

# Comprehensive Annual Financial Report



City of Mason  
Mason, Ohio 45040  
Year Ended December 31, 2018



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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City Council  
City of Mason  
6000 Mason-Montgomery Road  
Mason, Ohio 45040

We have reviewed the *Independent Auditors' Report* of the City of Mason, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 1, 2019

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# CITY OF MASON, OHIO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Prepared by:  
Finance Department

Joseph Reigelsperger  
Finance Director

Produced by the City of Mason  
6000 Mason-Montgomery Rd.  
Mason, OH 45040  
513-229-8500  
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## ***INTRODUCTORY SECTION***

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June 14, 2019

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, 2018. 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, 2018. 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.



*Mason is recognized as a great place to live, work, and play.*

With a population of over 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 recognize Mason as a great place to live, work, and play. Over the past several years, Mason's rankings continue to grow. 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. 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.



*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.*

## **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.

## 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 2018 were over \$133 million in new corporate, high tech, industrial and startup growth space, resulting in over 1,084 new jobs to the City. The combined aggregate growth since 2015 sets a record level in every category with investment exceeding \$840 million and jobs over 3,100. This activity 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.



*P&G Beauty Innovation Center, home to the Global Beauty and Global Health, completes its final year of construction and hosts its grand opening in May of 2019. The 241-acre campus and now 2 million square-foot facility is Mason & Warren County's largest employer.*

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 2018. 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 completing an expansion adding the Innovation Center of Global Beauty. At completion, the Mason location will be home to both Global Health and Global Beauty and will house the largest population of science and technical workforce across the company. This project doubles the size of the P&G facility to over two 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 has increased to 2,000 and is expected to be home to more than 3,000 employees after the completion of the project.

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 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 5<sup>th</sup> in the Fortune 500. McKesson acquired Mason’s 360 Pharma adding further diversity to the bio portfolio. Strategic growth planning continues with these companies. In 2018, Mason added more major investment from the Western & Southern Open of \$27 million and Chard Snyder Corporate Headquarters \$9 million.

The following projects were the largest new developments announced in the City for 2018:

**2018 Corporate Investment Announcements**

	<b>New Capital</b>	<b>New Payroll</b>
L3 Communication Expansion	\$19M	\$20M
Festo Hub of Americas Expansion	\$90M	\$15M
Kings Island New Dorm	\$3.9M	

Source: City of Mason Economic Development Office.

Planning for future high profile technology and advanced manufacturing is taking place both via expansions within existing business parks like the Innovation Way Business Park with L3, but also 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. This area has been preserved over the past decade with a lens to preserving growth space for Mason’s key employers.

In addition to the I-71 corridor, which has approximately 600 acres of undeveloped land that has attracted the attention of the development community, is Mason’s Oak Park District, near Interstate. This key area is envisioned as a 250-acre walkable mixed-use development. It is attracting the attention of top projects in the U.S and is expected to house innovation economy companies access a variety of key sectors including biohealth, science, and R&D.



*Innovation Corridor Driving Mason’s Economy: L3 announced a mega-merger this past year between L3 Communications & Harris, making the new company one of the top 3 largest defense companies in the US.*

Another notable growth story is Festo. Festo’s expansion was announced within five years of completion of the relocation from New York to Mason. The project combines Phase II & III and more than triples the square footage and doubles the employment with an investment of \$90M and the creation of 250 additional jobs. The project contemplates a long term growth strategy to bring more and higher paid positions to this site. This announcement is consistent with the City of Mason economic model of planning for long term sustainable investment and job growth.



Both L3 and Festo represent two of the top five projects across the entire Greater Cincinnati Region 17 counties and 3 states. Mason's projects were 40% of the top investment for job creation within the region for 2018. For the creativity, strength and collaborative P3 work involved, these projects were nominated and awarded Regional Growth Awards by government and business leadership.

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. Construction is underway and calls 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.

The Mason's economic development efforts expand beyond business parks and fully recognize a positive relationship between destination tourism and the business community. The annual tennis tournament is a great example of the convergence of tourism, cottage recreation at a professional level and major corporate activity.



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

Growth and development in the City are expected to continue to be strong through 2019. 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 2018 that position the City for future economic growth and improvement include:

**Bethany Road Improvements**

\$2.4 million was utilized to widen Bethany Road from the west corporation limit to the roundabout at Mason-Montgomery Road from an existing two-lane road to a three-lane road, with curb and gutter, proper storm drainage and safer roadway geometrics. The 2,000-foot roadway improvements include storm sewers, sidewalk, bike path, curb and gutter, street trees and right-of-way acquisition.

**Emergency Operation Center Renovation & Technology Upgrade**

Renovation of the City's Emergency Operation Center was completed in 2018 including upgrade the technology for the facility. The facility is utilized for training and activity where the incident command structure is implemented. The facility will be key to a local response to any large scale emergency. Local business partner, Rhinestahl, provided a substantial contribution to this improvement.

**Campus Safety**

The City implemented a Campus Safety initiative designed to ensure a safe and inviting environment at various City of Mason and Mason City Schools facilities. Mason City Council authorized the development of a Campus Safety Team creating a policing "district" that emphasizes direct communication, observation, information assessment, ongoing threat assessment, and dynamic staffing to meet situational needs. This concept brings with it the advantages of a variety of specialized skills, resources, training, information sharing, access, and organization. The Campus Safety vision continues to evolve with the intent to build on the already strong partnership that exists between the City and the Mason School District to enhance safety and security throughout the schools, business partners, and community in an effort to increase safety in the community.



Major initiatives include working with the Warren County Transportation Improvement District on 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 completed February 2019. Additions include (A & B) Access to Northbound I-71, (C) Southbound off I-71 to Innovation Way, and (D) 2<sup>nd</sup> Access to Southbound I-71.

## 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. The City of Mason is prepared for national economic uncertainty and changes in state support that may place pressure on the City budget in 2019 and subsequent years. Investment in long-term economic development activity will continue to be a priority.

Accomplishments to look forward to in 2019 include:

- Completion of the I-71/Western Row Road Interchange Project in February 2019.
- Completing Citywide traffic signal upgrade including fiber optics that significantly connects the City's major facilities and infrastructure.
- Starting Snider Road improvement including widening between Tylersville Road and US 42 plus two roundabouts at Snider/Thornberry Court and Snider /Mason Road.
- Park improvements and development including a complete replacement of the outdoor aquatic facility, Heritage Oak Park Revitalization and adding an all-inclusive facility called Common Ground Park.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of

Sincerely,



Eric Hansen  
City Manager



*Common Ground is fully inclusive and accessible for children with physical as well as developmental disabilities. The unique butterfly design of Common Ground ensures everyone can access all features to promote social interaction and a wide range of sensory experiences*

Mason for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. 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.



Joseph J. Reigelsperger  
Finance Director

**THE CITY OF MASON, OHIO**

**LIST OF PRINCIPAL OFFICIALS**

**December 31, 2018**

**COUNCIL MEMBERS**

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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**

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City Manager	Eric Hansen
Law Director	Jeff Forbes
Clerk of Council	Lisa Ahr

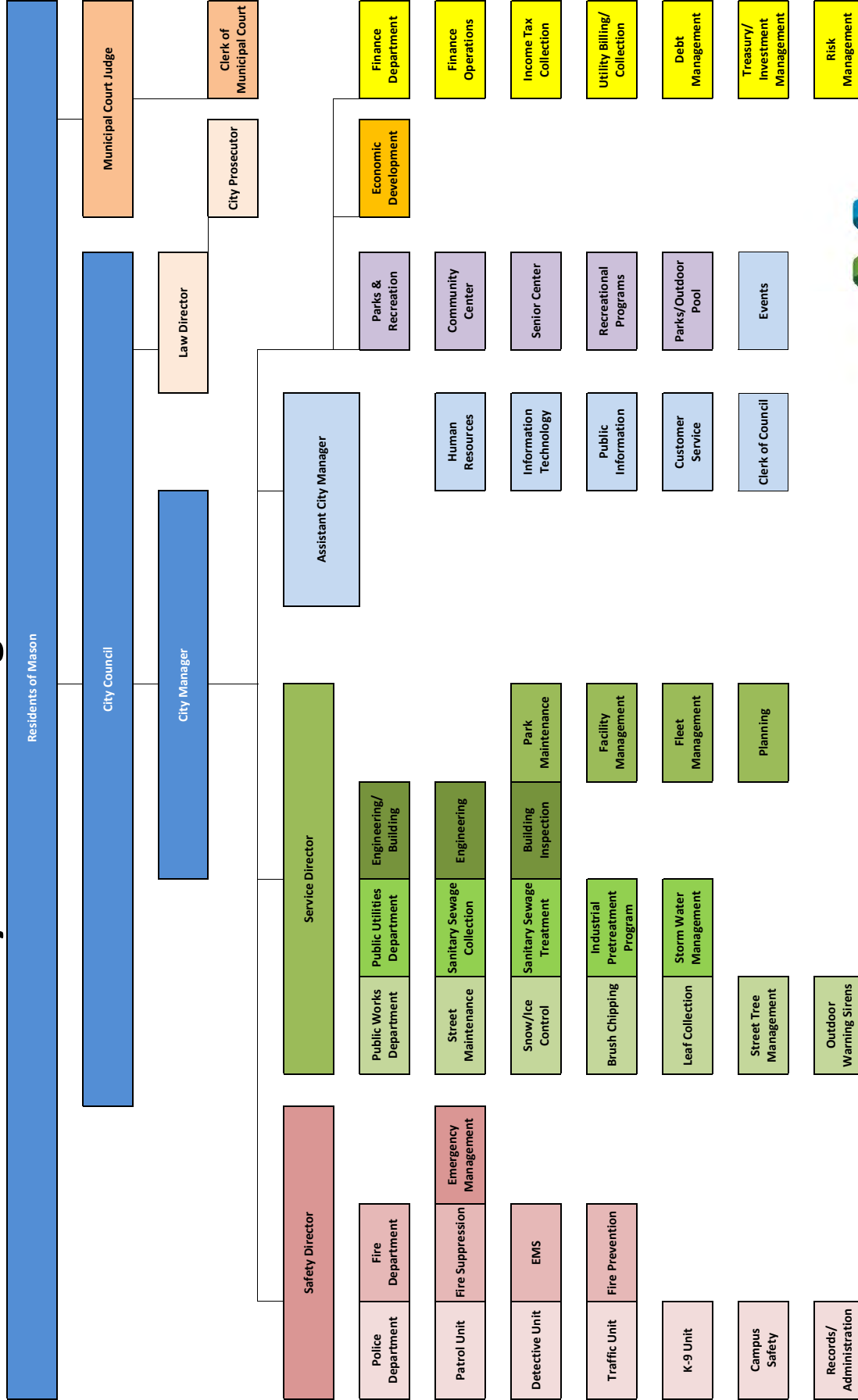
**DEPARTMENT HEADS**

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Parks & Recreation Director	Chrissy Avery
Economic Development Director	Michele Blair
Fire Chief	Bryan Brumagen
Chief of Police	Todd Carter
Assistant City Manager	Jennifer Heft
Public Utilities Director	D. Shawn Hollan
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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

## ***FINANCIAL SECTION***

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## 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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 21 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedules of pension information and other postemployment information 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 14, 2019, 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 14, 2019

**City of Mason, Ohio**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**For the Year Ended December 31, 2018**

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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, 2018. 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 2018 by \$340,249,501 (net position). Of this amount, \$44,538,934 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 68 percent of the 2018 expenses of \$65,173,942.

- The city's total net position increased by \$20,443,182.
- The city implemented GASB Statement Number 75 adding a net other postemployment benefit liability of \$27,992,644 for 2018. 2017 financials were restated to reflect this implementation.
- Net position of the governmental activities (defined below) increased \$14,113,185. Net position of the business-type activities (also defined below) increased \$6,329,997.
- The total cost of the city's programs decreased \$269,955, which is 0.4 percent less than in 2017. The cost of governmental activities increased \$582,417 or 1.2 percent, while the cost of business-type activities decreased \$852,372 or 4.6 percent. A large part of the increase is from additional cost of providing services for public safety. Business-type activities decreased from decreased operating cost for sewer services.
- As of the close of the 2018 fiscal year, the city's governmental funds reported combined ending fund balances of \$91,064,059, an increase of \$11,546,852 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

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*net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

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

Both of the government-wide financial statements distinguish governmental activities from business-type activities. **Governmental activities** are principally supported by taxes and intergovernmental revenues. These include general government, public safety, leisure time activities, community development, and transportation/street repair. **Business-type activities** are intended to recover all or a significant portion of their costs through user fees or charges. The city includes five enterprise activities under business-type activities: a sanitary sewer system, a 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 28 individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for the three major funds: the general fund, street construction, maintenance and repair, and the safety fund. Data for the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of

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these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

**3) Notes to the financial statements.**

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's general fund budget, 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 \$340,249,501 at the close of the most recent fiscal year.

The largest portion of the city's net position (78.8 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

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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 (8.1 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (\$44,538,934) 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 (\$24,990,782) may not be used to fund governmental activities.

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

Overall net position of the city increased \$20,443,182 in 2018. Net position for governmental activities increased \$14,113,185, while net position for business-type activities increased \$6,329,997. The increase in net position for 2018 (\$20,443,182) was \$3,278,804 (16.1 percent) more than the increase in net position for 2017 (\$17,164,378).

