>5,320,000</u>	<u>5,320,000</u>	<u>5,682,405</u>	<u>362,405</u>
Expenditures:				
Current:				
Public Safety	7,462,101	7,732,101	7,369,936	362,165
Capital Outlay	<u>1,029,549</u>	<u>1,029,549</u>	<u>1,082,652</u>	<u>(53,103)</u>
Total Expenditures	<u>8,491,650</u>	<u>8,761,650</u>	<u>8,452,588</u>	<u>309,062</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,171,650)</u>	<u>(3,441,650)</u>	<u>(2,770,183)</u>	<u>671,467</u>
Other Financing Sources (Uses):				
Transfers In	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,431,005</u>	<u>231,005</u>
Total Other Financing Sources (Uses)	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,431,005</u>	<u>231,005</u>
Net Change in Fund Balance	(971,650)	(1,241,650)	(339,178)	902,472
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>8,793,299</u>	<u>8,876,971</u>	<u>8,793,299</u>	<u>(83,672)</u>
Fund Balance End of Year	<u><u>\$7,821,649</u></u>	<u><u>\$7,635,321</u></u>	<u><u>\$8,454,121</u></u>	<u><u>\$818,800</u></u>

See accompanying notes to the required supplementary information.

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2017

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 Safety 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, 2017

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 Safety Fund.

Net Change in Fund Balance

	General	Safety
GAAP Basis	\$1,428,586	\$960,123
Revenue Accruals	(1,933,977)	(1,144,545)
Expenditure Accruals	16,675,580	320,627
Proceeds of Capital Assets	(31,945)	0
Transfers Out	(6,495,000)	0
Encumbrances	(4,143,249)	(475,383)
Funds Budgeted Elsewhere	(9,060,222)	0
Budget Basis	<u>(\$3,560,227)</u>	<u>(\$339,178)</u>

Note 2 – Pension Plans

Ohio Police and Fire Pension Fund Changes in Benefit Terms and Assumptions Between Measurement Date and Report Date

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net pension liability.

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2017

assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities we will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

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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.

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$11,364,964	\$1,313,115	\$300,000	\$12,978,079
Restricted Cash	0	1,517,931	0	1,517,931
Receivables (Net):				
Taxes	0	1,723,184	0	1,723,184
Accounts	69,435	0	0	69,435
Interest	22,974	17,940	0	40,914
Intergovernmental	2,426,142	105,724	0	2,531,866
Special Assessments	0	2,003,673	0	2,003,673
Total Assets	13,883,515	6,681,567	300,000	20,865,082
Liabilities:				
Accounts Payable	4,106	2,157	0	6,263
Accrued Wages and Benefits	11,088	0	0	11,088
Contracts Payable	513,677	0	0	513,677
Retainage Payable	172,579	0	0	172,579
Interfund Payable	200,000	0	0	200,000
Total Liabilities	901,450	2,157	0	903,607
Deferred Inflows of Resources:				
Property Taxes	0	1,273,184	0	1,273,184
Grants and Other Taxes	1,791,001	105,724	0	1,896,725
Special Assessments	0	2,003,673	0	2,003,673
Unavailable Amounts	41,242	17,940	0	59,182
Total Deferred Inflows of Resources	1,832,243	3,400,521	0	5,232,764
Fund Balances:				
Restricted	10,676,855	1,038,234	0	11,715,089
Committed	686	0	0	686
Assigned	499,175	2,240,655	300,000	3,039,830
Unassigned	(26,894)	0	0	(26,894)
Total Fund Balances	11,149,822	3,278,889	300,000	14,728,711
Total Liabilities, Deferred Inflows and Fund Balances	\$13,883,515	\$6,681,567	\$300,000	\$20,865,082

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and Other Taxes	\$0	\$2,158,194	\$0	\$2,158,194
Investment Earnings	22,629	20,774	0	43,403
Intergovernmental	3,532,339	234,651	0	3,766,990
Fines, Licenses & Permits	1,385,176	0	0	1,385,176
Revenue in Lieu of Taxes	2,280,491	0	0	2,280,491
Other Revenues	5,760	0	0	5,760
Total Revenues	7,226,395	2,413,619	0	9,640,014
Expenditures:				
Current:				
General Government	493,610	0	0	493,610
Community Development	1,187,464	0	0	1,187,464
Transportation and Street Repair	1,963,458	0	0	1,963,458
Capital Outlay	1,926,243	0	248,519	2,174,762
Debt Service:				
Principal	160,000	2,740,000	0	2,900,000
Interest and Other Charges	99,913	1,274,516	0	1,374,429
Total Expenditures	5,830,688	4,014,516	248,519	10,093,723
Excess of Revenues Over (Under) Expenditures	1,395,707	(1,600,897)	(248,519)	(453,709)
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	0	2,000,000	2,000,000
Transfers In	3,063,455	2,254,427	300,000	5,617,882
Transfers (Out)	(290,712)	0	(15,833)	(306,545)
Total Other Financing Sources (Uses)	2,772,743	2,254,427	2,284,167	7,311,337
Net Change in Fund Balance	4,168,450	653,530	2,035,648	6,857,628
Fund Balance - Beginning of Year	6,981,372	2,625,359	(1,735,648)	7,871,083
Fund Balance - End of Year	\$11,149,822	\$3,278,889	\$300,000	\$14,728,711

Nonmajor Special Revenue Funds

Fund Descriptions

Street Construction, Maintenance and Repair – This 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 – 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.

Nonmajor Special Revenue Funds

Fund Descriptions (Continued)

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.

JW Harris TIF - This fund is used to account for the financial resources and expenditures related to the development and improvements to development of 42 North Commerce Parke.

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

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

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

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.

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

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation	Police Crime Prevention
Assets:						
Equity in Pooled Cash and Investments	\$5,621,176	\$152,556	\$787,046	\$4,626	\$429,602	\$686
Receivables (Net):						
Accounts	31,790	0	0	0	0	0
Interest	20,818	565	0	0	1,591	0
Intergovernmental	1,149,769	60,791	0	0	0	0
Total Assets	6,823,553	213,912	787,046	4,626	431,193	686
Liabilities:						
Accounts Payable	0	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0	0
Contracts Payable	513,677	0	0	0	0	0
Retainage Payable	172,579	0	0	0	0	0
Interfund Payable	0	200,000	0	0	0	0
Total Liabilities	686,256	200,000	0	0	0	0
Deferred Inflows of Resources:						
Grants and Other Taxes	534,845	40,574	0	0	0	0
Unavailable Amounts	40,355	232	0	0	655	0
Total Deferred Inflows of Resources	575,200	40,806	0	0	655	0
Fund Balances:						
Restricted	5,562,097	0	787,046	4,626	430,538	0
Committed	0	0	0	0	0	686
Assigned	0	0	0	0	0	0
Unassigned	0	(26,894)	0	0	0	0
Total Fund Balances	5,562,097	(26,894)	787,046	4,626	430,538	686
Total Liabilities, Deferred Inflows and Fund Balances	\$6,823,553	\$213,912	\$787,046	\$4,626	\$431,193	\$686

Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee
\$28,186	\$3,267	\$98,585	\$285,891	\$195,005	\$240,002	\$17,398
434	75	425	6,552	2,345	12,696	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>28,620</u>	<u>3,342</u>	<u>99,010</u>	<u>292,443</u>	<u>197,350</u>	<u>252,698</u>	<u>17,398</u>
0	0	2,132	82	0	385	0
0	0	0	0	0	4,396	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>2,132</u>	<u>82</u>	<u>0</u>	<u>4,781</u>	<u>0</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
28,620	3,342	96,878	292,361	197,350	247,917	17,398
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>28,620</u>	<u>3,342</u>	<u>96,878</u>	<u>292,361</u>	<u>197,350</u>	<u>247,917</u>	<u>17,398</u>
<u>\$28,620</u>	<u>\$3,342</u>	<u>\$99,010</u>	<u>\$292,443</u>	<u>\$197,350</u>	<u>\$252,698</u>	<u>\$17,398</u>

Continued

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	JW Harris TIF	Central Parke TIF	Mason Enterprise Parke TIF
Assets:					
Equity in Pooled Cash and Investments	\$104,605	\$3,708	\$448,982	\$482,253	\$100,751
Receivables (Net):					
Accounts	14,772	346	0	0	0
Interest	0	0	0	0	0
Intergovernmental	0	0	106,496	145,476	59,072
Total Assets	119,377	4,054	555,478	627,729	159,823
Liabilities:					
Accounts Payable	1,449	0	0	0	0
Accrued Wages and Benefits	3,962	0	0	0	0
Contracts Payable	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Total Liabilities	5,411	0	0	0	0
Deferred Inflows of Resources:					
Grants and Other Taxes	0	0	106,496	145,476	59,072
Unavailable Amounts	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	106,496	145,476	59,072
Fund Balances:					
Restricted	113,966	4,054	448,982	482,253	100,751
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	113,966	4,054	448,982	482,253	100,751
Total Liabilities, Deferred Inflows and Fund Balances	\$119,377	\$4,054	\$555,478	\$627,729	\$159,823

Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$288,387	\$1,199,982	\$370,307	\$501,963	\$11,364,964
0	0	0	0	69,435
0	0	0	0	22,974
240,332	483,684	180,522	0	2,426,142
<u>528,719</u>	<u>1,683,666</u>	<u>550,829</u>	<u>501,963</u>	<u>13,883,515</u>
0	0	0	58	4,106
0	0	0	2,730	11,088
0	0	0	0	513,677
0	0	0	0	172,579
0	0	0	0	200,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,788</u>	<u>901,450</u>
240,332	483,684	180,522	0	1,791,001
0	0	0	0	41,242
<u>240,332</u>	<u>483,684</u>	<u>180,522</u>	<u>0</u>	<u>1,832,243</u>
288,387	1,199,982	370,307	0	10,676,855
0	0	0	0	686
0	0	0	499,175	499,175
0	0	0	0	(26,894)
<u>288,387</u>	<u>1,199,982</u>	<u>370,307</u>	<u>499,175</u>	<u>11,149,822</u>
<u>\$528,719</u>	<u>\$1,683,666</u>	<u>\$550,829</u>	<u>\$501,963</u>	<u>\$13,883,515</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, 2017

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation	Police Crime Prevention
Revenues:						
Investment Earnings	\$18,304	\$1,162	\$0	\$0	\$3,163	\$0
Intergovernmental	3,409,256	123,083	0	0	0	0
Fines, Licenses & Permits	0	0	452,924	0	92,608	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
Other Revenues	0	0	0	0	0	0
Total Revenues	3,427,560	124,245	452,924	0	95,771	0
Expenditures:						
Current:						
General Government	0	0	0	5,222	0	0
Community Development	0	0	0	0	0	0
Transportation and Street Repair	1,810,203	0	87,448	0	0	0
Capital Outlay	1,926,243	0	0	0	0	0
Debt Service:						
Principal	0	0	0	0	0	0
Interest and Other Charges	0	0	0	0	0	0
Total Expenditures	3,736,446	0	87,448	5,222	0	0
Excess of Revenues Over (Under) Expenditure:	(308,886)	124,245	365,476	(5,222)	95,771	0
Other Financing Sources (Uses):						
Transfers In	3,000,000	0	11,337	9,460	0	0
Transfers (Out)	(164,000)	(74,594)	0	0	0	(9,460)
Total Other Financing Sources (Uses)	2,836,000	(74,594)	11,337	9,460	0	(9,460)
Net Change in Fund Balance	2,527,114	49,651	376,813	4,238	95,771	(9,460)
Fund Balance - Beginning of Year	3,034,983	(76,545)	410,233	388	334,767	10,146
Fund Balance - End of Year	\$5,562,097	(\$26,894)	\$787,046	\$4,626	\$430,538	\$686

<u>Drug Law Enforcement</u>	<u>Law Enforcement and Education</u>	<u>Indigent Driver</u>	<u>Municipal Court Computer Costs</u>	<u>Municipal Court Computer Education</u>	<u>Municipal Court Improvement</u>	<u>Vehicle Immobilization Fee</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
5,924	1,110	17,163	105,607	37,813	200,042	0
0	0	0	0	0	0	0
0	0	200	0	0	1,792	0
<u>5,924</u>	<u>1,110</u>	<u>17,363</u>	<u>105,607</u>	<u>37,813</u>	<u>201,834</u>	<u>0</u>
0	0	20,854	66,452	2,855	210,566	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	20,854	66,452	2,855	210,566	0
<u>5,924</u>	<u>1,110</u>	<u>(3,491)</u>	<u>39,155</u>	<u>34,958</u>	<u>(8,732)</u>	<u>0</u>
0	0	42,658	0	0	0	0
0	0	0	0	0	0	0
0	0	42,658	0	0	0	0
5,924	1,110	39,167	39,155	34,958	(8,732)	0
22,696	2,232	57,711	253,206	162,392	256,649	17,398
<u>\$28,620</u>	<u>\$3,342</u>	<u>\$96,878</u>	<u>\$292,361</u>	<u>\$197,350</u>	<u>\$247,917</u>	<u>\$17,398</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, 2017

	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	JW Harris TIF	Central Parke TIF	Mason Enterprise Parke TIF
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Fines, Licenses & Permits	247,824	7,363	0	0	0
Revenue in Lieu of Taxes	0	0	176,157	240,635	83,253
Other Revenues	2,361	0	0	0	0
Total Revenues	250,185	7,363	176,157	240,635	83,253
Expenditures:					
Current:					
General Government	187,468	193	0	0	0
Community Development	0	0	0	89,894	33,628
Transportation and Street Repair	0	0	65,807	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal	0	0	0	0	45,000
Interest and Other Charges	0	0	0	0	10,500
Total Expenditures	187,468	193	65,807	89,894	89,128
Excess of Revenues Over (Under) Expenditure:	62,717	7,170	110,350	150,741	(5,875)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	(42,658)	0	0	0
Total Other Financing Sources (Uses)	0	(42,658)	0	0	0
Net Change in Fund Balance	62,717	(35,488)	110,350	150,741	(5,875)
Fund Balance - Beginning of Year	51,249	39,542	338,632	331,512	106,626
Fund Balance - End of Year	\$113,966	\$4,054	\$448,982	\$482,253	\$100,751

Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$22,629
0	0	0	0	3,532,339
0	0	0	216,798	1,385,176
245,907	897,690	636,849	0	2,280,491
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,407</u>	<u>5,760</u>
<u>245,907</u>	<u>897,690</u>	<u>636,849</u>	<u>218,205</u>	<u>7,226,395</u>
0	0	0	0	493,610
82,654	425,319	451,226	104,743	1,187,464
0	0	0	0	1,963,458
0	0	0	0	1,926,243
0	0	115,000	0	160,000
<u>0</u>	<u>0</u>	<u>89,413</u>	<u>0</u>	<u>99,913</u>
<u>82,654</u>	<u>425,319</u>	<u>655,639</u>	<u>104,743</u>	<u>5,830,688</u>
<u>163,253</u>	<u>472,371</u>	<u>(18,790)</u>	<u>113,462</u>	<u>1,395,707</u>
0	0	0	0	3,063,455
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(290,712)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,772,743</u>
163,253	472,371	(18,790)	113,462	4,168,450
125,134	727,611	389,097	385,713	6,981,372
<u>\$288,387</u>	<u>\$1,199,982</u>	<u>\$370,307</u>	<u>\$499,175</u>	<u>\$11,149,822</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, 2017

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,365,000	\$3,357,651	(\$7,349)
Investment Earnings	0	40,303	40,303
Other Revenues	100,000	143,000	43,000
Total Revenues	3,465,000	3,540,954	75,954
Expenditures:			
Current:			
Transportation and Street Repair	1,585,381	1,676,529	(91,148)
Capital Outlay	8,257,041	7,237,571	1,019,470
Total Expenditures	9,842,422	8,914,100	928,322
Other Financing Sources (Uses):			
Transfers In	3,000,000	3,000,000	0
Transfers (Out)	(164,000)	(164,000)	0
Total Other Financing Sources (Uses)	2,836,000	2,836,000	0
Net Change in Fund Balance	(3,541,422)	(2,537,146)	1,004,276
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,111,024	3,312,116	(1,798,908)
Fund Balance End of Year	\$1,569,602	\$774,970	(\$794,632)

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, 2017

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$110,000	\$122,803	\$12,803
Investment Earnings	0	1,478	1,478
Total Revenues	110,000	124,281	14,281
Excess of Revenues Over (Under) Expenditures	110,000	124,281	14,281
Other Financing Sources (Uses):			
Transfers (Out)	(125,000)	(124,594)	406
Total Other Financing Sources (Uses)	(125,000)	(124,594)	406
Net Change in Fund Balance	(15,000)	(313)	14,687
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	154,195	154,195	0
Fund Balance End of Year	<u>\$139,195</u>	<u>\$153,882</u>	<u>\$14,687</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, 2017

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$452,924	\$452,924
Total Revenues	0	452,924	452,924
Expenditures:			
Current:			
Transportation and Street Repair	87,916	87,448	468
Total Expenditures	87,916	87,448	468
Excess of Revenues Over (Under) Expenditures	(87,916)	365,476	453,392
Other Financing Sources (Uses):			
Transfers In	0	11,337	11,337
Transfers (Out)	(219,000)	0	219,000
Total Other Financing Sources (Uses)	(219,000)	11,337	230,337
Net Change in Fund Balance	(306,916)	376,813	683,729
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	410,233	410,233	0
Fund Balance End of Year	<u>\$103,317</u>	<u>\$787,046</u>	<u>\$683,729</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, 2017

	Police Officer Training Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$9,000	\$0	(\$9,000)
Total Revenues	9,000	0	(9,000)
Expenditures:			
Current:			
Public Safety	9,200	5,222	3,978
Total Expenditures	9,200	5,222	3,978
Excess of Revenues Over (Under) Expenditures	(200)	(5,222)	(5,022)
Other Financing Sources (Uses):			
Transfers In	0	9,460	9,460
Total Other Financing Sources (Uses)	0	9,460	9,460
Net Change in Fund Balance	(200)	4,238	4,438
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	388	388	0
Fund Balance End of Year	\$188	\$4,626	\$4,438

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, 2017

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$40,000	\$92,608	\$52,608
Investment Earnings	0	4,482	4,482
Total Revenues	40,000	97,090	57,090
Expenditures:			
Capital Outlay	10,000	0	10,000
Total Expenditures	10,000	0	10,000
Net Change in Fund Balance	30,000	97,090	67,090
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	336,237	336,237	0
Fund Balance End of Year	<u>\$366,237</u>	<u>\$433,327</u>	<u>\$67,090</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, 2017