<b>City of Mason</b>						
<b>Net Position</b>						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$107,959	\$95,124	\$31,786	\$28,175	\$139,745	\$123,299
Capital assets	201,555	198,084	125,697	125,264	327,252	323,348
<b>Total assets</b>	<u>309,514</u>	<u>293,208</u>	<u>157,483</u>	<u>153,439</u>	<u>466,997</u>	<u>446,647</u>
<b>Total deferred outflows of resources</b>	<u>10,994</u>	<u>9,593</u>	<u>2,621</u>	<u>3,721</u>	<u>13,615</u>	<u>13,314</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	33,654	37,750	30,789	33,185	64,443	70,935
Net Pension liability	29,551	31,655	2,888	4,564	32,439	36,219
Net OPEB liability	25,922	21,124	2,071	1,961	27,993	23,085
Other liabilities	2,450	2,719	670	954	3,120	3,673
<b>Total liabilities</b>	<u>91,577</u>	<u>93,248</u>	<u>36,418</u>	<u>40,664</u>	<u>127,995</u>	<u>133,912</u>
<b>Total deferred inflows of resources</b>	<u>11,411</u>	<u>6,146</u>	<u>957</u>	<u>97</u>	<u>12,368</u>	<u>6,243</u>
<b>Net Position</b>						
Net investment in capital assets	171,236	163,697	96,937	94,273	268,173	257,970
Restricted	26,737	24,171	801	792	27,538	24,963
Unrestricted	19,548	15,539	24,991	21,334	44,539	36,873
<b>Total Net Position</b>	<u>\$217,521</u>	<u>\$203,407</u>	<u>\$122,729</u>	<u>\$116,399</u>	<u>\$340,250</u>	<u>\$319,806</u>

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The net pension liability (NPL) is the reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because

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all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$342,747,087 to \$319,806,319.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$111,908 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,346,051. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities	Total
Total 2018 operating expenses under GASB 75	\$46,330,268	\$18,843,674	\$65,173,942
OPEB expense under GASB 75	(2,241,522)	(104,529)	(2,346,051)
2018 contractually required contribution	41,701	0	41,701
Adjusted 2018 operating expenses	<u>44,130,447</u>	<u>18,739,145</u>	<u>62,869,592</u>
Total 2017 operating expenses under GASB 45	<u>45,747,851</u>	<u>19,696,046</u>	<u>65,443,897</u>
Change in operating expenses not related to OPEB	<u>(\$1,617,404)</u>	<u>(\$956,901)</u>	<u>(\$2,574,305)</u>



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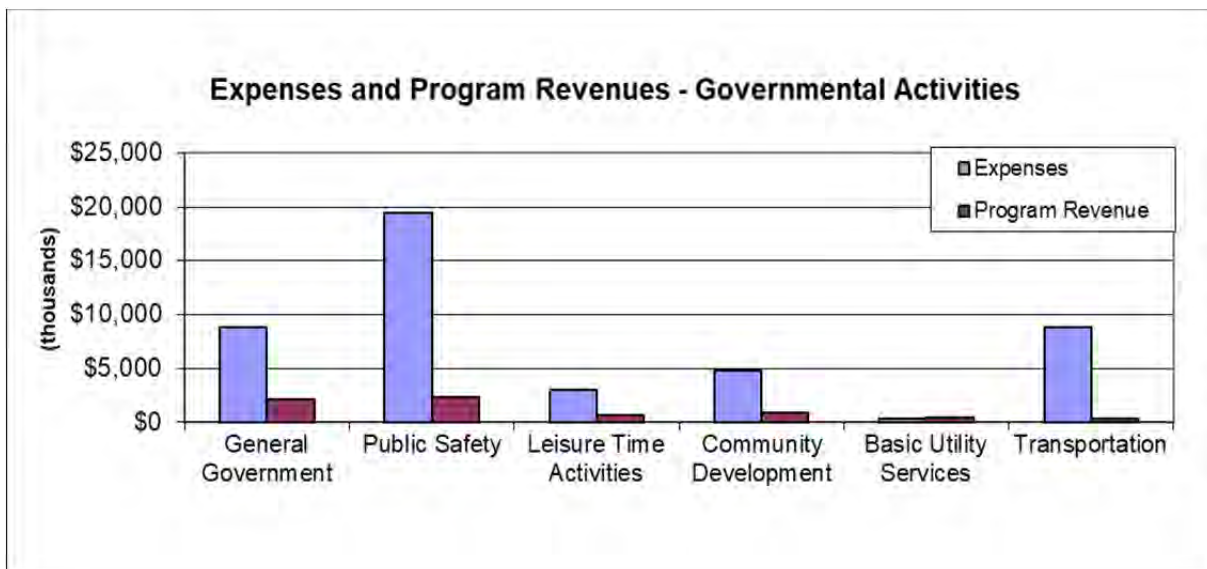
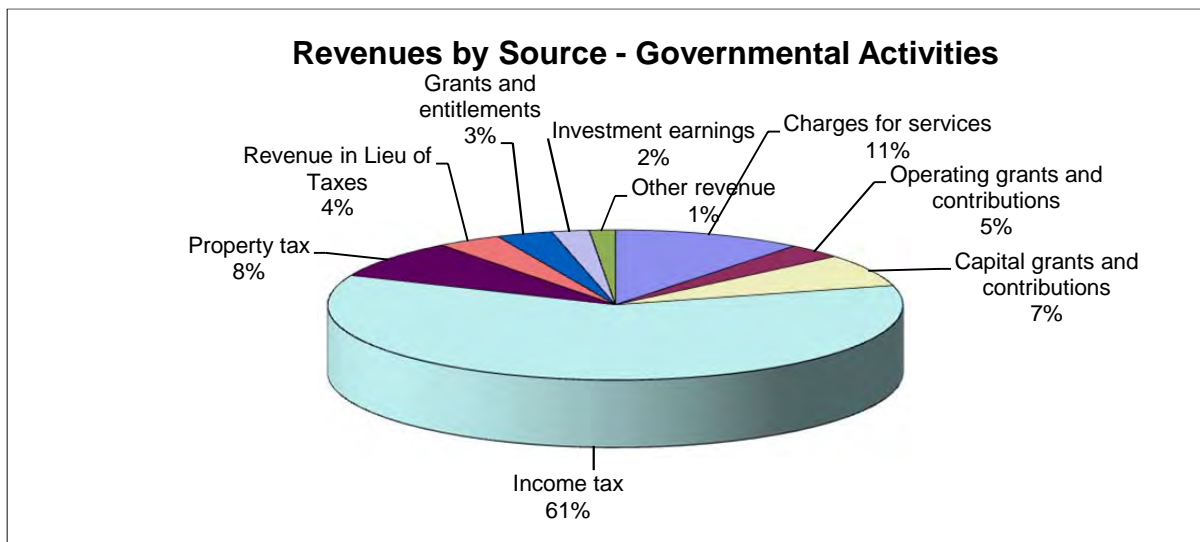
**City of Mason**  
**Changes in Net Position**  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$6,606	\$6,892	\$19,432	\$18,747	\$26,038	\$25,639
Operating grants and contributions	1,976	2,258	0	0	1,976	2,258
Capital grants and contributions	4,349	5,819	3,569	2,501	7,918	8,320
General revenues:						
Income tax	37,543	31,924	0	0	37,543	31,924
Property tax	5,114	8,618	0	0	5,114	8,618
Revenue in Lieu of Taxes	2,237	2,249	0	0	2,237	2,249
Grants and entitlements	1,957	1,856	0	0	1,957	1,856
Investment earnings	1,302	564	516	204	1,818	768
Other revenue	907	883	109	93	1,016	976
<b>Total Revenues</b>	<b>61,991</b>	<b>61,063</b>	<b>23,626</b>	<b>21,545</b>	<b>85,617</b>	<b>82,608</b>
<b>Expenses:</b>						
General Government	8,826	9,447	0	0	8,826	9,447
Public Safety	19,440	18,253	0	0	19,440	18,253
Leisure Time Activities	3,007	3,346	0	0	3,007	3,346
Community Development	4,761	4,215	0	0	4,761	4,215
Basic Utility Services	267	302	0	0	267	302
Transportation	8,818	8,852	0	0	8,818	8,852
Interest and fiscal charges	1,211	1,332	0	0	1,211	1,332
Sewer utility	0	0	6,152	6,893	6,152	6,893
Waste Collection	0	0	1,736	1,636	1,736	1,636
Stormwater utility	0	0	1,535	1,389	1,535	1,389
Community Center	0	0	6,698	7,071	6,698	7,071
Golf Course	0	0	2,723	2,707	2,723	2,707
<b>Total Expenses</b>	<b>46,330</b>	<b>45,747</b>	<b>18,844</b>	<b>19,696</b>	<b>65,174</b>	<b>65,443</b>
Increase (decrease) in net position before transfers	15,661	15,316	4,782	1,849	20,443	17,165
Transfers - internal activities	(1,547)	(2,522)	1,547	2,522	0	0
Increase (decrease) in Net Position	14,114	12,794	6,330	4,371	20,443	17,165
<b>Net Position beginning of year, Restated</b>	<b>203,407</b>	<b>N/A</b>	<b>116,399</b>	<b>N/A</b>	<b>319,806</b>	<b>N/A</b>
<b>Net Position end of year</b>	<b>\$217,521</b>	<b>\$203,407</b>	<b>\$122,729</b>	<b>\$116,399</b>	<b>\$340,250</b>	<b>\$319,806</b>

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**Governmental activities.** Governmental activities increased the city's net position by \$14,113,185. Key elements of the changes in net position are as follows:

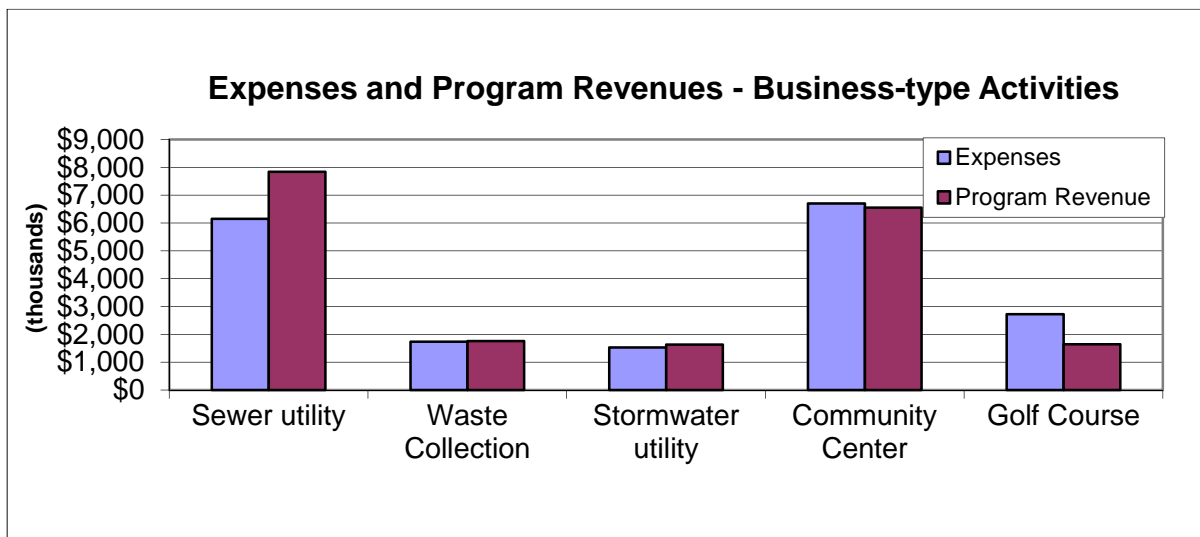
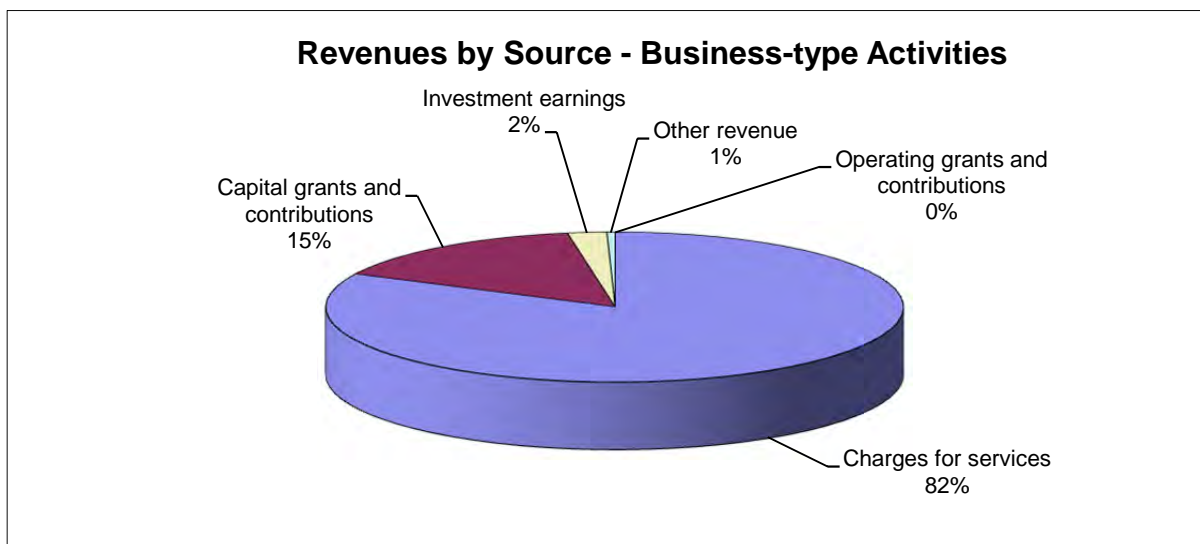
- Program revenue decreased \$2,037,843 (15.8 percent) since charges for services, capital grants, and operating grants decreased.
- General revenue increased \$2,964,610 (6.4 percent) with increased income tax and increased investment income.
- Increased public safety expense increased expenses \$582,417 (1.3 percent).



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**Business-type activities.** Business-type activities increased the city's net position by \$6,329,997. Key elements of the changes in net position are as follows:

- Charges for services increased \$686,050 (3.6 percent). Most of the increase was from increased sewer revenue.
- Capital grants and contribution increased \$1,067,224 (42.7 percent). Most of the increase was from the increase in sewer expansion fees.
- Expenses for business-type activities decreased \$852,372 (4.6 percent). This was generally from operating cost reduction to provide the services in the business-type activity especially in the sewer and community center.



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**Management's Discussion and Analysis**  
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**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 \$91,064,059 an increase of \$11,546,852 in comparison with the prior year.

The general fund is the chief operating fund of the city. At December 31, 2018, the unassigned fund balance of the general fund was \$22,447,959, while the total fund balance was \$63,493,831. The city's general fund balance increased by \$8,409,065 during the current fiscal year. 2018 includes an increased transfer for street improvements. Revenues increased by \$6,719,821 (16.8 percent) mainly due to increased income tax collection. Current expenditures decreased \$2,685,879 (9.0 percent) due to decreased capital outlay.

The street construction, maintenance and repair fund is the primary fund used to construct, improve and maintain the street infrastructure. Revenue and expenditures will vary from year to year depending on the progress of individual infrastructure projects. The fund balance increased by \$1,819,286. Revenue increased from the prior year mainly due a large transfer from the general fund for street maintenance.

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 2018 and the total income tax rate of 1.12% including 0.12% that would be transferred for safety services. The fund balance decreased by \$291,835. Revenue decreased by \$1,886,083 (27.6 percent) due to an advance of property taxes being available in 2017 but was deferred for 2018. Expenditures decreased \$350,352 (4.2 percent) since overtime was decreased with the addition of staff in 2017. \$2,718,278 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 \$21,461,294 with a total increase in net position of \$4,396,463. Unrestricted net position for the waste collection fund at the end of the year amounted to \$1,062,461, with a total growth in net position of \$42,830. Unrestricted net position for the storm water utility fund at the end of the year amounted to \$3,262,065, with a growth in net position of \$1,438,102. Unrestricted net position for the community center fund at the end of the year amounted to a negative \$1,773,961, but with a total change in net position of a negative \$14,527. Unrestricted net position for the golf course fund at

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the end of the year amounted to \$978,923, with a growth in net position of \$467,129. Other factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

**Budgetary Highlights**

The schedule comparing the City's original and final budgets and actual results are included in the required supplementary information. The original revenue budgets are very conservative estimates and are adjusted if needed for additional appropriation near the end of the year based on actual revenue. During the year, City Council will re-appropriate funds or provide supplemental appropriations based on the changes that occurred since the adoption of the original budget. Significant differences between the original and final budgets are as follows:

**General fund.** During the year 2018, there was a \$14,850,000 increase in appropriations between the original and the final amended budget. The total original appropriations, including those for transfers out, were \$37,637,454 while the final appropriations were \$52,487,454. An additional \$14,000,000 was transferred to the General Capital Improvement Fund for future capital projects. \$400,000 was paid for economic development activities and \$450,000 for income tax refunds. 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 original estimated revenue was \$36,175,000 and it was amended to \$40,175,000. The actual revenue received was \$44,557,642. This increase was mainly due to increased income tax collections.

**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, 2018, amounted to \$327,251,512 (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 2018 over 2017 was 1.2 percent (a 1.8 percent increase for governmental activities and a 0.4 percent increase 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$74,517	\$73,207	\$10,695	\$10,695	\$85,212	\$83,902
Construction in Progress	8,384	6,786	462	437	8,846	7,223
Buildings and Improvements	51,982	51,857	54,379	54,299	106,361	106,156
Machinery and Equipment	22,277	20,754	10,912	10,538	33,189	31,292
Infrastructure	101,912	98,569	102,576	98,394	204,488	196,963
Accumulated Depreciation	<u>(57,517)</u>	<u>(53,090)</u>	<u>(53,327)</u>	<u>(49,099)</u>	<u>(110,844)</u>	<u>(102,189)</u>
Total	<u>\$201,555</u>	<u>\$198,083</u>	<u>\$125,697</u>	<u>\$125,264</u>	<u>\$327,252</u>	<u>\$323,347</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, 2018**

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- Bethany Road improvements were completed in 2018.
- Western Row/I-71 interchange construction continued.
- City-wide Traffic Controller replacement project continued in 2018.
- Renovation of the City’s Emergency Operation Center was completed in 2018 including upgrade the technology for the facility.

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, 2018, the city had \$54,000,000 of long-term debt outstanding (bonds and certificates of participation). Of this amount, \$35,920,000 comprises debt backed by the full faith and credit of the government. Capital leases outstanding (\$16,550,000) at December 31, 2018, are certificates of participation for the municipal center and the community center. Revenue bonds in the governmental activity of \$1,530,000 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 \$4,500,000 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$20,200	\$22,965	\$15,720	\$17,080	\$35,920	\$40,045
Certificates of Participation	8,075	9,165	8,475	8,835	16,550	18,000
Revenue Bonds	<u>1,530</u>	<u>1,695</u>	0	0	<u>1,530</u>	<u>1,695</u>
Total	<u>\$29,805</u>	<u>\$33,825</u>	<u>\$24,195</u>	<u>\$25,915</u>	<u>\$54,000</u>	<u>\$59,740</u>

The city is within all of its legal debt limitations. The Ohio Revised code provides that the net debt (as defined in the Ohio Revised code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value for taxation. The statutory limitations on debt are measured by the ratio of debt to tax valuation and expressed in terms of a percentage. At December 31, 2018, the city’s total net debt of 1.5% of the total assessed value of all property within the city is within the 10.5% and 5.5% debt limitation for voted and unvoted debt, respectively. The aggregate amount of the city’s unvoted debt is also subject to overlapping debt restrictions with other political subdivisions of ten mills. This millage is measured against the property values in each overlapping district. At December 31, 2018, the millage amount was 4.1895 mills, of which 3.2941 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, 2018**

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Additional information regarding the city's long-term debt can be found in notes 9 and 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 2.7 percent. The City's unemployment rate is 2.5 percent. This is lower than the current Ohio rate of 3.3 percent and the national rate of 3.3 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 2019 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 2019 and future years. 2019 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 2019 including transfers and capital outlay (\$125,337,224) is eleven percent more than the 2018 original appropriations (\$112,640,294) due to capital projects and 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](mailto:finance@masonoh.org).

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City of Mason, Ohio  
Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$82,448,873	\$34,270,050	\$116,718,923
Restricted Cash	1,522,569	800,603	2,323,172
<b>Receivables (Net):</b>			
Taxes	12,610,034	0	12,610,034
Accounts	298,628	1,374,884	1,673,512
Interest	268,290	102,329	370,619
Intergovernmental	3,300,123	0	3,300,123
Special Assessments	1,931,900	0	1,931,900
Internal Balances	5,250,000	(5,250,000)	0
Inventory	328,803	219,662	548,465
Prepaid Items	0	268,975	268,975
Nondepreciable Capital Assets	82,901,987	11,156,990	94,058,977
Depreciable Capital Assets, Net	118,652,938	114,539,597	233,192,535
<b>Total Assets</b>	<b>309,514,145</b>	<b>157,483,090</b>	<b>466,997,235</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	1,232,747	1,764,103	2,996,850
Pension	6,337,289	704,021	7,041,310
Other Postemployment Benefits	3,424,222	152,406	3,576,628
<b>Total Deferred Outflows of Resources</b>	<b>10,994,258</b>	<b>2,620,530</b>	<b>13,614,788</b>
<b>Liabilities:</b>			
Accounts Payable	464,171	141,823	605,994
Accrued Wages and Benefits	643,300	112,922	756,222
Contracts Payable	622,087	216,072	838,159
Retainage Payable	197,431	25,678	223,109
Accrued Interest Payable	97,589	173,656	271,245
Claims Payable	425,395	0	425,395
<b>Long-Term Liabilities:</b>			
Due Within One Year	2,925,462	2,380,880	5,306,342
Due In More Than One Year			
Bonds	22,277,613	20,260,894	42,538,507
Certificate of Participation	7,303,558	8,012,414	15,315,972
Net Pension Liability	29,550,744	2,888,026	32,438,770
Net Other Postemployment Benefits Liability	25,921,609	2,071,035	27,992,644
Compensated Absences	1,148,006	134,493	1,282,499
<b>Total Liabilities</b>	<b>91,576,965</b>	<b>36,417,893</b>	<b>127,994,858</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	6,876,778	0	6,876,778
Grants and Other Taxes	1,267,201	0	1,267,201
Pension	2,615,120	779,463	3,394,583
Other Postemployment Benefits	651,605	177,497	829,102
<b>Total Deferred Inflows of Resources</b>	<b>11,410,704</b>	<b>956,960</b>	<b>12,367,664</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	171,236,501	96,937,382	268,173,883
<b>Restricted for:</b>			
Debt Service	2,764,336	800,603	3,564,939
Street Improvements	9,208,775	0	9,208,775
Public Safety	10,388,810	0	10,388,810
Parks and Recreation	553,531	0	553,531
Tax increment Financing Projects	3,811,128	0	3,811,128
Other Purposes	9,501	0	9,501
Unrestricted	19,548,152	24,990,782	44,538,934
<b>Total Net Position</b>	<b>\$217,520,734</b>	<b>\$122,728,767</b>	<b>\$340,249,501</b>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$8,826,290	\$2,055,585	\$0	\$0
Public Safety	19,439,968	2,322,252	624,171	0
Community Development	4,760,635	903,229	0	0
Leisure Time Activities	3,006,718	668,815	0	0
Transportation and Street Repair	8,818,489	253,338	1,351,411	4,349,426
Basic Utility Service	266,693	402,405	0	0
Interest and Other Charges	1,211,475	0	0	0
<b>Total Governmental Activities</b>	<b>46,330,268</b>	<b>6,605,624</b>	<b>1,975,582</b>	<b>4,349,426</b>
<b>Business-Type Activities:</b>				
Sewer	6,151,996	7,838,400	0	2,300,508
Waste Collection	1,735,451	1,758,321	0	0
Stormwater Utility	1,534,845	1,635,985	0	1,268,186
Community Center	6,698,402	6,556,750	0	0
Golf Course	2,722,980	1,643,063	0	0
<b>Total Business-Type Activities</b>	<b>18,843,674</b>	<b>19,432,519</b>	<b>0</b>	<b>3,568,694</b>
<b>Totals</b>	<b>\$65,173,942</b>	<b>\$26,038,143</b>	<b>\$1,975,582</b>	<b>\$7,918,120</b>

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Special Revenue Purposes  
    Debt Service Purposes  
Grants and Entitlements, Not Restricted  
Revenue in Lieu of Taxes  
Investment Earnings  
Other Revenues  
Transfers-Internal Activities  
  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position - Beginning of Year, Restated  
  
Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,770,705)	\$0	(\$6,770,705)
(16,493,545)	0	(16,493,545)
(3,857,406)	0	(3,857,406)
(2,337,903)	0	(2,337,903)
(2,864,314)	0	(2,864,314)
135,712	0	135,712
<u>(1,211,475)</u>	<u>0</u>	<u>(1,211,475)</u>
<u>(33,399,636)</u>	<u>0</u>	<u>(33,399,636)</u>
0	3,986,912	3,986,912
0	22,870	22,870
0	1,369,326	1,369,326
0	(141,652)	(141,652)
<u>0</u>	<u>(1,079,917)</u>	<u>(1,079,917)</u>
<u>0</u>	<u>4,157,539</u>	<u>4,157,539</u>
<u>(33,399,636)</u>	<u>4,157,539</u>	<u>(29,242,097)</u>
37,542,739	0	37,542,739
256,782	0	256,782
3,381,854	0	3,381,854
1,475,246	0	1,475,246
1,957,353	0	1,957,353
2,236,927	0	2,236,927
1,302,099	515,977	1,818,076
906,821	109,481	1,016,302
<u>(1,547,000)</u>	<u>1,547,000</u>	<u>0</u>
<u>47,512,821</u>	<u>2,172,458</u>	<u>49,685,279</u>
14,113,185	6,329,997	20,443,182
<u>203,407,549</u>	<u>116,398,770</u>	<u>319,806,319</u>
<u>\$217,520,734</u>	<u>\$122,728,767</u>	<u>\$340,249,501</u>

City of Mason, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Street Construction, Maintenance and Repair	Safety	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$55,845,201	\$7,729,435	\$9,516,414	\$9,357,823	\$82,448,873
Restricted Cash	0	0	0	1,522,569	1,522,569
<b>Receivables (Net):</b>					
Taxes	6,214,220	0	4,591,347	1,804,467	12,610,034
Accounts	125,544	0	134,400	38,684	298,628
Interest	180,158	26,784	32,976	28,372	268,290
Intergovernmental	308,381	1,085,164	310,964	1,595,614	3,300,123
Special Assessments	545	0	0	1,931,355	1,931,900
Interfund	5,400,000	0	0	0	5,400,000
Inventory	313,146	0	15,657	0	328,803
<b>Total Assets</b>	<b>68,387,195</b>	<b>8,841,383</b>	<b>14,601,758</b>	<b>16,278,884</b>	<b>108,109,220</b>
<b>Liabilities:</b>					
Accounts Payable	410,062	0	47,709	6,400	464,171
Accrued Wages and Benefits	409,871	0	223,124	10,305	643,300
Contracts Payable	145,663	476,424	0	0	622,087
Retainage Payable	0	197,431	0	0	197,431
Interfund Payable	0	0	0	150,000	150,000
Claims Payable	425,395	0	0	0	425,395
<b>Total Liabilities</b>	<b>1,390,991</b>	<b>673,855</b>	<b>270,833</b>	<b>166,705</b>	<b>2,502,384</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	592,152	0	4,591,347	1,804,467	6,987,966
Income Taxes	2,619,564	0	0	0	2,619,564
Grants and Other Taxes	215,036	776,016	302,037	1,575,402	2,868,491
Special Assessments	545	0	0	1,931,355	1,931,900
Unavailable Amounts	75,076	10,129	25,646	24,005	134,856
<b>Total Deferred Inflows of Resources</b>	<b>3,502,373</b>	<b>786,145</b>	<b>4,919,030</b>	<b>5,335,229</b>	<b>14,542,777</b>
<b>Fund Balances:</b>					
Nonspendable	430,197	0	15,657	0	445,854
Restricted	0	7,381,383	9,396,238	7,012,462	23,790,083
Committed	0	0	0	686	686
Assigned	40,615,675	0	0	3,763,802	44,379,477
Unassigned	22,447,959	0	0	0	22,447,959
<b>Total Fund Balances</b>	<b>63,493,831</b>	<b>7,381,383</b>	<b>9,411,895</b>	<b>10,776,950</b>	<b>91,064,059</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$68,387,195</b>	<b>\$8,841,383</b>	<b>\$14,601,758</b>	<b>\$16,278,884</b>	<b>\$108,109,220</b>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 December 31, 2018

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Total Governmental Fund Balance \$91,064,059

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 201,554,925

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

Income Taxes	2,619,564	
Delinquent Property Taxes	111,188	
Interest	114,740	
Intergovernmental	1,453,179	
Other Receivables	2,100,127	
		6,398,798

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.

(97,589)

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 (2,103,468)

Deferred outflow of resources associated with long-term liabilities  
 are not reported in the funds.

1,232,747

Deferred outflows and inflows or resources related to pensions  
 and OPEB are applicable to future periods and, therefore, are not  
 reported in the funds.

Deferred outflows of resources related to pensions	6,337,289	
Deferred inflows of resources related to pensions	(2,615,120)	
Deferred outflows of resources related to OPEB	3,424,222	
Deferred inflows of resources related to OPEB	(651,605)	
		6,494,786

Long-term liabilities are not due and payable in the current  
 period and, therefore, are not reported in the funds.