	Police Crime Prevention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Public Safety	500	0	500
Total Expenditures	500	0	500
Excess of Revenues Over (Under) Expenditures	(500)	0	500
Other Financing Sources (Uses):			
Transfers (Out)	(10,000)	(9,460)	540
Total Other Financing Sources (Uses)	(10,000)	(9,460)	540
Net Change in Fund Balance	(10,500)	(9,460)	1,040
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,146	10,146	0
Fund Balance End of Year	(\$354)	\$686	\$1,040

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, 2017

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$5,934	\$4,934
Total Revenues	1,000	5,934	4,934
Expenditures:			
Current:			
Public Safety	20,000	0	20,000
Total Expenditures	20,000	0	20,000
Net Change in Fund Balance	(19,000)	5,934	24,934
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	22,251	22,251	0
Fund Balance End of Year	<u>\$3,251</u>	<u>\$28,185</u>	<u>\$24,934</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, 2017

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$1,160	\$660
Total Revenues	500	1,160	660
Expenditures:			
Current:			
Public Safety	2,000	0	2,000
Total Expenditures	2,000	0	2,000
Net Change in Fund Balance	(1,500)	1,160	2,660
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,107	2,107	0
Fund Balance End of Year	<u>\$607</u>	<u>\$3,267</u>	<u>\$2,660</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, 2017

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$17,378	\$2,378
Total Revenues	15,000	17,578	2,578
Expenditures:			
Current:			
General Government	69,891	41,106	28,785
Total Expenditures	69,891	41,106	28,785
Excess of Revenues Over (Under) Expenditures	(54,891)	(23,528)	31,363
Other Financing Sources (Uses):			
Transfers In	0	42,658	42,658
Total Other Financing Sources (Uses)	0	42,658	42,658
Net Change in Fund Balance	(54,891)	19,130	74,021
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	60,856	60,856	0
Fund Balance End of Year	\$5,965	\$79,986	\$74,021

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, 2017

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$85,000	\$106,821	\$21,821
Total Revenues	85,000	106,821	21,821
Expenditures:			
Current:			
General Government	125,975	75,273	50,702
Capital Outlay	27,000	0	27,000
Total Expenditures	152,975	75,273	77,702
Net Change in Fund Balance	(67,975)	31,548	99,523
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	246,700	246,700	0
Fund Balance End of Year	\$178,725	\$278,248	\$99,523

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, 2017

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$30,000	\$38,230	\$8,230
Total Revenues	30,000	38,230	8,230
Expenditures:			
Current:			
General Government	17,000	4,730	12,270
Total Expenditures	17,000	4,730	12,270
Net Change in Fund Balance	13,000	33,500	20,500
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	159,630	159,630	0
Fund Balance End of Year	\$172,630	\$193,130	\$20,500

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, 2017

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$170,000	\$202,014	\$32,014
Other Revenues	0	1,792	1,792
Total Revenues	170,000	203,806	33,806
Expenditures:			
Current:			
General Government	290,240	213,060	77,180
Total Expenditures	290,240	213,060	77,180
Net Change in Fund Balance	(120,240)	(9,254)	110,986
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	244,454	244,454	0
Fund Balance End of Year	\$124,214	\$235,200	\$110,986

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, 2017

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government	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)	17,398	17,398	0
Fund Balance End of Year	<u>\$16,898</u>	<u>\$17,398</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, 2017

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$195,000	\$257,955	\$62,955
Other Revenues	0	2,361	2,361
Total Revenues	195,000	260,316	65,316
Expenditures:			
Current:			
General Government	205,281	188,949	16,332
Total Expenditures	205,281	188,949	16,332
Net Change in Fund Balance	(10,281)	71,367	81,648
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,906	28,906	0
Fund Balance End of Year	\$18,625	\$100,273	\$81,648

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, 2017

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$6,500	\$7,509	\$1,009
Total Revenues	6,500	7,509	1,009
Expenditures:			
Current:			
General Government	3,005	1,156	1,849
Total Expenditures	3,005	1,156	1,849
Excess of Revenues Over (Under) Expenditures	3,495	6,353	2,858
Other Financing Sources (Uses):			
Transfers (Out)	(42,700)	(42,658)	42
Total Other Financing Sources (Uses)	(42,700)	(42,658)	42
Net Change in Fund Balance	(39,205)	(36,305)	2,900
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,014	40,014	0
Fund Balance End of Year	\$809	\$3,709	\$2,900

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, 2017

	JW Harris TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$170,000	\$176,157	\$6,157
Total Revenues	170,000	176,157	6,157
Expenditures:			
Current:			
Transportation and Street Repair	77,000	65,807	11,193
Total Expenditures	77,000	65,807	11,193
Net Change in Fund Balance	93,000	110,350	17,350
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	338,634	338,634	0
Fund Balance End of Year	\$431,634	\$448,984	\$17,350

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, 2017

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$125,000	\$240,635	\$115,635
Total Revenues	125,000	240,635	115,635
Expenditures:			
Current:			
Community Development	90,000	89,894	106
Total Expenditures	90,000	89,894	106
Net Change in Fund Balance	35,000	150,741	115,741
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	331,513	331,513	0
Fund Balance End of Year	\$366,513	\$482,254	\$115,741

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, 2017

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$86,000	\$83,253	(\$2,747)
Total Revenues	<u>86,000</u>	<u>83,253</u>	<u>(2,747)</u>
Expenditures:			
Current:			
Community Development	37,000	33,628	3,372
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	<u>10,500</u>	<u>10,500</u>	<u>0</u>
Total Expenditures	<u>92,500</u>	<u>89,128</u>	<u>3,372</u>
Net Change in Fund Balance	(6,500)	(5,875)	625
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>106,628</u>	<u>106,628</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$100,128</u></u>	<u><u>\$100,753</u></u>	<u><u>\$625</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, 2017

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$200,000	\$245,907	\$45,907
Total Revenues	200,000	245,907	45,907
Expenditures:			
Current:			
Community Development	90,000	82,654	7,346
Total Expenditures	90,000	82,654	7,346
Net Change in Fund Balance	110,000	163,253	53,253
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	125,135	125,135	0
Fund Balance End of Year	\$235,135	\$288,388	\$53,253

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, 2017

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$350,000	\$1,035,026	\$685,026
Total Revenues	350,000	1,035,026	685,026
Expenditures:			
Current:			
Community Development	430,000	425,319	4,681
Total Expenditures	430,000	425,319	4,681
Net Change in Fund Balance	(80,000)	609,707	689,707
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	590,276	590,276	0
Fund Balance End of Year	\$510,276	\$1,199,983	\$689,707

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, 2017

	Everybody's Farm TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$600,000	\$636,849	\$36,849
Total Revenues	<u>600,000</u>	<u>636,849</u>	<u>36,849</u>
Expenditures:			
Current:			
Community Development	457,500	451,226	6,274
Debt Service:			
Principal Retirement	115,000	115,000	0
Interest and Fiscal Charges	<u>90,000</u>	<u>89,413</u>	<u>587</u>
Total Expenditures	<u>662,500</u>	<u>655,639</u>	<u>6,861</u>
Net Change in Fund Balance	(62,500)	(18,790)	43,710
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>389,098</u>	<u>389,098</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$326,598</u></u>	<u><u>\$370,308</u></u>	<u><u>\$43,710</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, 2017

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$100,000	\$216,798	\$116,798
Other Revenues	0	1,407	1,407
Total Revenues	<u>100,000</u>	<u>218,205</u>	<u>118,205</u>
Expenditures:			
Current:			
Community Development	<u>113,286</u>	<u>103,823</u>	<u>9,463</u>
Total Expenditures	<u>113,286</u>	<u>103,823</u>	<u>9,463</u>
Net Change in Fund Balance	(13,286)	114,382	127,668
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>386,913</u>	<u>386,913</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$373,627</u></u>	<u><u>\$501,295</u></u>	<u><u>\$127,668</u></u>

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.

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, 2017

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Assets:				
Equity in Pooled Cash and Investments	\$567,796	\$20,438	\$724,881	\$1,313,115
Restricted Cash	0	0	1,517,931	1,517,931
Receivables (Net):				
Taxes	1,723,184	0	0	1,723,184
Interest	0	0	17,940	17,940
Intergovernmental	105,724	0	0	105,724
Special Assessments	0	2,003,673	0	2,003,673
Total Assets	2,396,704	2,024,111	2,260,752	6,681,567
Liabilities:				
Accounts Payable	0	0	2,157	2,157
Total Liabilities	0	0	2,157	2,157
Deferred Inflows of Resources:				
Property Taxes	1,273,184	0	0	1,273,184
Grants and Other Taxes	105,724	0	0	105,724
Special Assessments	0	2,003,673	0	2,003,673
Unavailable Amounts	0	0	17,940	17,940
Total Deferred Inflows of Resources	1,378,908	2,003,673	17,940	3,400,521
Fund Balances:				
Restricted	1,017,796	20,438	0	1,038,234
Assigned	0	0	2,240,655	2,240,655
Total Fund Balances	1,017,796	20,438	2,240,655	3,278,889
Total Liabilities, Deferred Inflows and Fund Balances	\$2,396,704	\$2,024,111	\$2,260,752	\$6,681,567