Bonds	(23,112,613)	
Certificate of Participation	(8,438,558)	
Net Pension Liability	(29,550,744)	
Net OPEB Liability	(25,921,609)	
		(87,023,524)

Net Position of Governmental Activities

\$217,520,734

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, 2018

	General	Street Construction, Maintenance and Repair	Safety	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$1,331,797	\$0	\$3,381,854	\$1,338,299	\$6,051,950
Income Taxes	38,372,115	0	0	0	38,372,115
Charges for Services	2,654,023	0	682,523	0	3,336,546
Investment Earnings	934,603	133,558	187,447	40,701	1,296,309
Intergovernmental	593,496	3,140,280	587,512	351,039	4,672,327
Special Assessments	0	0	0	136,948	136,948
Fines, Licenses & Permits	1,901,190	0	0	1,057,405	2,958,595
Revenue in Lieu of Taxes	0	0	0	2,195,903	2,195,903
Other Revenues	1,001,539	12	101,531	303,394	1,406,476
<b>Total Revenues</b>	<b>46,788,763</b>	<b>3,273,850</b>	<b>4,940,867</b>	<b>5,423,689</b>	<b>60,427,169</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	7,096,903	0	0	523,258	7,620,161
Public Safety	8,256,890	0	7,739,990	11,518	16,008,398
Community Development	3,329,173	0	0	1,202,260	4,531,433
Leisure Time Activities	2,302,929	0	0	0	2,302,929
Transportation and Street Repair	3,780,521	2,450,399	0	161,413	6,392,333
Basic Utility Service	266,693	0	0	0	266,693
Capital Outlay	1,905,971	2,849,465	207,490	1,546	4,964,472
<b>Debt Service:</b>					
Principal	0	0	0	4,020,000	4,020,000
Interest and Other Charges	0	0	0	1,273,058	1,273,058
<b>Total Expenditures</b>	<b>26,939,080</b>	<b>5,299,864</b>	<b>7,947,480</b>	<b>7,193,053</b>	<b>47,379,477</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>19,849,683</b>	<b>(2,026,014)</b>	<b>(3,006,613)</b>	<b>(1,769,364)</b>	<b>13,047,692</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	4,010,300	2,718,278	3,473,878	10,202,456
Transfers (Out)	(11,490,278)	(165,000)	0	(94,178)	(11,749,456)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,490,278)</b>	<b>3,845,300</b>	<b>2,718,278</b>	<b>3,379,700</b>	<b>(1,547,000)</b>
<b>Net Change in Fund Balance</b>	<b>8,359,405</b>	<b>1,819,286</b>	<b>(288,335)</b>	<b>1,610,336</b>	<b>11,500,692</b>
<b>Fund Balance - Beginning of Year</b>	<b>55,084,766</b>	<b>5,562,097</b>	<b>9,703,730</b>	<b>9,166,614</b>	<b>79,517,207</b>
<b>Change in Reserve for Inventory</b>	<b>49,660</b>	<b>0</b>	<b>(3,500)</b>	<b>0</b>	<b>46,160</b>
<b>Fund Balance - End of Year</b>	<b>\$63,493,831</b>	<b>\$7,381,383</b>	<b>\$9,411,895</b>	<b>\$10,776,950</b>	<b>\$91,064,059</b>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2018

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Net Change in Fund Balance - Total Governmental Funds \$11,500,692

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	7,908,867	
Depreciation Expense	<u>(4,437,482)</u>	3,471,385

Governmental funds report pension and OEPB contributions as  
 expenditures. However in the Statement of Activities, the cost  
 of pension and OPEB benefits earned net of employee  
 contributions are reported as pension and OPEB expense.

Pension Contributions	2,593,115	
Pension Expense	(4,554,686)	
OPEB Contributions	41,701	
OPEB Expense	<u>(2,241,522)</u>	(4,161,392)

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

Income Taxes	(829,376)	
Interest	5,790	
Intergovernmental	319,503	
Other	<u>(201,828)</u>	(705,911)

Repayments of principal are an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net position. 4,020,000

In the statement of activities interest expense is accrued when incurred;  
 whereas, in governmental funds an interest expenditure is reported  
 when due. 12,970

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	(119,332)	
Amortization of Bond Premium	194,630	
Amortization of Deferred Charge on Refunding	(146,017)	
Change in Inventory	<u>46,160</u>	(24,559)

Change in Net Position of Governmental Activities \$14,113,185

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

	Business-Type Activities					Total Business-Type Activities
	Enterprise Funds					
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	
<b>Current Assets:</b>						
Equity in Pooled Cash and Investments	\$22,252,750	\$1,001,971	\$3,355,541	\$6,707,047	\$952,741	\$34,270,050
Restricted Cash	0	0	0	800,603	0	800,603
<b>Receivables (Net):</b>						
Accounts	896,156	230,462	166,934	78,798	2,534	1,374,884
Interest	77,109	3,472	11,628	10,120	0	102,329
Inventory	46,401	0	0	52,154	121,107	219,662
Prepaid Items	0	0	0	268,975	0	268,975
<b>Total Current Assets</b>	<b>23,272,416</b>	<b>1,235,905</b>	<b>3,534,103</b>	<b>7,917,697</b>	<b>1,076,382</b>	<b>37,036,503</b>
<b>Capital Assets:</b>						
Nondepreciable Capital Assets	4,774,741	0	632,262	0	5,749,987	11,156,990
Depreciable Capital Assets, Net	57,901,744	0	37,772,394	16,021,299	2,844,160	114,539,597
<b>Total Noncurrent Assets</b>	<b>62,676,485</b>	<b>0</b>	<b>38,404,656</b>	<b>16,021,299</b>	<b>8,594,147</b>	<b>125,696,587</b>
<b>Total Assets</b>	<b>85,948,901</b>	<b>1,235,905</b>	<b>41,938,759</b>	<b>23,938,996</b>	<b>9,670,529</b>	<b>162,733,090</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding	1,764,103	0	0	0	0	1,764,103
Pension	200,080	3,734	28,997	471,210	0	704,021
Other Postemployment Benefits	43,314	808	6,277	102,007	0	152,406
<b>Total Deferred Outflows of Resources</b>	<b>2,007,497</b>	<b>4,542</b>	<b>35,274</b>	<b>573,217</b>	<b>0</b>	<b>2,620,530</b>
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts Payable	103,276	0	6,479	18,938	13,130	141,823
Accrued Wages and Benefits	30,491	773	5,429	76,229	0	112,922
Compensated Absences	71,748	1,201	11,966	45,965	0	130,880
Contracts Payable	20,842	143,988	449	50,793	0	216,072
Retainage Payable	0	0	25,678	0	0	25,678
Accrued Interest Payable	53,800	0	2,333	33,194	84,329	173,656
Interfund Payable	0	0	0	5,250,000	0	5,250,000
Long-Term Liabilities Due Within One Year	1,260,000	0	120,000	370,000	500,000	2,250,000
<b>Total Current Liabilities</b>	<b>1,540,157</b>	<b>145,962</b>	<b>172,334</b>	<b>5,845,119</b>	<b>597,459</b>	<b>8,301,031</b>
<b>Long-Term Liabilities:</b>						
Bonds	15,546,250	0	714,644	0	4,000,000	20,260,894
Certificate of Participation	0	0	0	8,012,414	0	8,012,414
Net Pension Liability	820,764	15,318	118,952	1,932,992	0	2,888,026
Net Other Postemployment Benefits Liability	588,578	10,985	85,302	1,386,170	0	2,071,035
Compensated Absences	93,053	646	11,308	29,486	0	134,493
<b>Total Noncurrent Liabilities</b>	<b>17,048,645</b>	<b>26,949</b>	<b>930,206</b>	<b>11,361,062</b>	<b>4,000,000</b>	<b>33,366,862</b>
<b>Total Liabilities</b>	<b>18,588,802</b>	<b>172,911</b>	<b>1,102,540</b>	<b>17,206,181</b>	<b>4,597,459</b>	<b>41,667,893</b>
<b>Deferred Inflows of Resources:</b>						
Pension	221,520	4,134	32,105	521,704	0	779,463
Other Postemployment Benefits	50,444	941	7,311	118,801	0	177,497
<b>Total Deferred Inflows of Resources</b>	<b>271,964</b>	<b>5,075</b>	<b>39,416</b>	<b>640,505</b>	<b>0</b>	<b>956,960</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	47,634,338	0	37,570,012	7,638,885	4,094,147	96,937,382
<b>Restricted for:</b>						
Debt Service	0	0	0	800,603	0	800,603
Unrestricted	21,461,294	1,062,461	3,262,065	(1,773,961)	978,923	24,990,782
<b>Total Net Position</b>	<b>\$69,095,632</b>	<b>\$1,062,461</b>	<b>\$40,832,077</b>	<b>\$6,665,527</b>	<b>\$5,073,070</b>	<b>\$122,728,767</b>

See accompanying notes to the basic financial statements.



City of Mason, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities Enterprise Funds					Total Business-Type Activities
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	
Operating Revenues:						
Charges for Services	\$7,838,400	\$1,758,321	\$1,635,985	\$6,556,750	\$1,643,063	\$19,432,519
Other Revenues	0	5	0	109,430	46	109,481
Total Operating Revenues	<u>7,838,400</u>	<u>1,758,326</u>	<u>1,635,985</u>	<u>6,666,180</u>	<u>1,643,109</u>	<u>19,542,000</u>
Operating Expenses:						
Personal Services	1,122,088	26,629	261,738	2,909,851	0	4,320,306
Contractual Services	1,296,403	1,708,822	348,770	1,936,818	1,757,208	7,048,021
Materials and Supplies	479,047	0	32,434	901,449	632,686	2,045,616
Depreciation	2,603,453	0	865,245	533,384	225,991	4,228,073
Total Operating Expenses	<u>5,500,991</u>	<u>1,735,451</u>	<u>1,508,187</u>	<u>6,281,502</u>	<u>2,615,885</u>	<u>17,642,016</u>
Operating Income (Loss)	<u>2,337,409</u>	<u>22,875</u>	<u>127,798</u>	<u>384,678</u>	<u>(972,776)</u>	<u>1,899,984</u>
Non-Operating Revenues (Expenses):						
Investment Earnings	409,551	19,955	68,776	17,695	0	515,977
Interest (Expense)	(651,005)	0	(26,658)	(416,900)	(107,095)	(1,201,658)
Total Non-Operating Revenues (Expenses)	<u>(241,454)</u>	<u>19,955</u>	<u>42,118</u>	<u>(399,205)</u>	<u>(107,095)</u>	<u>(685,681)</u>
Income (Loss) Before Contributions and Transfers	2,095,955	42,830	169,916	(14,527)	(1,079,871)	1,214,303
Capital Grants and Contributions	2,300,508	0	1,268,186	0	0	3,568,694
Transfers In	0	0	0	0	1,547,000	1,547,000
Change in Net Position	4,396,463	42,830	1,438,102	(14,527)	467,129	6,329,997
Net Position - Beginning of Year, Restated	<u>64,699,169</u>	<u>1,019,631</u>	<u>39,393,975</u>	<u>6,680,054</u>	<u>4,605,941</u>	<u>116,398,770</u>
Net Position - End of Year	<u>\$69,095,632</u>	<u>\$1,062,461</u>	<u>\$40,832,077</u>	<u>\$6,665,527</u>	<u>\$5,073,070</u>	<u>\$122,728,767</u>

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, 2018

	Business-Type Activities Enterprise Funds					Total Business-Type Activities
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$7,951,371	\$1,714,807	\$1,619,123	\$6,624,648	\$1,666,828	\$19,576,777
Cash Payments to Employees	(1,205,158)	(24,966)	(193,423)	(2,661,192)	0	(4,084,739)
Cash Payments to Suppliers	(1,947,144)	(1,711,030)	(405,319)	(2,740,725)	(2,408,945)	(9,213,163)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,799,069</b>	<b>(21,189)</b>	<b>1,020,381</b>	<b>1,222,731</b>	<b>(742,117)</b>	<b>6,278,875</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Transfers In from Other Funds	0	0	0	0	1,547,000	1,547,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,547,000</b>	<b>1,547,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Payments for Capital Acquisitions	(907,460)	0	(894,535)	(123,657)	(212,071)	(2,137,723)
Debt Proceeds	0	0	0	0	4,544,460	4,544,460
Debt Principal Payments	(1,245,000)	0	(115,000)	(360,000)	(5,000,000)	(6,720,000)
Debt Interest Payments	(664,275)	0	(33,744)	(412,275)	(143,253)	(1,253,547)
Capital Grants Received	1,208,522	0	0	0	0	1,208,522
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,608,213)</b>	<b>0</b>	<b>(1,043,279)</b>	<b>(895,932)</b>	<b>(810,864)</b>	<b>(4,358,288)</b>
<b>Cash Flows from Investing Activities:</b>						
Earnings on Investments	401,552	20,198	69,403	13,518	0	504,671
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>401,552</b>	<b>20,198</b>	<b>69,403</b>	<b>13,518</b>	<b>0</b>	<b>504,671</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,592,408</b>	<b>(991)</b>	<b>46,505</b>	<b>340,317</b>	<b>(5,981)</b>	<b>3,972,258</b>
Cash and Cash Equivalents - Beginning of Year	18,660,342	1,002,962	3,309,036	7,167,333	958,722	31,098,395
Cash and Cash Equivalents - End of Year	<u>22,252,750</u>	<u>1,001,971</u>	<u>3,355,541</u>	<u>7,507,650</u>	<u>952,741</u>	<u>35,070,653</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating Income (Loss)	2,337,409	22,875	127,798	384,678	(972,776)	1,899,984
<b>Adjustments:</b>						
Depreciation	2,603,453	0	865,245	533,384	225,991	4,228,073
<b>Changes in Assets &amp; Liabilities:</b>						
(Increase) Decrease in Receivables	112,971	(43,519)	(16,862)	(41,532)	9,931	20,989
(Increase) Decrease in Inventory	(9,560)	0	0	(5,478)	10,212	(4,826)
(Increase) Decrease in Prepaid Items	0	0	0	192,822	0	192,822
(Increase) Decrease in Deferred Outflows of Resources	347,319	4,743	5,195	566,081	0	923,338
Increase (Decrease) in Payables	(83,222)	(2,208)	(24,221)	(91,412)	(15,475)	(216,538)
Increase (Decrease) in Accrued Liabilities	(82,563)	248	4,721	17,634	0	(59,960)
Increase (Decrease) in Deferred Inflows of Resources	239,786	4,571	37,250	578,656	0	860,263
Increase (Decrease) in Net Pension Liability	(697,904)	(8,485)	16,707	(986,007)	0	(1,675,689)
Increase (Decrease) in Net OPEB Liability	31,380	586	4,548	73,905	0	110,419
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$4,799,069</u></b>	<b><u>(\$21,189)</u></b>	<b><u>\$1,020,381</u></b>	<b><u>\$1,222,731</u></b>	<b><u>(\$742,117)</u></b>	<b><u>\$6,278,875</u></b>
<b>Schedule of Noncash Capital Activities:</b>						
During the fiscal year, these amounts were received representing noncash contributions of:						
Capital Assets	<u>\$1,091,986</u>	<u>\$0</u>	<u>\$1,268,186</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,360,172</u>

See accompanying notes to the basic financial statements.

City of Mason, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Fund  
December 31, 2018

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,393,084
Due From Other Funds	<u>12,906</u>
Total Assets	<u><u>1,405,990</u></u>
Liabilities:	
Accounts Payable	5,833
Due to Others	<u>1,400,157</u>
Total Liabilities	<u><u>\$1,405,990</u></u>

See accompanying notes to the basic financial statements.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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

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

**Reporting Entity**

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

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

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

The City participates in a joint venture called the Liberty Township Joint Economic Development District (JEDD). This joint venture is presented in Note 16.

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

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The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, 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**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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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.

Street Construction, Maintenance and Repair Fund – 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.

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**  
**For the Year Ended December 31, 2018**

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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, 2018**

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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, other postemployment benefits, 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 and OPEB are explained in Notes 11 and 12.

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**  
**For the Year Ended December 31, 2018**

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inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the proprietary funds statement of net position and the government-wide statement of net position (see Notes 11 and 12).

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 2018, 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 2018 amounted to \$934,603 in the General fund, \$133,558 in the Street Construction, Maintenance and Repair Fund, \$187,447 in the Safety Fund, and \$40,701 in other governmental funds.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**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, 2018, 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

### **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/Other Postemployment Benefits (OPEB)**

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

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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providers, such as creditors, grantors, or other regulators.

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

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

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

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in 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 \$27,536,684 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

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Contributions of Capital**

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

**Interfund Activity**

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

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

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

**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**

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

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

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City

**City of Mason, Ohio**  
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treasury, in depository accounts payable or withdrawable on demand.

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. The City's investment policy as approved by Council Ordinance permits interim monies to be invested or deposited in the following securities in 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 (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible

**City of Mason, Ohio**  
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securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2018, \$1,942,348 of the City's bank balance of \$2,357,324 was exposed to custodial credit risk because it was uninsured and collateralized.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of December 31, 2018:

Investment Type	Fair Value Measurements Using			Net Asset Value*	Weighted Average Maturity in Years
	Net Asset Value* / Fair Value	Quoted Prices in			
		Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2		
US Treasury Notes/Bonds	\$29,434,754	\$29,434,754			2.77
Federal National Mortgage Association	21,416,550		\$21,416,550		1.96
Commercial Paper	20,848,174		20,848,174		0.32
STAR Ohio*	19,421,408			\$19,421,408	0.12
Federal Home Loan Mortgage Corporation	9,021,467		9,021,467		1.20
Federal Home Loan Bank	8,838,201		8,838,201		1.56
Federal Farm Credit Bank	4,716,505		4,716,505		1.51
Municipal Bonds	3,431,140		3,431,140		1.90
Negotiable Certificate of Deposit	1,158,785		1,158,785		1.82
Money Market Funds	667,315	667,315			0.00
	<u>\$118,954,299</u>	<u>\$30,102,069</u>	<u>\$69,430,822</u>	<u>\$19,421,408</u>	
Portfolio Weighted Average Maturity					1.35

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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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 are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2018. 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 18% of the City's investments in Federal National Mortgage Association, 24% in US Treasury Bills, 18% in Commercial Paper, 8% in Federal Home Loan Mortgage, 16% in STAR Ohio, 7% in Federal Home Loan Bank, 4% in Federal Farm Credit Bank, 3% in Municipal Bonds, 1% in Negotiable Certificate of Deposit and less than 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**

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

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 \$545 in the General Fund and \$1,931,355 in other governmental funds.



**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**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 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

Real Property	\$1,271,359,680
Public Utility	<u>23,678,020</u>
Total Valuation	<u><u>\$1,295,037,700</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, 2018, 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 2018 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.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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

**Economic Development Agreements**

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

**Note 5 - Risk Management**

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

**City of Mason, Ohio**  
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**For the Year Ended December 31, 2018**

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

Flood – included in Property Policy

\$25 million/occurrence and annual aggregate

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

MVRMA SIR: \$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: \$100,000/pollution condition;

\$250,000 Mold or Sewage Backups;

\$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 2018 financial statements has not been completed yet. Figures from the audited December 31, 2017 financial statements are as follows:

Current Assets	\$1,163,987
Total Assets	\$18,902,013
Deferred Outflow of Resources	\$195,252

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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Current Liabilities	\$5,742,796
Non-Current Liabilities	\$3,062,563
Deferred Inflows of Resources	\$15,101
Net Position	\$10,277,805

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 \$425,395 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
2018	\$487,412	\$3,193,434	(\$3,255,451)	\$425,395
2017	363,365	3,989,996	(3,865,949)	487,412

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

**Note 6 – Contingent Liabilities**

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**Litigation**

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

**Federal and State Grants**

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2018, 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.

**City of Mason, Ohio**  
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**Note 7 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$73,206,853	\$1,310,447	\$0	\$74,517,300
Construction in Progress	6,786,086	3,673,103	2,074,502	8,384,687
Total Capital Assets, not being depreciated	79,992,939	4,983,550	2,074,502	82,901,987
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	51,857,465	124,340	0	51,981,805
Equipment	20,753,901	1,532,775	9,895	22,276,781
Infrastructure	98,569,113	3,342,704	0	101,911,817
Totals at Historical Cost	<u>251,173,418</u>	<u>9,983,369</u>	<u>2,084,397</u>	<u>259,072,390</u>
Less Accumulated Depreciation:				
Buildings and Improvements	17,639,554	1,250,711	0	18,890,265
Equipment	13,819,228	1,488,241	9,895	15,297,574
Infrastructure	21,631,097	1,698,529	0	23,329,626
Total Accumulated Depreciation	<u>\$53,089,879</u>	<u>\$4,437,481</u>	<u>\$9,895</u>	<u>\$57,517,465</u>
Governmental Activities Capital Assets, Net	<u>\$198,083,539</u>	<u>\$5,545,888</u>	<u>\$2,074,502</u>	<u>\$201,554,925</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$10,694,550	\$0	\$0	\$10,694,550
Construction in Progress	437,365	1,876,155	1,851,080	462,440
Total Capital Assets, not being depreciated	11,131,915	1,876,155	1,851,080	11,156,990
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	54,299,307	80,222	0	54,379,529
Equipment	10,538,225	373,597	0	10,911,822
Infrastructure	98,394,155	4,181,451	0	102,575,606
Totals at Historical Cost	<u>174,363,602</u>	<u>6,511,425</u>	<u>1,851,080</u>	<u>179,023,947</u>
Less Accumulated Depreciation:				
Buildings and Improvements	15,952,702	1,556,978	0	17,509,680
Equipment	7,009,993	955,315	0	7,965,308
Infrastructure	26,136,592	1,715,780	0	27,852,372
Total Accumulated Depreciation	<u>\$49,099,287</u>	<u>\$4,228,073</u>	<u>\$0</u>	<u>\$53,327,360</u>
Business-Type Activities Capital Assets, Net	<u>\$125,264,315</u>	<u>\$2,283,352</u>	<u>\$1,851,080</u>	<u>\$125,696,587</u>

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Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$646,692
Public Safety	742,848
Leisure Time Activities	441,257
Transportation and Street Repair	2,570,172
Community Development	36,512
Total Depreciation Expense	<u>\$4,437,481</u>

**Note 8 – Compensated Absences**

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**Accumulated Unpaid Vacation**

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

**Accumulated Unpaid Sick Leave**

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

**Sick Leave Conversion at Retirement**

- a. Upon retirement, a full-time, regular employee who meets the age and length of service requirements of the Public Employees Retirement System or the Police and Fireman's Disability and Pension Fund, whichever is applicable, and who was also in the service of the City of Mason for a period of ten (10) continuous years prior to retirement from the service of the City of Mason may redeem his or her accumulated sick leave providing all other criteria are met in order to receive the benefits (i.e. age for retirement).
- b. Redemption shall be at a rate of three (3) accumulated sick days exchanged for (1) day of pay for the first two hundred (200) sick days. For the next twenty five sick days the redemption shall be two (2) accumulated sick days exchanged for one (1) day of pay. All remaining sick days the redemption shall be one (1) accumulated sick days exchanged for (1) day of pay. The maximum redemption is limited to two hundred eighty-seven and a half (287 1/2) sick days converted to one-hundred and forty-one and two-thirds (141 2/3) days paid.
- c. Redemption for union fire employees shall be at a rate of three (3) accumulated sick leave days exchanged for one (1) day of pay with a maximum redemption limited to two-hundred and ten (210) days converted to seventy (70) days paid.
- d. Redemption for teamster employees shall be at a rate of three (3) accumulated sick leave days exchanged for one (1) day of pay with a maximum redemption limited to one-hundred and twenty (120) days converted to forty (40) days paid.
- e. Payment will be based on the employee's base rate of pay at the time of retirement.

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- 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:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
2008 Various Purpose	\$1,800,000	\$0	(\$1,800,000)	\$0	\$0
2016 Various Purpose - Refunding	8,365,000	0	(50,000)	8,315,000	50,000
2017 Special Assessment Bonds	2,000,000	0	(75,000)	1,925,000	75,000
2011 Mason Road Widening	1,460,000	0	(110,000)	1,350,000	115,000
2011 US 42 Road Improvements	730,000	0	(45,000)	685,000	45,000
2011 Refunding 1998 Road Improvement	325,000	0	(325,000)	0	0
2015 Combined Financing	8,285,000	0	(360,000)	7,925,000	370,000
Premium on Bonds	1,531,798	0	(149,185)	1,382,613	0
Total General Obligation Bonds	<u>24,496,798</u>	<u>0</u>	<u>(2,914,185)</u>	<u>21,582,613</u>	<u>655,000</u>
<u>Revenue Bonds</u>					
2012 Enterprise Parke TIF Refunding	255,000	0	(45,000)	210,000	50,000
Everybody's Farm TIF	1,440,000	0	(120,000)	1,320,000	130,000
Total Revenue Bonds	<u>1,695,000</u>	<u>0</u>	<u>(165,000)</u>	<u>1,530,000</u>	<u>180,000</u>
<u>Certificate of Participation Bonds</u>					
Refunding Certificate of Participation	9,165,000	0	(1,090,000)	8,075,000	1,135,000
Premium on Refunding Certificate of Participation	409,003	0	(45,445)	363,558	0
Total Refunding Certificate of Participation Bonds	<u>9,574,003</u>	<u>0</u>	<u>(1,135,445)</u>	<u>8,438,558</u>	<u>1,135,000</u>
Total Long-Term Liabilities Bonds	35,765,801	0	(4,214,630)	31,551,171	1,970,000
Net Pension Liability:					
OPERS	9,440,720	0	(2,847,666)	6,593,054	0
OPF	22,214,253	743,437	0	22,957,690	0
Total Net Pension Liability	<u>31,654,973</u>	<u>743,437</u>	<u>(2,847,666)</u>	<u>29,550,744</u>	<u>0</u>
Net OPEB Liability:					
OPERS	4,475,876	252,074	0	4,727,950	0
OPF	16,647,890	4,545,769	0	21,193,659	0
Total Net OPEB Liability	<u>21,123,766</u>	<u>4,797,843</u>	<u>0</u>	<u>25,921,609</u>	<u>0</u>
Compensated Absences	1,984,136	1,087,441	(968,109)	2,103,468	955,462
Total Governmental Activities	<u>\$90,528,676</u>	<u>\$6,628,721</u>	<u>(\$8,030,405)</u>	<u>\$89,126,992</u>	<u>\$2,925,462</u>

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	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Business-Type Activities</b>					
<u>General Obligation Bonds</u>					
Sewer Refunding	\$16,170,000	\$0	(\$1,245,000)	\$14,925,000	\$1,260,000
Stormwater Improvement	910,000	0	(115,000)	795,000	120,000
Recreational Facilities BAN 2017	5,000,000	0	(5,000,000)	0	0
Recreational Facilities BAN 2018	0	4,500,000	0	4,500,000	500,000
Premium on Bonds	2,115,626	0	(194,732)	1,920,894	0
Total General Obligation Bonds	<u>24,195,626</u>	<u>4,500,000</u>	<u>(6,554,732)</u>	<u>22,140,894</u>	<u>1,880,000</u>
<u>Certificate of Participation Bonds</u>					
Certificate of Participation	8,835,000	0	(360,000)	8,475,000	370,000
Discount on Certificate of Participation	(98,373)	5,788	0	(92,585)	0
Total Certificate of Participation Bonds	<u>8,736,627</u>	<u>5,788</u>	<u>(360,000)</u>	<u>8,382,415</u>	<u>370,000</u>
Net Pension Liability:					
OPERS	4,563,715	0	(1,675,689)	2,888,026	0
Total Net Pension Liability	<u>4,563,715</u>	<u>0</u>	<u>(1,675,689)</u>	<u>2,888,026</u>	<u>0</u>
Net OPEB Liability:					
OPERS	1,960,616	110,419	0	2,071,035	0
Total Net OPEB Liability	<u>1,960,616</u>	<u>110,419</u>	<u>0</u>	<u>2,071,035</u>	<u>0</u>
Compensated Absences - Enterprise	252,850	111,096	(98,574)	265,372	130,880
Total Business-Type Activities	<u>\$39,709,434</u>	<u>\$4,727,303</u>	<u>(\$8,688,995)</u>	<u>\$35,747,742</u>	<u>\$2,380,880</u>

Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund or a Special Revenue Fund. General obligation bonds will be paid from the General Obligation Bond Retirement Fund, Central Parke TIF Fund, Mason Enterprise Parke TIF Fund, Tylersville Road TIF Fund, Stormwater Utility Fund, 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. There is no repayment schedule for the net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

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
2019	\$2,535,000	\$1,437,748	\$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	3,750,000	1,064,835	170,000	42,838
2024-2028	18,535,000	3,064,402	325,000	130,812
2029-2033	3,285,000	657,063	250,000	29,324
2034-2037	1,680,000	111,960	0	0
	<u>\$40,420,000</u>	<u>\$10,187,087</u>	<u>\$1,530,000</u>	<u>\$478,725</u>



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**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 – Certificates of Participation**

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The City currently has certificate of participation bonds for the municipal building and the community center addition.

The City’s obligations meet the criteria of certificate of participation bonds and have been recorded on the government-wide statements. The assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the bond.

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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	1,489,890	768,362
2024-2028	1,998,970	3,851,834
2029-2033	0	3,852,260
2034	0	771,750
Total minimum lease payments	<u>9,454,570</u>	<u>12,324,670</u>
Less: Amount representing interest	(1,379,570)	(3,849,670)
Present value of minimum lease payments	<u><u>\$8,075,000</u></u>	<u><u>\$8,475,000</u></u>

Certificate of Participation bond 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**

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***Net Pension Liability/Net Other Postemployment Benefits (OPEB) Liability***

Pensions and OPEB 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

**City of Mason, Ohio**  
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employee services each financial period.

The net pension liability and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB 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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 12 for the OPEB disclosures.

***Plan Description – 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 and combined plans. 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 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,

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members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<u>Group A</u> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<u>Group B</u> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<u>Group C</u> Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u>	<u>State and Local</u>	<u>State and Local</u>
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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
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
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
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
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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.

When a traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

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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>
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2018 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</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>

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* 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.