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, 2017

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:				
Property and Other Taxes	\$2,158,194	\$0	\$0	\$2,158,194
Investment Earnings	0	0	20,774	20,774
Intergovernmental	234,651	0	0	234,651
Total Revenues	<u>2,392,845</u>	<u>0</u>	<u>20,774</u>	<u>2,413,619</u>
Expenditures:				
Debt Service:				
Principal	1,695,000	0	1,045,000	2,740,000
Interest and Other Charges	813,986	14,933	445,597	1,274,516
Total Expenditures	<u>2,508,986</u>	<u>14,933</u>	<u>1,490,597</u>	<u>4,014,516</u>
Excess of Revenues Over (Under) Expenditures	<u>(116,141)</u>	<u>(14,933)</u>	<u>(1,469,823)</u>	<u>(1,600,897)</u>
Other Financing Sources (Uses):				
Transfers In	638,594	15,833	1,600,000	2,254,427
Total Other Financing Sources (Uses)	<u>638,594</u>	<u>15,833</u>	<u>1,600,000</u>	<u>2,254,427</u>
Net Change in Fund Balance	522,453	900	130,177	653,530
Fund Balance - Beginning of Year	495,343	19,538	2,110,478	2,625,359
Fund Balance - End of Year	<u>\$1,017,796</u>	<u>\$20,438</u>	<u>\$2,240,655</u>	<u>\$3,278,889</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, 2017

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,658,000	\$1,708,194	\$50,194
Intergovernmental	205,000	234,651	29,651
Total Revenues	1,863,000	1,942,845	79,845
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	1,695,000	1,695,000	0
Interest and Fiscal Charges	820,500	813,986	6,514
Total Expenditures	2,515,500	2,508,986	6,514
Excess of Revenues Over (Under) Expenditures	(652,500)	(566,141)	86,359
Other Financing Sources (Uses):			
Transfers In	639,000	638,594	(406)
Total Other Financing Sources (Uses)	639,000	638,594	(406)
Net Change in Fund Balance	(13,500)	72,453	85,953
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	495,343	495,343	0
Fund Balance End of Year	\$481,843	\$567,796	\$85,953

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, 2017

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Debt Service:			
Interest and Fiscal Charges	16,000	14,933	1,067
Total Expenditures	16,000	14,933	1,067
Excess of Revenues Over (Under) Expenditures	(16,000)	(14,933)	1,067
Other Financing Sources (Uses):			
Transfers In	15,000	15,833	833
Total Other Financing Sources (Uses)	15,000	15,833	833
Net Change in Fund Balance	(1,000)	900	1,900
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,540	19,540	0
Fund Balance End of Year	<u>\$18,540</u>	<u>\$20,440</u>	<u>\$1,900</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, 2017

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$15,766	\$15,766
Total Revenues	0	15,766	15,766
Expenditures:			
Debt Service:			
Principal Retirement	1,045,000	1,045,000	0
Interest and Fiscal Charges	449,000	447,151	1,849
Total Expenditures	1,494,000	1,492,151	1,849
Excess of Revenues Over (Under) Expenditures	(1,494,000)	(1,476,385)	17,615
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	106,000	123,615	17,615
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,116,843	2,116,843	0
Fund Balance End of Year	<u>\$2,222,843</u>	<u>\$2,240,458</u>	<u>\$17,615</u>

Nonmajor Capital Project Fund

Fund Description

Ambleside Meadows Improvement Fund - To account for capital projects in the Ambleside Meadows neighborhood.

Common Ground Park Construction Fund – To account for construction of the Common Ground Park.

City of Mason, Ohio
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2017

	<u>Ambleside Meadows Improvement Fund</u>	<u>Common Ground Park Construction Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in Pooled Cash and Investments	<u>\$0</u>	<u>\$300,000</u>	<u>\$300,000</u>
Total Assets	<u>0</u>	<u>300,000</u>	<u>300,000</u>
Liabilities:			
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Assigned	<u>0</u>	<u>300,000</u>	<u>300,000</u>
Total Fund Balances	<u>0</u>	<u>300,000</u>	<u>300,000</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$0</u>	<u>\$300,000</u>	<u>\$300,000</u>

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2017

	Ambleside Meadows Improvement Fund	Common Ground Park Construction Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Property and Other Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Capital Outlay	248,519	0	248,519
Total Expenditures	248,519	0	248,519
Excess of Revenues Over (Under) Expenditures	(248,519)	0	(248,519)
Other Financing Sources (Uses):			
Issuance of Long-Term Capital-Related Debt	2,000,000	0	2,000,000
Transfers In	0	300,000	300,000
Transfers (Out)	(15,833)	0	(15,833)
Total Other Financing Sources (Uses)	1,984,167	300,000	2,284,167
Net Change in Fund Balance	1,735,648	300,000	2,035,648
Fund Balance - Beginning of Year	(1,735,648)	0	(1,735,648)
Fund Balance - End of Year	\$0	\$300,000	\$300,000

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2017

	Ambleside Meadows Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Capital Outlay	521,724	521,128	596
Total Expenditures	521,724	521,128	596
Excess of Revenues Over (Under) Expenditures	(521,724)	(521,128)	596
Other Financing Sources (Uses):			
Issuance of Debt	2,000,000	2,000,000	0
Transfers (Out)	(1,915,833)	(1,915,833)	0
Total Other Financing Sources (Uses)	84,167	84,167	0
Net Change in Fund Balance	(437,557)	(436,961)	596
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	436,961	436,961	0
Fund Balance End of Year	(\$596)	\$0	\$596

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, 2017

	Common Ground Parks Construction Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers In	300,000	300,000	0
Total Other Financing Sources (Uses)	300,000	300,000	0
Net Change in Fund Balance	300,000	300,000	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$0</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, 2017

	General Capital Improvement Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$11,092	\$11,092
Other Revenues	0	78,267	78,267
Total Revenues	0	89,359	89,359
Expenditures:			
Current:			
Capital Outlay	8,396,908	5,979,501	2,417,407
Total Expenditures	8,396,908	5,979,501	2,417,407
Excess of Revenues Over (Under) Expenditures	(8,396,908)	(5,890,142)	2,506,766
Other Financing Sources (Uses):			
Issuance of Debt	50,000	0	(50,000)
Transfers In	0	13,070,207	13,070,207
Transfers (Out)	(12,255,000)	(12,505,000)	(250,000)
Total Other Financing Sources (Uses)	(12,205,000)	565,207	12,770,207
Net Change in Fund Balance	(20,601,908)	(5,324,935)	15,276,973
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,221,429	27,221,429	0
Fund Balance End of Year	\$6,619,521	\$21,896,494	\$15,276,973

(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, 2017

	Employee Medical Insurance Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$3,655,000	\$3,741,041	\$86,041
Other Revenues	0	434,848	434,848
Total Revenues	3,655,000	4,175,889	520,889
Expenditures:			
Current:			
General Government	4,541,471	4,398,880	142,591
Total Expenditures	4,541,471	4,398,880	142,591
Net Change in Fund Balance	(886,471)	(222,991)	663,480
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,786,491	2,786,491	0
Fund Balance End of Year	\$1,900,020	\$2,563,500	\$663,480

(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, 2017

	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	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers (Out)	(120,207)	(120,207)	0
Total Other Financing Sources (Uses)	(120,207)	(120,207)	0
Net Change in Fund Balance	(120,207)	(120,207)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	120,207	120,207	0
Fund Balance End of Year	\$0	\$0	\$0

(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, 2017

	Unclaimed Monies Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$822	\$822
Total Revenues	0	822	822
Expenditures:			
Current:			
General Government	45,000	573	44,427
Total Expenditures	45,000	573	44,427
Net Change in Fund Balance	(45,000)	249	45,249
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	96,751	96,751	0
Fund Balance End of Year	<u>\$51,751</u>	<u>\$97,000</u>	<u>\$45,249</u>

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

Other 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, 2017

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$0	\$2,688,460	\$2,681,754	\$6,706
Receivables (Net):				
Due From Other Funds	12,980	62	0	13,042
Total Assets	12,980	2,688,522	2,681,754	19,748
Liabilities:				
Due to Others	12,980	2,688,522	2,681,754	19,748
Total Liabilities	\$12,980	\$2,688,522	\$2,681,754	\$19,748

	Mason Port Authority			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$662,728	\$215,015	\$36,175	\$841,568
Receivables (Net):				
Accounts	0	20,433	0	20,433
Total Assets	662,728	235,448	36,175	862,001
Liabilities:				
Accounts Payable	3,375	750	3,375	750
Due to Others	659,353	234,698	32,800	861,251
Total Liabilities	\$662,728	\$235,448	\$36,175	\$862,001

	Community Improvement Corporation			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$275,209	\$31,000	\$16,068	\$290,141
Total Assets	275,209	31,000	16,068	290,141
Liabilities:				
Due to Others	275,209	31,000	16,068	290,141
Total Liabilities	\$275,209	\$31,000	\$16,068	\$290,141

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$937,937	\$2,934,475	\$2,733,997	\$1,138,415
Receivables (Net):				
Accounts	0	20,433	0	20,433
Due From Other Funds	12,980	62	0	13,042
Total Assets	950,917	2,954,970	2,733,997	1,171,890
Liabilities:				
Accounts Payable	3,375	750	3,375	750
Due to Others	947,542	2,954,220	2,730,622	1,171,140
Total Liabilities	\$950,917	\$2,954,970	\$2,733,997	\$1,171,890