\*\*\*\* These pension and employer health care rates are for the traditional and combined plan. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2018, The City's contractually required contribution was \$1,168,491 for the traditional plan. Of this amount \$52,929 is reported as accrued wages and benefits.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description – City full-time police and firefighters 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.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

**City of Mason, Ohio**  
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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 (see OPF CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member’s base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,780,557 for 2018. Of this amount \$67,877 is reported as accrued wages and benefits.

***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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017 to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the City's defined benefit pension plans:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net Pension Liability	\$9,481,080	\$22,957,690	\$32,438,770
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06043500%	0.37405900%	0.43449400%
Prior Measurement Date	<u>0.06167100%</u>	<u>0.35072000%</u>	<u>0.41239100%</u>
Change in Proportionate Share	<u>-0.00123600%</u>	<u>0.02333900%</u>	<u>0.02210300%</u>
Pension Expense	\$1,960,250	\$3,064,171	\$5,024,421

At December 31, 2018, 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	\$9,683	\$348,398	\$358,081
Changes in assumptions	1,133,052	1,000,388	2,133,440
Changes in employer proportionate share of net pension liability	0	1,600,741	1,600,741
Contributions subsequent to the measurement date	<u>1,168,491</u>	<u>1,780,557</u>	<u>2,949,048</u>
Total Deferred Outflows of Resources	<u>\$2,311,226</u>	<u>\$4,730,084</u>	<u>\$7,041,310</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$186,842	\$41,531	\$228,373
Changes in employer proportionate share of net pension liability	336,587	0	336,587
Net difference between projected and actual earnings on pension plan investments	<u>2,035,463</u>	<u>794,160</u>	<u>2,829,623</u>
Total Deferred Inflows of Resources	<u>\$2,558,892</u>	<u>\$835,691</u>	<u>\$3,394,583</u>

**City of Mason, Ohio**  
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\$2,949,048 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
2019	\$673,450	\$910,742	\$1,584,192
2020	(356,895)	701,951	345,056
2021	(896,310)	(120,608)	(1,016,918)
2022	(836,402)	27,069	(809,333)
2023	0	481,710	481,710
Thereafter	0	112,972	112,972
<b>Total</b>	<b>(\$1,416,157)</b>	<b>\$2,113,836</b>	<b>\$697,679</b>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values 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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

OPERS Traditional Plan

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2017 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%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other investments	18.00%	5.26%
Total	100.00%	5.66%



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**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) 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	\$15,022,932	\$9,481,080	\$3,349,308

**Changes between Measurement Date and Report Date** In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

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	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

For the January 1, 2016 valuation, rates of death were 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 and three years for firefighters. For service retirements, set back zero years for police 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 was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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 Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected

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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 geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric  
 \* levered 2x

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 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. 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. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 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 following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
City's proportionate share of the net pension liability:			
OPF	\$31,825,378	\$22,957,690	\$15,725,279

**Changes between Measurement Date and Report Date** There have been no OPF pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies as of the pension plan for the measurement date.

**Note 12 - Defined Benefit Other Postemployment Benefits Plans**

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The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

**Net Other Postemployment Benefits (OPEB) Liability**

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” was effective. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 net OPEB liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement

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systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 Postemployment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 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 postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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 was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1,

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2018 decreased to 0 percent 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care

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was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care 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 OPF Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

Beginning January 1, 2019, OPF is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OPF was \$41,701 for 2018.

***OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$6,798,985	\$21,193,659	\$27,992,644
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06261000%	0.37405900%	0.43666900%
Prior Measurement Date	<u>0.06372551%</u>	<u>0.35072000%</u>	<u>0.41444551%</u>
Change in Proportionate Share	<u>-0.00111551%</u>	<u>0.02333900%</u>	<u>0.02222349%</u>
OPEB Expense	\$548,951	\$1,797,100	\$2,346,051

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$5,296	\$0	\$5,296
Changes in assumptions	495,039	2,068,050	2,563,089
Changes in employer proportionate share of net OPEB liability	0	966,542	966,542
Contributions subsequent to the measurement date	0	41,701	41,701
Total Deferred Outflows of Resources	<u>\$500,335</u>	<u>\$3,076,293</u>	<u>\$3,576,628</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$106,891	\$106,891
Net difference between projected and actual earnings on OPEB plan investments	506,479	139,506	645,985
Changes in employer proportionate share of net OPEB liability	76,226	0	76,226
Total Deferred Inflows of Resources	<u>\$582,705</u>	<u>\$246,397</u>	<u>\$829,102</u>

\$41,701 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2019	\$76,148	\$393,150	\$469,298
2020	76,148	393,150	469,298
2021	(108,046)	393,150	285,104
2022	(126,620)	393,150	266,530
2023	0	428,026	428,026
Thereafter	0	787,569	787,569
Total	<u>(\$82,370)</u>	<u>\$2,788,195</u>	<u>\$2,705,825</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:



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Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees.

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OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 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	34.00%	1.88%
Domestic Equities	21.00%	6.37%
Real Estate Investment Trust	6.00%	5.91%
International Equities	22.00%	7.88%
Other investments	17.00%	5.39%
<b>Total</b>	<b>100.00%</b>	<b>4.98%</b>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability:			
OPERS	\$9,032,745	\$6,798,985	\$4,991,895

**City of Mason, Ohio**  
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**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability			
OPERS	\$6,505,179	\$6,798,985	\$7,102,478

**Changes between Measurement Date and Report Date** In October, 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City’s net OPEB Liability is not known.

**Actuarial Assumptions – OPF**

OPF’s total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF’s actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
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the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. 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 geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric

\* levered 2x

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 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OPF's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the Net OPEB Liability OPF	\$26,492,329	\$21,193,659	\$17,116,565

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability OPF	\$16,463,615	\$21,913,659	\$27,568,157

***Changes between Measurement Date and Report Date*** In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's Net OPEB Liability is not known.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**Note 13 – Conduit Debt Obligations**

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Previously reported conduit debt obligations have been paid in full and the lien removed from the property as of June 25, 2018.

**Note 14 – Construction and Other Commitments**

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**Construction**

The City had the following outstanding commitments at year end:

Projects	Amount
Install 3rd Aeration Mixer/Controls N&S Ditch	\$1,264,382
SR 741 Improvement Spyglass Hill to Welden	683,380
es Municipal Pool Reconstruction (Replacement)	647,590
Common Ground Park	593,083
Traffic Controller Replacement	494,080
Cox-Smith Road Reconstruction-Parkside to 741	448,927
Muddy Creek Bike Path Stormwater	281,035
Community Center Commitment	249,475
Hof Run Improvement-Eagle View Drive Culvert Replacement	207,002
Cox-Smith Road Straighten Curves	121,943
Innovation Way Bridge Rehab	103,129
Municipal Center Maintenance & Repair Program	75,323
St Rt 741 Parkside Intersection	74,733
Mason-Lebanon Trail Connection	62,079
General Government Commitment	42,427
Snider Road Widening (Western Row to Tylersville)	20,713
Annual WWTP Maintenance & Repair Program	14,000
Fire Commitment	11,456
Arbor Creek Lift Station Improvements	5,537
IT Fiber Infrastructure Improvement	573
Total	\$5,400,867

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. Outstanding encumbrances as of December 31, 2018 were as follows:

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**City of Mason, Ohio**  
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**For the Year Ended December 31, 2018**

Fund	Amount
General	\$14,371,439
Safety	531,003
Sewer	1,691,261
Waste Collection	156,185
Stormwater Utility	630,834
Community Center	1,228,334
Golf Course	101,351
Nonmajor Funds	<u>6,785,030</u>
Total	<u><u>\$25,495,437</u></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	\$5,400,000	\$0	\$0	\$11,490,278
Street Construction, Maintenance & Repair Fund	0	0	4,010,300	165,000
Safety Fund	0	0	2,718,278	0
Community Center Fund	0	5,250,000	0	0
Golf Course Fund	0	0	1,547,000	0
Other Governmental Funds	0	150,000	3,473,878	94,178
Total All Funds	<u>\$5,400,000</u>	<u>\$5,400,000</u>	<u>\$11,749,456</u>	<u>\$11,749,456</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.

\$5.25 million was previously advanced to the Community Center Fund from the General Fund. The agreement between the City and the Mason City Schools requires the Community Center to be self-sufficient.

The transfer out of the Street Construction, Maintenance, and Repair Fund to the General Bond Retirement Fund of \$165,000 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 \$73,000 was to make the debt service payment for the US 42 Road Improvement debt that is included in the 2013 Various Purpose General Obligation Bonds. The transfer out of the Municipal Court Indigent Driver IDAM Fund (Other Governmental Funds) to the Indigent Driver Fund of \$10,878 was for indigent driver programs. The transfer out of the Street Subdivision Fund of \$10,300 to the Street Construction, Maintenance and Repair Fund was for street subdivision



**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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expenditures.

**Note 16 – Joint Venture**

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

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

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

Distribution of Gross Tax:

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

Net Distribution:

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

**Note 17 – Fund Balances**

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

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**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

Fund Balances	General	Street, Construction Maintenance & Repair	Safety	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$313,146	\$0	\$15,657	\$0	\$328,803
Unclaimed Monies	117,051	0	0	0	117,051
<b>Total Nonspendable</b>	<b>430,197</b>	<b>0</b>	<b>15,657</b>	<b>0</b>	<b>445,854</b>
Restricted for:					
Fire and Emergency Medical Service Safety	0	0	9,396,238	0	9,396,238
Street Construction Maintenance and Repair	0	7,381,383	0	0	7,381,383
Street Subdivision	0	0	0	974,116	974,116
Police Officer Training	0	0	0	9,501	9,501
Parks and Recreation	0	0	0	552,808	552,808
Drug Law Enforcement	0	0	0	39,595	39,595
Law Enforcement and Education	0	0	0	4,215	4,215
Indigent Drive	0	0	0	76,705	76,705
Municipal Court Computer Costs	0	0	0	293,317	293,317
Municipal Court Improvement Education	0	0	0	230,224	230,224
Municipal Court Improvement	0	0	0	249,837	249,837
Vehicle Immobilization Fee	0	0	0	17,398	17,398
Municipal Court Probation Services	0	0	0	121,279	121,279
Municipal Court Indigent Driver IDAM	0	0	0	1,789	1,789
Central Parke TIF	0	0	0	627,005	627,005
Mason Enterprise Parke TIF	0	0	0	107,707	107,707
Tylersville Road TIF	0	0	0	387,961	387,961
I-71 Corridor TIF	0	0	0	1,673,546	1,673,546
Everybody's Farm TIF	0	0	0	318,788	318,788
JW Harris TIF	0	0	0	554,948	554,948
General Obligation Bond Retirement	0	0	0	727,058	727,058
State Highway Improvement	0	0	0	26,279	26,279
Special Assessment Bond Retirement	0	0	0	18,386	18,386
<b>Total Restricted</b>	<b>0</b>	<b>7,381,383</b>	<b>9,396,238</b>	<b>7,012,462</b>	<b>23,790,083</b>
Committed to:					
Police Crime Prevention	0	0	0	686	686
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>686</b>	<b>686</b>
Assigned to:					
General Capital Improvement	36,181,035	0	0	0	36,181,035
Debt Service	0	0	0	2,375,419	2,375,419
Common Ground Park Construction	0	0	0	881,142	881,142
Subdivision Inspection	0	0	0	507,241	507,241
Protection and Enforcement	79,424	0	0	0	79,424
Recreation Services	100,312	0	0	0	100,312
Transportation Services	176,174	0	0	0	176,174
General Governance	64,852	0	0	0	64,852
Community Development	1,568,983	0	0	0	1,568,983
Asset Development and Management	1,744,343	0	0	0	1,744,343
Medical and Health Wellness	549,282	0	0	0	549,282
Unpaid Obligations	151,270	0	0	0	151,270
<b>Total Assigned</b>	<b>40,615,675</b>	<b>0</b>	<b>0</b>	<b>3,763,802</b>	<b>44,379,477</b>
Unassigned (Deficit)	22,447,959	0	0	0	22,447,959
<b>Total Fund Balance</b>	<b>\$63,493,831</b>	<b>\$7,381,383</b>	<b>\$9,411,895</b>	<b>\$10,776,950</b>	<b>\$91,064,059</b>

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**Note 18 – Tax Abatements**

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As of December 31, 2018, 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.

<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	\$2,453	\$261
Economic Development Incentive	243	243

**Note 20 – Subsequent Event**

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In April 2019, the City of Mason entered into a rate lock agreement for refunding the 2009 Community Center lease. The agreement locks the \$7.3 million current refunding scheduled to be closed on September 4, 2019, and amends the certificates of participation.

In May 2019, the City issued \$4 million of general obligation recreational facilities refunding notes to refund the \$4,500,000 general obligation recreational facilities notes which were due in May 2019. The notes are due May 2020.

**Note 21 – Implementation of New Accounting Principles and Restatement of Net Position**

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For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**City of Mason, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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The implementation of GASB Statement No. 75 affected the City's postemployment benefit plan disclosures, as presented in the notes to the basic financial statements, and added required supplementary information which can be found following these notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A net position restatement is required in order to implement GASB Statement No. 75. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position as previously reported	\$224,419,407	\$118,327,680
Adjustments:		
Net OPEB Liability	(21,123,766)	(1,960,616)
Deferred Outflow		
Payments Subsequent to Measurement Date	<u>111,908</u>	<u>31,706</u>
Restated Net Position January 1, 2018	<u>\$203,407,549</u>	<u>\$116,398,770</u>

	<u>Enterprise Funds</u>			
	<u>Waste Collection</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Community Center</u>
Net position as previously reported	\$1,029,862	\$65,247,356	\$39,473,423	\$7,971,098
Adjustments:				
Net OPEB Liability	(10,399)	(557,198)	(80,754)	(1,312,265)
Deferred Outflow				
Payments Subsequent to Measurement Date	<u>168</u>	<u>9,011</u>	<u>1,306</u>	<u>21,221</u>
Restated Net Position January 1, 2018	<u>\$1,019,631</u>	<u>\$64,699,169</u>	<u>\$39,393,975</u>	<u>\$6,680,054</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement has no effect on fund balances.

***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 Five Fiscal Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.06043500%	0.06167100%	0.06357900%	0.06477700%	0.06477700%
City's Proportionate Share of the Net Pension Liability	\$9,481,080	\$14,004,435	\$11,012,684	\$7,812,829	\$7,636,364
City's Covered Payroll	\$7,987,231	\$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 Payroll	118.70%	175.65%	119.25%	98.05%	91.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	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:

Amounts presented as of the City's measurement date which is the prior fiscal year end.  
 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 Five Fiscal Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.37405900%	0.35072000%	0.33845900%	0.33722890%	0.33722890%
City's Proportionate Share of the Net Pension Liability	\$22,957,690	\$22,214,253	\$21,773,305	\$17,469,862	\$16,424,105
City's Covered Payroll	\$9,067,805	\$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 Payroll	253.18%	263.47%	296.06%	252.03%	288.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	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:

Amounts presented as of the City's measurement date which is the prior fiscal year end.  
 See accompanying notes to the required supplementary information.

City of Mason, Ohio  
 Required Supplementary Information  
 Schedule of City's Contributions  
 for Net Pension Liability  
 Ohio Public Employees Retirement System- Traditional Plan  
 Last Five Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,168,491	\$1,038,340	\$956,755	\$1,108,234	\$956,157
Contributions in Relation to the Contractually Required Contribution	<u>(1,168,491)</u>	<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>	<u>\$0</u>
City's Covered Payroll	\$8,346,364	\$7,987,231	\$7,972,958	\$9,235,283	\$7,967,975
Contributions as a Percentage of Covered Payroll	14.00%	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.

Note:

See accompanying notes to the required supplementary information.



City of Mason, Ohio  
 Required Supplementary Information  
 Schedule of City's Contributions  
 for Net Pension Liability  
 Ohio Police and Fire Pension Fund  
 Last Five Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,780,557	\$1,722,883	\$1,601,957	\$1,477,500	\$1,411,281
Contributions in Relation to the Contractually Required Contribution	<u>(1,780,557)</u>	<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>	<u>\$0</u>
City's Covered Payroll	\$9,371,353	\$9,067,805	\$8,431,353	\$7,354,405	\$6,931,636
Contributions as a Percentage of Covered Payroll	19.00%	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.

Note:

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 Postemployment Benefits Other Than Pension (OPEB) Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Two Fiscal Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.06261000%	0.06372551%
City's Proportionate Share of the Net OPEB Liability	\$6,798,985	\$6,436,492
City's Covered Payroll	\$7,987,231	\$7,972,958
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	85.12%	80.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(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 2017 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.

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 Postemployment Benefits Other Than Pension (OPEB) Liability  
 Ohio Police and Fire Pension Fund  
 Last Two Fiscal Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.37405900%	0.35072000%
City's Proportionate Share of the Net OPEB Liability	\$21,193,659	\$16,647,890
City's Covered Payroll	\$9,067,805	\$8,431,353
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	233.72%	197.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(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 2017 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

City of Mason, Ohio  
 Required Supplementary Information  
 Schedule of City's Contributions to  
 Postemployment Benefits Other Than Pension (OPEB)  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Three Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution to OPEB	\$0	\$0	\$0
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$8,346,364	\$7,987,231	\$7,972,958
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

(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 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Mason, Ohio  
 Required Supplementary Information  
 Schedule of City's Contributions to  
 Postemployment Benefits Other Than Pension (OPEB)  
 Ohio Police and Fire Pension Fund  
 Last Three Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution to OPEB	\$41,701	\$104,088	\$185,509
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(41,701)</u>	<u>(104,088)</u>	<u>(185,509)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$9,371,353	\$9,067,805	\$8,431,353
Contributions to OPEB as a Percentage of Covered Payroll	0.44%	1.15%	2.20%

(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 2016 is not available.

Note:

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, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$33,020,000	\$37,020,000	\$39,391,568	\$2,371,568
Fines, Licenses and Permits	1,693,000	1,693,000	2,008,153	315,153
Intergovernmental	70,000	70,000	587,124	517,124
Charges for Services	622,000	622,000	904,277	282,277
Investment Earnings	200,000	200,000	799,787	599,787
Other Revenues	570,000	570,000	866,733	296,733
<b>Total Revenues</b>	<b>36,175,000</b>	<b>40,175,000</b>	<b>44,557,642</b>	<b>4,382,642</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
City Manager	364,561	379,561	366,129	13,432
Assistant City Manager	1,279,036	1,279,036	1,102,217	176,819
Finance	543,939	543,939	480,528	63,411
Earnings Tax	778,620	778,620	633,208	145,412
Refunds and Reimbursements	1,250,000	1,700,000	1,649,398	50,602
Law Director	555,631	555,631	375,627	180,004
Council	370,641	355,641	278,987	76,654
Municipal Court	1,413,270	1,413,270	1,250,753	162,517
Land, Buildings and Grounds	1,234,902	1,514,902	1,452,104	62,798
Auditor's Deductions	728,507	448,507	341,099	107,408
Contingency	250,000	250,000	0	250,000
<b>Total General Government</b>	<b>8,769,107</b>	<b>9,219,107</b>	<b>7,930,050</b>	<b>1,289,057</b>
<b>Public Safety</b>				
Police Department	6,732,930	6,732,930	6,295,262	437,668
Street Lighting	396,086	396,086	388,404	7,682
Campus Security	826,388	826,388	750,013	76,375
Diaster Services	44,333	44,333	40,722	3,611
<b>Total Public Safety</b>	<b>7,999,737</b>	<b>7,999,737</b>	<b>7,474,401</b>	<b>525,336</b>
<b>Leisure Time Activities</b>				
Recreation Programs	517,410	517,410	393,869	123,541
Parks	1,592,163	1,592,163	1,424,837	167,326
Swimming Pool	265,912	265,912	219,492	46,420
Senior Center	231,065	231,065	163,961	67,104
<b>Total Leisure Time Activities</b>	<b>2,606,550</b>	<b>2,606,550</b>	<b>2,202,159</b>	<b>404,391</b>
<b>Community Development</b>				
Community Planning-Zoning	289,680	289,680	243,980	45,700
Building Inspections	865,892	865,892	816,801	49,091
Economic Development	698,676	698,676	560,582	138,094
Community Development	2,715,279	3,540,279	3,382,258	158,021
<b>Total Community Development</b>	<b>4,569,527</b>	<b>5,394,527</b>	<b>5,003,621</b>	<b>390,906</b>
<b>Transportation &amp; Street Repair</b>				
Traffic Signals	165,192	165,192	114,867	50,325
Street Maintenance & Repair	3,816,391	3,391,391	2,846,227	545,164
Garage	570,046	570,046	432,547	137,499
Engineering	665,904	665,904	632,452	33,452
<b>Total Transportation &amp; Street Repair</b>	<b>5,217,533</b>	<b>4,792,533</b>	<b>4,026,093</b>	<b>766,440</b>

(Continued)

City of Mason, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	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	30,862,454	31,712,454	28,336,324	3,376,130
Excess of Revenues Over (Under) Expenditures	5,312,546	8,462,546	16,221,318	7,758,772
Other Financing Sources (Uses):				
Transfers (Out)	(6,775,000)	(20,775,000)	(18,953,278)	1,821,722
Total Other Financing Sources (Uses)	(6,775,000)	(20,775,000)	(18,953,278)	1,821,722
Net Change in Fund Balance	(1,462,454)	(12,312,454)	(2,731,960)	9,580,494
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,495,675	14,495,675	14,495,675	0
Fund Balance End of Year	<u>\$13,033,221</u>	<u>\$2,183,221</u>	<u>\$11,763,715</u>	<u>\$9,580,494</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, 2018

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Intergovernmental	\$3,900,000	\$3,400,000	\$3,446,057	\$46,057
Investment Earnings	0	0	120,135	120,135
Other Revenues	100,000	100,000	97,670	(2,330)
<b>Total Revenues</b>	<b>4,000,000</b>	<b>3,500,000</b>	<b>3,663,862</b>	<b>163,862</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation and Street Repair	2,792,394	2,592,394	2,547,707	44,687
Capital Outlay	8,602,538	8,802,538	8,614,238	188,300
<b>Total Expenditures</b>	<b>11,394,932</b>	<b>11,394,932</b>	<b>11,161,945</b>	<b>232,987</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(7,394,932)</b>	<b>(7,894,932)</b>	<b>(7,498,083)</b>	<b>396,849</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	4,000,000	4,000,000	4,010,300	10,300
Transfers (Out)	(165,000)	(165,000)	(165,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,835,000</b>	<b>3,835,000</b>	<b>3,845,300</b>	<b>10,300</b>
<b>Net Change in Fund Balance</b>	<b>(3,559,932)</b>	<b>(4,059,932)</b>	<b>(3,652,783)</b>	<b>407,149</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>5,669,903</b>	<b>7,468,811</b>	<b>5,669,903</b>	<b>(1,798,908)</b>
<b>Fund Balance End of Year</b>	<b>\$2,109,971</b>	<b>\$3,408,879</b>	<b>\$2,017,120</b>	<b>(\$1,391,759)</b>

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, 2018

	Safety Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$4,300,000	\$4,300,000	\$4,551,854	\$251,854
Intergovernmental	520,000	520,000	578,585	58,585
Charges for Services	600,000	600,000	632,560	32,560
Investment Earnings	0	0	158,385	158,385
Other Revenues	0	0	98,239	98,239
Total Revenues	<u>5,420,000</u>	<u>5,420,000</u>	<u>6,019,623</u>	<u>599,623</u>
Expenditures:				
Current:				
Public Safety	7,879,396	8,109,396	8,009,191	100,205
Capital Outlay	690,949	690,949	623,914	67,035
Total Expenditures	<u>8,570,345</u>	<u>8,800,345</u>	<u>8,633,105</u>	<u>167,240</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,150,345)</u>	<u>(3,380,345)</u>	<u>(2,613,482)</u>	<u>766,863</u>
Other Financing Sources (Uses):				
Transfers In	2,300,000	2,300,000	2,718,278	418,278
Total Other Financing Sources (Uses)	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,718,278</u>	<u>418,278</u>
Net Change in Fund Balance	(850,345)	(1,080,345)	104,796	1,185,141
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>8,929,504</u>	<u>9,013,176</u>	<u>8,929,504</u>	<u>(83,672)</u>
Fund Balance End of Year	<u>\$8,079,159</u>	<u>\$7,932,831</u>	<u>\$9,034,300</u>	<u>\$1,101,469</u>

See accompanying notes to the required supplementary information.

**City of Mason, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Note 1 – Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the 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, street construction, maintenance and repair fund and the 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 Fiscal Year Ended December 31, 2018**

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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, street construction, maintenance and repair fund and the safety fund.

**Net Change in Fund Balance**

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	General	Street Construction Maintenance and Repair	Safety
GAAP Basis	\$8,359,405	\$1,819,286	(\$288,335)
Revenue Accruals	(2,231,121)	390,012	1,078,756
Expenditure Accruals	2,916,007	(110,059)	(154,622)
Transfers (Out)	(7,463,000)	0	0
Encumbrances	(4,313,251)	(5,752,022)	(531,003)
Budget Basis	<u>(\$2,731,960)</u>	<u>(\$3,652,783)</u>	<u>\$104,796</u>

**Note 2 – Net Pension Liability**

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**Ohio Public Employees Retirement System (Traditional Plan)**

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**City of Mason, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

**Note 3 – Net Other Post Employment Benefits (OPEB) Liability**

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**Ohio Public Employees Retirement System (Traditional Plan)**

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 4.23% to 3.85% for 2018.

Changes between Measurement Date and Report Date: In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of impact to the City's net OPEB liability is not known.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 3.79% to 3.24% for 2018.

Changes between Measurement Date and Report Date: In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's Net OPEB Liability is not known.

***COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES***

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## **Nonmajor Governmental Funds**

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### **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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$6,879,071	\$1,597,610	\$881,142	\$9,357,823
Restricted Cash	0	1,522,569	0	1,522,569
<b>Receivables (Net):</b>				
Taxes	0	1,804,467	0	1,804,467
Accounts	38,684	0	0	38,684
Interest	2,451	25,921	0	28,372
Intergovernmental	1,476,172	119,442	0	1,595,614
Special Assessments	0	1,931,355	0	1,931,355
<b>Total Assets</b>	<b>8,396,378</b>	<b>7,001,364</b>	<b>881,142</b>	<b>16,278,884</b>
<b>Liabilities:</b>				
Accounts Payable	4,241	2,159	0	6,400
Accrued Wages and Benefits	10,305	0	0	10,305
Interfund Payable	150,000	0	0	150,000
<b>Total Liabilities</b>	<b>164,546</b>	<b>2,159</b>	<b>0</b>	<b>166,705</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	0	1,804,467	0	1,804,467
Grants and Other Taxes	1,455,960	119,442	0	1,575,402
Special Assessments	0	1,931,355	0	1,931,355
Unavailable Amounts	927	23,078	0	24,005
<b>Total Deferred Inflows of Resources</b>	<b>1,456,887</b>	<b>3,878,342</b>	<b>0</b>	<b>5,335,229</b>
<b>Fund Balances:</b>				
Restricted	6,267,018	745,444	0	7,012,462
Committed	686	0	0	686
Assigned	507,241	2,375,419	881,142	3,763,802
<b>Total Fund Balances</b>	<b>6,774,945</b>	<b>3,120,863</b>	<b>881,142</b>	<b>10,776,950</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$8,396,378</b>	<b>\$7,001,364</b>	<b>\$881,142</b>	<b>\$16,278,884</b>



City of Mason, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property and Other Taxes	\$0	\$1,338,299	\$0	\$1,338,299
Investment Earnings	12,138	28,563	0	40,701
Intergovernmental	139,542	211,497	0	351,039
Special Assessments	0	136,948	0	136,948
Fines, Licenses & Permits	1,057,405	0	0	1,057,405
Revenue in Lieu of Taxes	2,195,903	0	0	2,195,903
Other Revenues	6,641	0	296,753	303,394
<b>Total Revenues</b>	<b>3,411,629</b>	<b>1,715,307</b>	<b>296,753</b>	<b>5,423,689</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	523,258	0	0	523,258
Public Safety	11,518	0	0	11,518
Community Development	1,202,260	0	0	1,202,260
Transportation and Street Repair	145,802	0	15,611	161,413
Capital Outlay	1,546	0	0	1,546
<b>Debt Service:</b>				
Principal	165,000	3,855,000	0	4,020,000
Interest and Other Charges	91,725	1,181,333	0	1,273,058
<b>Total Expenditures</b>	<b>2,141,109</b>	<b>5,036,333</b>	<b>15,611</b>	<b>7,193,053</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,270,520</b>	<b>(3,321,026)</b>	<b>281,142</b>	<b>(1,769,364)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	10,878	3,163,000	300,000	3,473,878
Transfers (Out)	(94,178)	0	0	(94,178)
<b>Total Other Financing Sources (Uses)</b>	<b>(83,300)</b>	<b>3,163,000</b>	<b>300,000</b>	<b>3,379,700</b>
<b>Net Change in Fund Balance</b>	<b>1,187,220</b>	<b>(158,026)</b>	<b>581,142</b>	<b>1,610,336</b>
<b>Fund Balance - Beginning of Year</b>	<b>5,587,725</b>	<b>3,278,889</b>	<b>300,000</b>	<b>9,166,614</b>
<b>Fund Balance - End of Year</b>	<b>\$6,774,945</b>	<b>\$3,120,863</b>	<b>\$881,142</b>	<b>\$10,776,950</b>