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STATISTICAL SECTION

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									
	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$110,110,444	\$117,869,403	\$120,098,234	\$122,687,025	\$129,162,686	\$128,860,388	\$137,675,713	\$148,517,620	\$160,013,762	\$163,696,502
Restricted	20,076,208	18,245,889	16,361,953	16,842,649	13,822,941	14,942,529	15,932,379	21,930,408	16,650,729	24,171,568
Unrestricted	30,968,181	25,722,145	30,227,053	33,233,298	41,380,921	51,370,384	31,071,105	33,540,033	34,960,857	36,551,337
Total Governmental Activities Net Position	\$161,154,833	\$161,837,437	\$166,687,240	\$172,762,972	\$184,366,548	\$195,173,301	\$184,679,197	\$197,791,295	\$211,625,348	\$224,419,407
Business-Type Activities										
Net Investment in Capital Assets	\$72,445,005	\$77,388,687	\$81,821,259	\$81,978,537	\$88,637,940	\$88,126,890	\$89,504,980	\$91,666,228	\$93,282,553	\$94,272,576
Restricted	8,331,342	4,069,854	4,107,379	4,135,486	784,933	786,591	788,035	791,199	796,196	792,282
Unrestricted	8,494,022	15,260,353	10,898,229	10,851,775	10,148,188	11,896,384	12,709,974	16,471,007	19,878,612	23,262,822
Total Business-Type Activities Net Position	\$89,270,369	\$96,718,894	\$96,826,867	\$96,965,798	\$99,571,061	\$100,809,865	\$103,002,989	\$108,928,434	\$113,957,361	\$118,327,680
Primary Government										
Net Investment in Capital Assets	\$182,555,449	\$195,258,090	\$201,919,493	\$204,665,562	\$217,800,626	\$216,987,278	\$227,180,693	\$240,183,848	\$253,296,315	\$257,969,078
Restricted	28,407,550	22,315,743	20,469,332	20,978,135	14,607,874	15,729,120	16,720,414	22,721,607	17,446,925	24,963,850
Unrestricted	39,462,203	40,982,498	41,125,282	44,085,073	51,529,109	63,266,768	43,781,079	50,011,040	54,839,469	59,814,159
Total Governmental Activities Net Position	\$250,425,202	\$258,556,331	\$263,514,107	\$269,728,770	\$283,937,609	\$295,983,166	\$287,682,186	\$306,719,729	\$325,582,709	\$342,747,087

Source: City of Mason, Ohio, Department of Finance

(1)-Restated for GASB Statement No. 68 Implementation

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	\$8,797,340	\$8,969,554	\$8,418,723	\$8,793,043	\$8,831,767	\$6,893,775	\$8,253,186	\$7,767,758	\$8,200,480	\$9,447,447
Public Safety	12,041,878	11,758,497	11,753,670	12,287,188	12,023,613	12,986,006	13,513,159	13,790,633	16,338,179	18,252,746
Community Development	1,453,739	1,831,149	2,016,271	2,463,108	2,676,490	2,508,451	2,425,668	3,466,084	5,797,741	4,215,313
Leisure Time Activities	2,884,015	2,860,505	2,426,474	2,301,816	2,314,310	2,198,219	2,882,829	2,638,497	2,923,260	3,346,183
Transportation and Street Repair	5,928,246	4,156,093	4,691,128	5,542,878	6,231,801	8,183,460	7,324,935	7,084,253	8,245,318	8,852,082
Basic Utility Service	251,649	233,714	224,627	295,972	277,539	281,729	283,225	283,772	281,369	301,912
Interest, Fiscal Charges and Bond Issuance Cost	2,214,589	1,981,386	1,459,621	1,830,059	1,826,561	1,659,947	1,581,121	2,017,459	1,403,597	1,332,168
Total Governmental Activities Expenses	33,571,456	31,790,898	30,990,514	33,514,064	34,182,081	34,711,587	36,264,123	37,048,456	43,189,944	45,747,851
Business-type activities										
Sewer	6,467,230	6,287,295	6,335,376	6,400,635	5,962,355	6,248,535	5,743,995	6,090,047	6,360,304	6,893,298
Waste Collection	1,390,404	1,437,256	1,498,606	1,558,320	1,440,349	1,384,282	1,413,025	1,447,712	1,493,448	1,635,745
Stormwater Utility	1,097,373	1,011,631	1,062,423	1,134,861	1,165,556	1,142,284	1,117,558	1,289,342	1,248,280	1,388,963
Community Center	3,041,733	3,332,634	3,905,317	4,611,276	5,372,732	5,898,548	6,483,630	6,507,143	6,461,430	7,070,645
Golf Course	3,864,928	3,246,476	3,158,462	3,239,390	2,655,088	2,651,261	2,811,835	2,695,618	2,633,090	2,707,395
Total business-type activities expenses	15,861,668	15,315,292	15,960,184	16,944,482	16,606,080	17,324,910	17,570,043	18,029,862	18,196,552	19,696,046
Total primary government expenses	\$49,433,124	\$47,106,190	\$46,950,698	\$50,458,546	\$50,788,161	\$52,036,497	\$53,834,166	\$55,078,318	\$61,386,496	\$65,443,897
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$2,047,656	\$2,088,882	\$2,258,954	\$1,931,606	\$2,122,272	\$2,057,346	\$2,793,861	\$2,097,958	\$2,311,007	\$2,467,450
Public Safety	1,048,709	1,321,832	1,251,431	1,321,705	1,542,684	1,236,491	1,410,863	1,368,530	1,856,418	1,934,390
Community Development	513,136	306,726	354,236	472,771	503,782	599,799	589,526	950,199	960,420	1,087,732
Leisure Time Activities	561,063	564,185	555,017	452,927	443,332	432,908	1,047,156	461,836	645,031	674,459
Transportation and Street Repair	7,600	6,400	17,248	12,245	10,400	26,679	73,791	129,475	180,820	386,068
Basic Utility Service	286,189	263,341	255,781	303,507	319,006	298,529	316,009	299,193	336,955	341,426
Operating Grants and Contributions	2,935,939	3,469,094	3,081,227	863,594	783,868	3,562,350	2,368,802	2,280,027	2,693,774	2,258,052
Capital Grants and Contributions	2,243,632	2,060,510	2,568,453	4,136,353	6,139,061	1,712,043	2,501,501	3,500,408	6,353,942	5,818,898
Total Governmental Activities Program Revenues	9,643,924	10,080,970	10,342,347	9,494,708	11,864,405	9,926,145	11,101,509	11,087,626	15,338,367	14,968,475
Business-Type Activities										
Charges for Services:										
Sewer	5,486,608	5,413,042	5,370,169	5,457,968	5,934,351	6,100,178	6,511,953	6,871,548	7,268,796	7,253,272
Waste Collection	1,392,019	1,427,989	1,501,222	1,484,311	1,580,927	1,582,570	1,595,826	1,637,354	1,619,811	1,674,251

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Charges for Services: (continued)										
Stormwater Utility	836,751	832,872	838,534	964,294	1,078,126	1,142,264	1,472,169	1,307,652	1,436,238	1,315,890
Community Center	2,074,846	1,839,654	2,416,729	4,530,466	5,985,612	6,445,131	6,653,029	7,033,126	6,993,632	6,767,137
Golf Course	2,408,790	2,225,669	2,107,523	1,978,633	1,966,766	1,871,546	1,936,890	1,987,022	1,910,162	1,735,919
Operating Grants and Contributions	0	0	0	0	20,000	0	0	0	0	0
Capital Grants and Contributions	762,214	642,683	519,910	963,382	1,572,077	779,644	2,786,840	2,818,892	2,323,669	2,501,470
Total Business-Type Activities Program Revenues	12,961,228	12,381,909	12,754,087	15,379,054	18,137,859	17,921,333	20,956,707	21,655,594	21,552,308	21,247,939
Total Primary Government Program Revenues	\$22,605,152	\$22,462,879	\$23,096,434	\$24,873,762	\$30,002,264	\$27,847,478	\$32,058,216	\$32,743,220	\$36,890,675	\$36,216,414
Net (Expense)/Revenue										
Governmental Activities	(\$23,927,532)	(\$21,709,928)	(\$20,648,167)	(\$24,019,356)	(\$22,317,676)	(\$24,785,442)	(\$25,162,614)	(\$25,960,830)	(\$27,851,577)	(\$30,779,376)
Business-Type Activities	(2,900,440)	(2,933,383)	(3,206,097)	(1,565,428)	1,531,779	596,423	3,386,664	3,625,732	3,355,756	1,551,893
Total Primary Government Net Expense	(\$26,827,972)	(\$24,643,311)	(\$23,854,264)	(\$25,584,784)	(\$20,785,897)	(\$24,189,019)	(\$21,775,950)	(\$22,335,098)	(\$24,495,821)	(\$29,227,483)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$22,265,663	\$20,749,797	\$18,823,241	\$20,615,343	\$22,957,701	\$26,314,564	\$25,867,801	\$30,159,378	\$30,932,502	\$31,924,252
Property Taxes Levied for:										
General Purposes	1,294,885	1,196,087	498,141	583,084	542,228	611,485	423,801	301,725	545,186	964,574
Special Revenue Purposes	3,966,207	3,859,491	3,868,790	3,860,898	3,823,815	3,966,997	3,886,757	3,927,783	4,143,329	5,494,947
Debt Service Purposes	380,224	1,385,822	1,625,282	1,547,804	1,536,649	1,523,714	1,541,012	1,580,755	1,636,134	2,157,903
Capital Project Purposes	546,268	509,685	0	0	0	0	0	0	0	0
Unrestricted Grants and Entitlements	3,149,438	2,787,157	2,367,375	2,870,852	2,514,375	2,608,730	1,337,037	1,905,927	1,808,925	1,856,392
Payment in Lieu of Taxes	0	0	818,970	1,026,869	2,398,676	1,007,338	1,192,962	1,194,327	2,972,508	2,249,384
Investment Earnings	1,997,266	208,558	151,128	211,821	257,148	105,613	318,366	410,879	495,491	564,352
Other Revenues	665,897	921,424	567,068	964,417	887,160	985,437	455,638	1,156,154	604,055	883,407
Transfers-Internal Activities	(3,715,268)	(9,038,489)	(3,222,025)	(1,586,000)	(996,500)	(1,054,000)	(1,046,000)	(1,564,000)	(1,452,500)	(2,521,776)
Total Governmental Activities	30,550,580	22,579,532	25,497,970	30,095,088	33,921,252	36,069,878	33,977,374	39,072,928	41,685,630	43,573,435
Business-Type Activities										
Investment Earnings	720,066	83,653	62,180	97,787	63,321	29,511	83,495	91,509	183,385	204,091
Other Revenues	10,626	0	29,865	20,572	13,663	26,313	61,133	35,020	37,286	92,559
Transfers-Internal Activities	3,715,268	9,038,489	3,222,025	1,586,000	996,500	1,054,000	1,046,000	1,564,000	1,452,500	2,521,776
Extraordinary Item	0	0	0	0	0	0	0	609,184	0	0
Total Business-Type Activities	4,445,960	9,122,142	3,314,070	1,704,359	1,073,484	1,109,824	1,190,628	2,299,713	1,673,171	2,818,426
Total Primary Government	\$34,996,540	\$31,701,674	\$28,812,040	\$31,799,447	\$34,994,736	\$37,179,702	\$35,168,002	\$41,372,641	\$43,358,801	\$46,391,861

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Changes in Net Position										
Governmental Activities	\$6,623,048	\$869,604	\$4,849,803	\$6,075,732	\$11,603,576	\$11,284,436	\$8,814,760	\$13,112,098	\$13,834,053	\$12,794,059
Business-Type Activities	1,545,520	6,188,759	107,973	138,931	2,605,263	1,706,247	4,577,292	5,925,445	5,028,927	4,370,319
Total Primary Government	\$8,168,568	\$7,058,363	\$4,957,776	\$6,214,663	\$14,208,839	\$12,990,683	\$13,392,052	\$19,037,543	\$18,862,980	\$17,164,378

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	Property tax revenue for:					
	Income Tax	General	Special Revenue	Debt Service	Total Property Taxes	Total
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
2014	25,867,801	423,801	3,886,757	1,541,012	5,851,570	31,719,371
2015	30,159,378	301,725	3,927,783	1,580,755	5,810,263	35,969,641
2016	30,932,502	545,186	4,143,329	1,636,134	6,324,649	37,257,151
2017 (1)	31,924,452	964,574	5,494,947	2,157,903	8,617,424	40,541,876

Source: City of Mason, Ohio, Department of Finance

(1) 2017 property tax revenue includes the advance for tax year 2017 that was available rather than deferred

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

	Fiscal Year									
	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable				\$324,731	\$282,460	\$282,398	\$344,898	\$560,194	\$501,274	\$360,487
Assigned				19,081,712	22,788,806	22,794,902	20,543,640	27,104,971	31,104,283	34,597,957
Reserved	\$11,959,422	\$8,243,141	\$8,724,982	5,460,148	7,334,177	12,876,440	17,623,466	19,384,655	22,191,660	20,126,322
Unassigned	12,693,451	10,650,144	13,044,258							
Unreserved	\$24,652,873	\$18,893,285	\$21,769,240	\$24,866,591	\$30,405,443	\$35,953,740	\$38,512,004	\$47,049,820	\$53,797,217	\$55,084,766
Total General Fund										
All Other Governmental Funds										
Nonspendable				32,267	31,565	26,839	18,997	27,595	27,424	19,157
Restricted				14,956,736	12,786,546	13,722,199	14,283,876	14,430,667	15,901,389	21,399,662
Committed				686	686	686	686	686	10,146	686
Assigned				2,000,407	2,026,338	2,074,188	2,120,201	2,279,076	2,496,191	3,039,830
Reserved	2,948,109	7,468,085	4,654,587							
Unassigned				0	(238,084)	(215,251)	(172,219)	(128,747)	(1,812,193)	(26,894)
Unreserved, Reported in:										
Special Revenue Funds	9,860,224	5,711,471	8,762,011							
Debt Service Funds	145,176	2,483,332	1,022,104							
Capital Projects Funds	5,402,670	0	0							
Total All Other Governmental Funds	\$18,356,179	\$15,662,888	\$14,438,702	\$16,990,096	\$14,607,051	\$15,608,661	\$16,251,541	\$16,609,277	\$16,622,957	\$24,432,441

Source: City of Mason, Ohio, Department of Finance

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$28,224,092	\$28,023,892	\$25,891,786	\$26,962,137	\$29,277,581	\$32,703,069	\$33,711,798	\$36,510,341	\$38,152,129	\$41,077,499
Charges for Services	1,926,084	2,158,383	1,997,882	2,092,708	2,076,044	2,174,388	2,135,411	2,085,989	2,820,263	2,840,435
Investment Earning	2,204,775	244,519	153,341	220,863	236,004	91,918	307,704	399,249	481,325	534,372
Intergovernmental	5,914,718	5,698,095	7,839,983	6,533,427	7,793,877	5,885,803	4,612,903	5,347,271	8,801,391	4,892,782
Fines, Licenses & Permits	2,210,168	1,993,982	2,161,872	2,011,841	2,238,725	2,328,919	3,003,599	2,748,158	3,037,544	3,484,489
Special Assessments	93,501	69,847	86,162	62,767	13,364	13,426	6,477	0	0	0
Other Revenue	996,019	1,311,066	1,926,875	2,267,578	3,645,661	2,518,816	3,386,979	2,796,361	4,089,808	3,706,329
Total Revenues	41,569,357	39,499,784	40,057,901	40,151,321	45,281,256	45,716,339	47,164,871	49,887,369	57,382,460	56,535,906
Expenditures										
General Government	8,068,369	8,507,087	7,718,852	7,938,713	8,245,266	6,287,335	7,598,473	7,190,949	7,199,194	8,022,692
Public Safety	11,343,794	11,312,988	11,054,466	11,766,834	11,717,593	12,381,894	13,017,332	12,897,974	14,159,846	15,369,761
Community Development	1,452,353	1,813,014	2,010,136	2,451,462	2,423,239	2,498,610	2,904,994	3,463,967	5,680,876	4,053,604
Leisure Time Activities	2,488,160	2,362,857	1,787,595	1,835,718	1,722,418	1,710,742	1,959,721	2,254,479	2,304,088	2,397,596
Transportation and Street Repair	3,543,548	3,202,238	2,753,102	3,536,095	3,084,414	3,467,723	4,998,074	5,423,862	5,158,461	5,370,369
Basic Utility Service	251,649	233,714	224,627	295,972	277,539	281,729	283,225	283,772	281,369	301,912
Capital Outlay	10,552,105	7,241,907	9,280,897	3,750,585	9,189,762	7,156,134	8,248,954	12,136,133	10,022,629	8,226,151
Debt Service										
Principal Retirement	13,921,000	2,147,000	1,240,000	4,455,000	3,080,000	2,681,250	2,371,250	4,951,250	3,066,250	2,900,000
Interest and Fiscal Charges	2,412,382	1,992,095	1,434,655	1,795,495	1,791,037	1,657,718	1,578,415	1,870,079	1,336,941	1,374,429
Bond Issuance Cost	0	0	122,165	68,246	0	0	0	139,223	128,486	0
Total Expenditures	54,093,360	38,812,900	37,626,495	37,894,120	41,531,268	38,123,135	42,960,438	50,611,688	49,338,140	48,016,514
Excess of Revenues										
Over (Under) Expenditures	(12,464,003)	686,884	2,431,406	2,257,201	3,749,988	7,593,204	4,204,433	(724,319)	8,044,320	8,519,392

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Sale of Capital Assets	0	0	0	0	0	0	0	1,430,890	116,833	31,945
Issuance of Long-Term Capital-Related Debt	17,570,000	0	974,672	4,936,009	450,000	0	0	9,000,000	8,575,000	2,000,000
Payments to Refunded Bond Escrow Agent	0	0	0	0	0	0	0	0	(9,600,367)	0
Premium on Debt Issuance	0	0	0	0	0	0	0	534,150	1,156,623	0
Issuance of Capital Leases	0	0	0	0	0	25,000	0	0	0	0
Transfer In	2,369,200	5,549,055	1,765,820	1,773,664	1,828,365	4,293,511	4,114,144	6,970,254	4,376,957	8,048,887
Transfer Out	(5,786,700)	(14,587,544)	(3,372,367)	(3,359,664)	(2,824,865)	(5,347,511)	(5,160,144)	(8,534,254)	(5,829,457)	(9,353,887)
Total Other Financing Sources (Uses)	14,152,500	(9,038,489)	(631,875)	3,350,009	(546,500)	(1,029,000)	(1,046,000)	9,401,040	(1,204,411)	726,945
Net Change in Fund Balances	\$1,688,497	(\$8,351,605)	\$1,799,531	\$5,607,210	\$3,203,488	\$6,564,204	\$3,158,433	\$8,676,721	\$6,839,909	\$9,246,337
Debt Service as a Percentage of Noncapital Expenditures	38.4%	14.0%	9.2%	18.9%	14.9%	13.2%	11.3%	19.1%	11.8%	10.4%

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>
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%
2014	18,462,999	3,823,889	4,266,319	26,553,207	69.5%	14.4%	16.1%	100.0%
2015	19,305,702	5,652,877	4,437,307	29,395,886	65.7%	19.2%	15.1%	100.0%
2016	21,313,476	5,112,306	4,992,424	31,418,206	67.8%	16.3%	15.9%	100.0%
2017	22,145,087	4,629,661	4,868,771	31,643,519	70.0%	14.6%	15.4%	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>
2008	\$284,367	\$158,728	\$4,977,407	\$16,248,783	\$21,669,285
2009	379,196	226,848	4,669,926	15,063,120	20,339,090
2010	202,084	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
2014	253,419	195,400	4,976,987	21,127,401	26,553,207
2015	249,055	173,592	6,139,305	22,833,934	29,395,886
2016	427,351	198,735	6,319,233	24,472,887	31,418,206
2017	(34,581)	317,363	6,000,839	25,359,898	31,643,519

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 (1)		Tangible Personal Property (2)		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		
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%
2014	980,478,870	2,801,371,057	19,495,730	22,154,238	0	0	999,974,600	2,823,525,295	6.72	35.42%
2015	1,067,993,410	3,051,409,743	20,299,970	23,882,318	0	0	1,088,293,380	3,075,292,061	6.72	35.39%
2016	1,090,772,940	3,116,494,114	20,553,230	24,180,271	0	0	1,111,326,170	3,140,674,385	6.72	35.38%
2017	1,122,760,390	3,207,886,829	22,147,560	26,055,953	0	0	1,144,907,950	3,230,034,389	6.72	35.45%

Source: Warren County Auditor's Office

(1) Estimate based upon 85% assessed value

(2) 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 (2)	Debt Service	Total	Mason City School District	Warren County	Joint Voc. School	Special District	Total
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%
2014	0.58%	4.40%	1.74%	6.72%	83.97%	7.78%	2.70%	2.25%	103.42%
2015	0.58%	4.40%	1.74%	6.72%	83.11%	7.78%	2.70%	2.25%	102.56%
2016	0.58%	4.40%	1.74%	6.72%	83.11%	7.78%	2.70%	2.25%	102.56%
2017	0.58%	4.40%	1.74%	6.72%	83.11%	6.28%	2.70%	2.00%	100.81%

Source: Warren County Auditor's Office

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

(2) Tax year 2013 was first year for levy approved by charter amendment for fire, emergency medical and safety services. Charter allows up to 5 mills (5% per \$1,000).

City of Mason, Ohio
Principal Property Taxpayers
December 31, 2017
Table 9

Taxpayer	Fiscal Year 2017			Fiscal Year 2007		
	Assessed Valuation (\$)	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Duke Energy Ohio Inc.	\$22,031,670	1	1.92%	\$10,518,230	2	0.97%
Kings Island Company	20,614,590	2	1.80%	29,057,650	1	2.68%
Mason Family Resorts	17,998,030	3	1.57%			
Twin Fountains of Mason	8,044,720	4	0.70%	8,695,050	4	0.80%
Mason Christian Village	6,506,830	5	0.57%	6,966,732	5	0.64%
Cintas Sales Corporation	5,955,130	6	0.52%	6,091,477	7	0.56%
Mitsubishi Electric Auto	4,179,790	7	0.37%	9,345,310	3	0.86%
L-3 (Warren County Commissioners)	3,767,440	8	0.33%			0.00%
H J Heinz Co LLP	2,772,390	9	0.24%	5,099,693	9	0.47%
PS Midwest Two, LLC	2,711,920	10	0.24%			0.00%
Proctor & Gamble Company				6,844,680	6	0.63%
Cintas Corporation #2				5,206,340	8	0.48%
Health Alliance				4,967,984		0.46%
All Others	1,050,325,440		91.74%	992,060,994		91.45%
Total Assessed Valuation	\$1,144,907,950		100.00%	\$1,084,854,140		100.00%

Source: Warren County Auditor's Office

(1) Assessed valuation declined since tangible personal property tax was phased out in 2011 for inventory, machinery and equipment.

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

Tax Year:	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Fiscal Year:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Current Tax Levy	\$7,194,535	\$6,829,232	\$6,710,366	\$6,680,693	\$6,846,621	\$6,714,798	\$6,623,235	\$6,711,730	\$7,274,791	\$7,500,402
Current Tax Collections	6,932,137	6,605,764	6,365,555	6,431,397	6,707,544	6,606,807	6,530,015	6,543,116	7,163,604	7,389,214
Percent of Levy Collected	96.35%	96.73%	94.86%	96.27%	97.97%	98.39%	98.59%	97.49%	98.47%	98.52%
Delinquent Tax Collections (1)	176,537	176,271	152,780	142,457	414,651	188,875	128,004	105,306	185,931	122,090
Total Tax Collections	7,108,674	6,782,035	6,518,335	6,573,854	7,122,195	6,795,682	6,658,019	6,648,421	7,349,535	7,511,304
Ratio of Total Tax Collections to Current Taxes Levied	98.81%	99.31%	97.14%	98.40%	104.02%	101.20%	100.53%	99.06%	101.03%	100.15%

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 11

Tax Year	Current Assessments Billings	Current Assessments Collected	Ratio of Collection To Amount Billed
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%
2013	7,544	6,160	81.65%
2014	3,298	3,207	97.24%
2015	3,152	2,811	89.18%
2016	2,662	1,613	60.59%

Source: Warren County Auditor's Office

Note: Tax Year 2016 is billed and due in 2017

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

Fiscal Year	Governmental Activities										Total Governmental Activities	
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Financing	Certificates of Participation	Special Assessments Bonds	Taxable Revenue Note	Primary Government	Business-Type Activities	Special Assessments Bonds	Business-Type Activities		Percentage of Personal Income(1)
2008	\$20,215,000	\$4,200,000	\$3,140,000	\$19,640,000	\$262,000	\$0	\$90,920,000	\$43,463,000	\$33,000	\$0	7.83%	\$3,059
2009	19,320,000	6,300,000	2,710,000	18,915,000	165,000	0	100,464,331	53,054,331	29,000	11,190,331	8.78%	3,349
2010	20,530,000	3,800,000	2,495,000	19,052,118	70,000	3,025,000	100,097,236	51,125,118	24,000	10,921,118	8.54%	3,259
2011	20,558,749	3,500,000	3,865,000	18,151,673	0	3,070,000	98,322,972	49,177,550	18,000	10,631,905	7.96%	3,157
2012	19,432,659	3,200,000	3,230,000	17,211,228	0	3,120,000	90,114,547	43,920,660	13,000	10,337,692	7.04%	2,882
2013	18,281,569	7,885,000	2,595,000	16,250,783	0	3,170,000	90,086,997	41,904,645	7,000	10,033,479	6.59%	2,865
2014	17,080,479	8,500,000	2,345,000	15,265,338	0	0	83,048,447	39,857,630	0	9,724,266	5.98%	2,627
2015	25,373,539	2,000,000	2,105,000	11,729,893	0	0	78,976,048	37,767,616	0	9,405,053	4.83%	2,498
2016	24,340,980	0	1,855,000	10,664,448	0	0	72,131,626	35,271,198	0	9,075,840	4.19%	2,208
2017	24,496,798	0	1,695,000	9,574,003	0	0	73,698,054	37,932,253	0	8,736,627	4.16%	2,231

Source: City of Mason, Ohio, Department of Finance

Note: Premiums and discounts on issuances are not included. 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 17 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
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	31,147	1,029,395,680	29,691,394	567,834	29,123,560	2.83%	935
2012	31,269	977,809,650	53,002,627	601,897	52,400,730	5.36%	1,676
2013	31,449	987,391,770	50,145,735	735,048	49,410,687	5.00%	1,571
2014	31,613	999,974,600	47,213,843	830,279	46,383,564	4.64%	1,467
2015	31,613	1,088,293,380	53,736,102	899,380	52,836,722	4.86%	1,671
2016	32,662	1,111,326,170	45,036,338	495,343	44,540,995	4.01%	1,364
2017	33,037	1,144,907,950	48,692,424	1,017,796	47,674,628	4.16%	1,443

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, Tax Increment Financing, Certificates of Participation 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
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%
2014	1,175,000	724,108	1,899,108	7,598,473	24.99%
2015	1,215,000	686,983	1,901,983	7,190,949	26.45%
2016	1,790,000	643,558	2,433,558	7,199,194	33.80%
2017	1,695,000	890,045	2,585,045	8,022,692	32.22%

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, 2017
 Table 15

	Net General Obligations Bonded Debt Outstanding (1)	Percentage Applicable (2) to City	Amount Applicable to City
Mason City School District	\$69,915,000	59.56%	\$41,641,374
Kings Local School District	42,359,752	12.65%	5,358,509
Great Oaks Career Center Joint Vocational School	6,070,000	5.39%	327,173
Lebanon City School District	46,799,987	0.22%	102,960
Deerfield Township	4,695,000	0.36%	16,902
Warren County Career Center Jt. Voc. School	375,000	2.34%	8,775
Warren County	7,219,792	17.52%	1,264,908
Subtotal Overlapping Debt	177,434,531		48,720,601
City of Mason - Direct Debt	\$35,765,801	100.00%	\$35,765,801
Total Direct and Overlapping Debt	\$213,200,332		\$84,486,402

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Debt Limit (1)										
Total Debt Limit (10.5%)	\$113,066,054	\$107,029,545	\$107,252,997	\$108,086,546	\$102,670,013	\$103,676,136	\$104,997,333	\$114,270,805	\$116,689,248	\$120,215,335
Total Net Debt Applicable to Limits	34,994,293	35,635,696	33,562,488	30,547,166	28,803,102	31,914,952	24,584,721	25,800,620	22,164,657	21,947,204
Legal Debt Limit Margin	\$78,071,761	\$71,393,849	\$73,690,509	\$77,539,380	\$73,866,911	\$71,761,184	\$80,412,612	\$88,470,185	\$94,524,591	\$98,268,131
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	30.95%	33.30%	31.29%	28.26%	28.05%	30.78%	23.41%	22.58%	18.99%	18.26%
Total Unvoted Debt Limit (1)										
Total Unvoted Debt Limit (5.5%)	59,225,076	56,063,095	56,180,141	56,616,762	53,779,531	54,306,547	54,998,603	59,856,136	61,122,939	62,969,937
Total Net Debt Applicable to Limits	34,994,293	35,635,696	33,562,488	30,547,166	28,803,102	31,914,952	24,584,721	25,800,620	22,164,657	21,947,204
Legal Unvoted Debt Limit Margin	\$24,230,783	\$20,427,399	\$22,617,653	\$26,069,596	\$24,976,429	\$22,391,595	\$30,413,882	\$34,055,516	\$38,958,282	\$41,022,733
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	59.09%	63.56%	59.74%	53.95%	53.56%	58.77%	44.70%	43.10%	36.26%	34.85%

Legal Debt Margin Calculation for Fiscal Year 2017

Net assessed valuation	\$1,144,907,950	Total Unvoted Debt Limit	\$1,144,907,950
Statutory legal debt limitation (1)	10.5%		
Total debt limitation	\$120,215,335		
Debt applicable to limit:			
Debt applicable to limit(2)	22,965,000		22,965,000
Less: applicable debt service fund amounts(3)	(1,017,796)		(1,017,796)
Total net debt applicable to limit	21,947,204		21,947,204
Legal debt margin	\$98,268,131		\$41,022,733

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, 2017
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
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	31,147	1,235,694,931	39,673	38.4	11,013	8.5%	8.1%	8.5%
2012	18.6	31,269	1,279,464,942	40,918	38.4	10,991	5.6%	7.0%	7.5%
2013	18.6	31,449	1,366,584,846	43,454	38.4	10,911	4.6%	5.9%	6.2%
2014	18.6	31,613	1,388,537,799	43,923	38.9	10,773	3.7%	5.2%	5.4%
2015	18.6	31,613	1,636,541,784	51,768	38.9	10,715	4.4%	5.4%	5.1%
2016	19.2	32,662	1,719,621,638	52,649	40.4	10,713	4.7%	6.0%	5.1%
2017	19.2	33,037	1,771,080,533	53,609	41.9	10,728	3.8%	4.5%	3.9%

Sources:

- (1) U.S. Census Bureau 2015 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 Ten Years Ago
Table 18

Fiscal Year 2017				Fiscal Year 2007					
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (1)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (1)</u>	<u>Income Tax Withholding Ranking (2)</u>	<u>Business Activity</u>	<u>Full-time Employees (1)</u>	<u>Income Tax Withholding Ranking (2)</u>
Procter & Gamble Company	Healthcare research	1,800	Procter & Gamble Company	Healthcare research	2,100	1	Healthcare research	2,100	1
Luxtotta (Lenscrafters)	Eyewear and lens	1,653	Cintas Corporation	Professional uniforms	1,800	2	Eyewear and lens	1,800	2
Cintas Corporation	Professional uniforms	1,512	Luxtotta (Lenscrafters)	Eyewear and lens	1,586	3	Professional uniforms	1,586	3
Mason City Schools	Local school district	1,484	Mason City Schools	Local school district	919	4	Local school district	919	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	790	Blackhawk Automotive	Plastic molding	512	5	Plastic molding	512	5
Mitsubishi Electric	Automotive electrical components	755	H.J. Heinz/Portion Pac	Portion-controlled condiments	486	6	Portion-controlled condiments	486	6
Intelligrated Systems LLC	Material handling solutions	745	L3 Cincinnati Electronics	Aerospace and defense industry electronics	463	7	Aerospace and defense industry electronics	463	7
Great Wolf Lodge	Resort/ indoor Waterpark	438	Mitsubishi Electric	Automotive electrical components	423	8	Automotive electrical components	423	8
AtriCure Inc.	Medical device provider	333	J.W. Harris	Brazing, soldering and welding alloys	252	9	Brazing, soldering and welding alloys	252	9
H.J. Heinz/Portion Pac	Portion-controlled condiments	325	W/S Packaging-Superior Label	Print pressured sensitive labels	215	10	Print pressured sensitive labels	215	10

Source: Full-time employees from City of Mason Economic Development

Note: Income tax withholding ranking from City of Mason Income Tax

(1) The employer's percentage of total employment for each principal employer was not available.

(2) 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Administration	10	10	10	10	10	10	10	10	11	11
Council	1	1	1	1	1	1	1	1	1	1
Facility	1	1	1	1	1	1	3	3	4	4
Finance	10	10	10	10	10	10	10	10	10	10
Municipal Court	22	22	20	20	20	20	20	20	20	20
Public Safety										
Police										
Officers	43	43	43	43	43	43	43	43	46	47
Non-sworn	7	7	7	7	7	7	7	7	7	7
Fire	33	33	33	33	36	42	42	42	46	46
Leisure Time Activities										
Recreation/Community Center	22	22	22	22	22	22	15	15	14	14
Park Maintenance							6	6	6	6
Community Development										
Planning	2	2	2	2	2	2	2	2	2	2
Building Inspection	7	7	7	7	7	7	7	7	7	7
Economic Development	3	3	3	3	3	3	3	3	3	3
Basic Utility Service										
Sanitary Sewer	16	16	16	16	16	16	16	16	16	16
Billing	1	1	1	1	1	1	1	1	1	1
Stormwater	2	2	2	2	2	2	2	2	2	2
Transportation and Street Repair										
Engineering	8	8	8	8	8	8	8	8	7	7
Public Works/Street Maintenance	20	20	20	20	20	20	19	19	19	19
Total Full-Time Positions	208	208	206	206	209	215	215	215	222	223
Total Part-Time Positions	209	217	188	188	182	203	208	210	206	186

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police Protection:										
Number of Marked Patrol Vehicles	17	20	20	21	21	19	19	19	19	19
Calls for Service	26,087	24,810	33,735	27,448	31,545	36,635	41,193	41,267	46,412	55,331
Moving Violation Citations	3,426	3,175	3,797	2,460	2,638	2,502	2,226	2,579	2,977	3,451
Arrests	822	785	899	843	536	910	908	961	980	991
Fire & Emergency Medical(1):										
Fire Responses	1,206	1,184	1,013	886	1,118	978	1,229	974	968	992
Emergency Medical Responses	2,611	2,431	2,570	2,516	2,601	2,477	2,767	2,823	3,086	2,852
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	19	20	19	20	20	19	19	20	20	21
Leisure Time Activities										
Parks	7	7	7	7	7	7	7	7	7	7
Park acreage (developed)	296	296	296	296	296	296	296	296	296	296
Community Center Membership										
Premier	0	0	626	1,467	1,634	1,798	2,257	2,432	2,685	2,648
Basic	1,860	1,993	2,097	1,690	1,467	1,368	1,304	1,208	1,135	1,203
Golf Center Rounds Played										
Grizzly Course	38,701	37,957	35,270	32,959	37,708	39,750	39,676	40,211	39,243	38,474
Bruin Course (9 hole Oct. 2010, closed)	14,205	14,803	11,801	7,245	7,345	7,428	5,858	5,905	4,069	0
Community Development										
Building Permits Issued	52	35	54	49	54	92	192	153	155	171
Utility Services										
Number of Sewer Customers	10,077	10,110	10,154	10,200	10,243	10,283	10,410	10,580	10,628	11,007
Number of Refuse Customers	8,507	8,599	8,617	8,781	8,941	8,928	9,064	9,113	9,181	9,377
Number of Stormwater Customers	10,155	10,189	10,222	10,297	10,348	10,389	10,609	10,763	10,809	10,911
Storm sewers (miles)	92	92	93	94	95	95	96	98	99	99
Sanitary sewers (miles)	133	134	135	136	137	137	138	141	142	142
Sewage Treatment capacity per day (million gallons)	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67
Transportation & Street Repair										
Number of Streets (dedicated)	440	445	446	448	452	452	454	459	466	466
Lane Miles	354	355	355	356	357	357	359	360	362	362
Traffic Signals	40	40	40	40	40	40	40	40	42	42
Bike Paths (miles)	17	17	19	19	19	19	19	20	20	20

Source: City of Mason, Ohio, Department of Finance