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## **Nonmajor Special Revenue Funds**

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### **Fund Descriptions**

**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.

**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.

## **Nonmajor Special Revenue Funds**

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### **Fund Descriptions (Continued)**

**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.

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City of Mason, Ohio  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2018

	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation	Police Crime Prevention
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$155,731	\$974,116	\$9,501	\$551,620	\$686
<b>Receivables (Net):</b>					
Accounts	0	0	0	0	0
Interest	540	0	0	1,911	0
Intergovernmental	60,860	0	0	0	0
<b>Total Assets</b>	<b>217,131</b>	<b>974,116</b>	<b>9,501</b>	<b>553,531</b>	<b>686</b>
<b>Liabilities:</b>					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	150,000	0	0	0	0
<b>Total Liabilities</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>					
Grants and Other Taxes	40,648	0	0	0	0
Unavailable Amounts	204	0	0	723	0
<b>Total Deferred Inflows of Resources</b>	<b>40,852</b>	<b>0</b>	<b>0</b>	<b>723</b>	<b>0</b>
<b>Fund Balances:</b>					
Restricted	26,279	974,116	9,501	552,808	0
Committed	0	0	0	0	686
Assigned	0	0	0	0	0
<b>Total Fund Balances</b>	<b>26,279</b>	<b>974,116</b>	<b>9,501</b>	<b>552,808</b>	<b>686</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$217,131</b>	<b>\$974,116</b>	<b>\$9,501</b>	<b>\$553,531</b>	<b>\$686</b>

<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>
\$38,345	\$4,215	\$79,526	\$287,316	\$228,094	\$241,348	\$17,398
1,250	0	100	6,001	2,130	11,372	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>39,595</u>	<u>4,215</u>	<u>79,626</u>	<u>293,317</u>	<u>230,224</u>	<u>252,720</u>	<u>17,398</u>
0	0	2,921	0	0	554	0
0	0	0	0	0	2,329	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>2,921</u>	<u>0</u>	<u>0</u>	<u>2,883</u>	<u>0</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
39,595	4,215	76,705	293,317	230,224	249,837	17,398
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>39,595</u>	<u>4,215</u>	<u>76,705</u>	<u>293,317</u>	<u>230,224</u>	<u>249,837</u>	<u>17,398</u>
<u>\$39,595</u>	<u>\$4,215</u>	<u>\$79,626</u>	<u>\$293,317</u>	<u>\$230,224</u>	<u>\$252,720</u>	<u>\$17,398</u>

Continued

City of Mason, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018

	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	JW Harris TIF	Central Parke TIF	Mason Enterprise Parke TIF
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$109,574	\$1,224	\$554,948	\$627,005	\$107,707
<b>Receivables (Net):</b>					
Accounts	17,242	565	0	0	0
Interest	0	0	0	0	0
Intergovernmental	0	0	105,192	146,255	53,872
<b>Total Assets</b>	<b>126,816</b>	<b>1,789</b>	<b>660,140</b>	<b>773,260</b>	<b>161,579</b>
<b>Liabilities:</b>					
Accounts Payable	632	0	0	0	0
Accrued Wages and Benefits	4,905	0	0	0	0
Interfund Payable	0	0	0	0	0
<b>Total Liabilities</b>	<b>5,537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>					
Grants and Other Taxes	0	0	105,192	146,255	53,872
Unavailable Amounts	0	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>105,192</b>	<b>146,255</b>	<b>53,872</b>
<b>Fund Balances:</b>					
Restricted	121,279	1,789	554,948	627,005	107,707
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
<b>Total Fund Balances</b>	<b>121,279</b>	<b>1,789</b>	<b>554,948</b>	<b>627,005</b>	<b>107,707</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$126,816</b>	<b>\$1,789</b>	<b>\$660,140</b>	<b>\$773,260</b>	<b>\$161,579</b>



Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$387,961	\$1,673,546	\$318,788	\$510,422	\$6,879,071
0	0	0	24	38,684
0	0	0	0	2,451
423,627	485,578	200,788	0	1,476,172
<u>811,588</u>	<u>2,159,124</u>	<u>519,576</u>	<u>510,446</u>	<u>8,396,378</u>
0	0	0	134	4,241
0	0	0	3,071	10,305
0	0	0	0	150,000
0	0	0	3,205	164,546
423,627	485,578	200,788	0	1,455,960
0	0	0	0	927
423,627	485,578	200,788	0	1,456,887
387,961	1,673,546	318,788	0	6,267,018
0	0	0	0	686
0	0	0	507,241	507,241
387,961	1,673,546	318,788	507,241	6,774,945
<u>\$811,588</u>	<u>\$2,159,124</u>	<u>\$519,576</u>	<u>\$510,446</u>	<u>\$8,396,378</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, 2018

	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation	Police Crime Prevention
<b>Revenues:</b>					
Investment Earnings	\$2,631	\$0	\$0	\$9,507	\$0
Intergovernmental	123,542	0	16,000	0	0
Fines, Licenses & Permits	0	277,370	0	112,763	0
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	0	0	0	0	0
<b>Total Revenues</b>	<b>126,173</b>	<b>277,370</b>	<b>16,000</b>	<b>122,270</b>	<b>0</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	0	0	0	0	0
Public Safety	0	0	11,125	0	0
Community Development	0	0	0	0	0
Transportation and Street Repair	0	80,000	0	0	0
Capital Outlay	0	0	0	0	0
<b>Debt Service:</b>					
Principal	0	0	0	0	0
Interest and Other Charges	0	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>80,000</b>	<b>11,125</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>126,173</b>	<b>197,370</b>	<b>4,875</b>	<b>122,270</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
Transfers (Out)	(73,000)	(10,300)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(73,000)</b>	<b>(10,300)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>53,173</b>	<b>187,070</b>	<b>4,875</b>	<b>122,270</b>	<b>0</b>
<b>Fund Balance - Beginning of Year</b>	<b>(26,894)</b>	<b>787,046</b>	<b>4,626</b>	<b>430,538</b>	<b>686</b>
<b>Fund Balance - End of Year</b>	<b>\$26,279</b>	<b>\$974,116</b>	<b>\$9,501</b>	<b>\$552,808</b>	<b>\$686</b>

Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
11,368	873	10,880	92,177	32,874	176,094	0
0	0	0	0	0	0	0
0	0	0	0	0	2,405	0
<u>11,368</u>	<u>873</u>	<u>10,880</u>	<u>92,177</u>	<u>32,874</u>	<u>178,499</u>	<u>0</u>
0	0	41,931	89,675	0	176,579	0
393	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	1,546	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>393</u>	<u>0</u>	<u>41,931</u>	<u>91,221</u>	<u>0</u>	<u>176,579</u>	<u>0</u>
<u>10,975</u>	<u>873</u>	<u>(31,051)</u>	<u>956</u>	<u>32,874</u>	<u>1,920</u>	<u>0</u>
0	0	10,878	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>10,878</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
10,975	873	(20,173)	956	32,874	1,920	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>\$39,595</u>	<u>\$4,215</u>	<u>\$76,705</u>	<u>\$293,317</u>	<u>\$230,224</u>	<u>\$249,837</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, 2018

	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM	JW Harris TIF	Central Parke TIF	Mason Enterprise Parke TIF
<b>Revenues:</b>					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Fines, Licenses & Permits	219,422	8,613	0	0	0
Revenue in Lieu of Taxes	0	0	171,768	234,639	94,930
Other Revenues	2,964	0	0	0	0
<b>Total Revenues</b>	<b>222,386</b>	<b>8,613</b>	<b>171,768</b>	<b>234,639</b>	<b>94,930</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	215,073	0	0	0	0
Public Safety	0	0	0	0	0
Community Development	0	0	0	89,887	34,049
Transportation and Street Repair	0	0	65,802	0	0
Capital Outlay	0	0	0	0	0
<b>Debt Service:</b>					
Principal	0	0	0	0	45,000
Interest and Other Charges	0	0	0	0	8,925
<b>Total Expenditures</b>	<b>215,073</b>	<b>0</b>	<b>65,802</b>	<b>89,887</b>	<b>87,974</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>7,313</b>	<b>8,613</b>	<b>105,966</b>	<b>144,752</b>	<b>6,956</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
Transfers (Out)	0	(10,878)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(10,878)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>7,313</b>	<b>(2,265)</b>	<b>105,966</b>	<b>144,752</b>	<b>6,956</b>
<b>Fund Balance - Beginning of Year</b>	<b>113,966</b>	<b>4,054</b>	<b>448,982</b>	<b>482,253</b>	<b>100,751</b>
<b>Fund Balance - End of Year</b>	<b>\$121,279</b>	<b>\$1,789</b>	<b>\$554,948</b>	<b>\$627,005</b>	<b>\$107,707</b>

Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$12,138
0	0	0	0	139,542
0	0	0	114,971	1,057,405
169,462	903,443	621,661	0	2,195,903
0	0	0	1,272	6,641
<u>169,462</u>	<u>903,443</u>	<u>621,661</u>	<u>116,243</u>	<u>3,411,629</u>
0	0	0	0	523,258
0	0	0	0	11,518
69,888	429,879	470,380	108,177	1,202,260
0	0	0	0	145,802
0	0	0	0	1,546
0	0	120,000	0	165,000
0	0	82,800	0	91,725
<u>69,888</u>	<u>429,879</u>	<u>673,180</u>	<u>108,177</u>	<u>2,141,109</u>
<u>99,574</u>	<u>473,564</u>	<u>(51,519)</u>	<u>8,066</u>	<u>1,270,520</u>
0	0	0	0	10,878
0	0	0	0	(94,178)
0	0	0	0	(83,300)
99,574	473,564	(51,519)	8,066	1,187,220
288,387	1,199,982	370,307	499,175	5,587,725
<u>\$387,961</u>	<u>\$1,673,546</u>	<u>\$318,788</u>	<u>\$507,241</u>	<u>\$6,774,945</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, 2018

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$110,000	\$123,547	\$13,547
Investment Earnings	0	2,105	2,105
Total Revenues	<u>110,000</u>	<u>125,652</u>	<u>15,652</u>
Excess of Revenues Over (Under) Expenditures	<u>110,000</u>	<u>125,652</u>	<u>15,652</u>
Other Financing Sources (Uses):			
Transfers (Out)	<u>(125,000)</u>	<u>(123,000)</u>	<u>2,000</u>
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(123,000)</u>	<u>2,000</u>
Net Change in Fund Balance	(15,000)	2,652	17,652
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>153,883</u>	<u>153,883</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$138,883</u></u>	<u><u>\$156,535</u></u>	<u><u>\$17,652</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, 2018

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$277,370	\$277,370
Total Revenues	0	277,370	277,370
Expenditures:			
Current:			
Transportation and Street Repair	80,000	80,000	0
Total Expenditures	80,000	80,000	0
Excess of Revenues Over (Under) Expenditures	(80,000)	197,370	277,370
Other Financing Sources (Uses):			
Transfers (Out)	(220,000)	(10,300)	209,700
Total Other Financing Sources (Uses)	(220,000)	(10,300)	209,700
Net Change in Fund Balance	(300,000)	187,070	487,070
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	787,046	787,046	0
Fund Balance End of Year	\$487,046	\$974,116	\$487,070

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, 2018

	Police Officer Training Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$16,000	\$16,000	\$0
Total Revenues	16,000	16,000	0
Expenditures:			
Current:			
Public Safety	20,500	12,000	8,500
Total Expenditures	20,500	12,000	8,500
Net Change in Fund Balance	(4,500)	4,000	8,500
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,626	4,626	0
Fund Balance End of Year	<u>\$126</u>	<u>\$8,626</u>	<u>\$8,500</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, 2018

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$40,000	\$112,763	\$72,763
Investment Earnings	0	8,365	8,365
Total Revenues	<u>40,000</u>	<u>121,128</u>	<u>81,128</u>
Expenditures:			
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	40,000	121,128	81,128
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>433,328</u>	<u>433,328</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$473,328</u></u>	<u><u>\$554,456</u></u>	<u><u>\$81,128</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, 2018

	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)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(500)	0	500
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	686	686	0
Fund Balance End of Year	<u>\$186</u>	<u>\$686</u>	<u>\$500</u>

City of Mason, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$10,552	\$9,552
Total Revenues	1,000	10,552	9,552
Expenditures:			
Current:			
Public Safety	27,000	393	26,607
Total Expenditures	27,000	393	26,607
Net Change in Fund Balance	(26,000)	10,159	36,159
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,185	28,185	0
Fund Balance End of Year	<u>\$2,185</u>	<u>\$38,344</u>	<u>\$36,159</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, 2018

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$948	\$448
Total Revenues	500	948	448
Expenditures:			
Current:			
Public Safety	3,000	0	3,000
Total Expenditures	3,000	0	3,000
Net Change in Fund Balance	(2,500)	948	3,448
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,267	3,267	0
Fund Balance End of Year	<u>\$767</u>	<u>\$4,215</u>	<u>\$3,448</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, 2018

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,670	\$11,205	(\$4,465)
Total Revenues	15,670	11,205	(4,465)
Expenditures:			
Current:			
General Government	76,599	49,320	27,279
Total Expenditures	76,599	49,320	27,279
Excess of Revenues Over (Under) Expenditures	(60,929)	(38,115)	22,814
Other Financing Sources (Uses):			
Transfers In	0	10,878	10,878
Total Other Financing Sources (Uses)	0	10,878	10,878
Net Change in Fund Balance	(60,929)	(27,237)	33,692
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	98,584	98,584	0
Fund Balance End of Year	<u>\$37,655</u>	<u>\$71,347</u>	<u>\$33,692</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, 2018

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$85,000	\$92,728	\$7,728
Total Revenues	85,000	92,728	7,728
Expenditures:			
Current:			
General Government	118,641	95,910	22,731
Capital Outlay	22,000	1,546	20,454
Total Expenditures	140,641	97,456	43,185
Net Change in Fund Balance	(55,641)	(4,728)	50,913
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	285,890	285,890	0
Fund Balance End of Year	\$230,249	\$281,162	\$50,913

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, 2018

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$30,000	\$33,089	\$3,089
Total Revenues	30,000	33,089	3,089
Expenditures:			
Current:			
General Government	12,875	0	12,875
Total Expenditures	12,875	0	12,875
Net Change in Fund Balance	17,125	33,089	15,964
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	195,005	195,005	0
Fund Balance End of Year	\$212,130	\$228,094	\$15,964

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, 2018

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$170,000	\$177,458	\$7,458
Other Revenues	0	2,365	2,365
Total Revenues	<u>170,000</u>	<u>179,823</u>	<u>9,823</u>
Expenditures:			
Current:			
General Government	<u>299,911</u>	<u>181,515</u>	<u>118,396</u>
Total Expenditures	<u>299,911</u>	<u>181,515</u>	<u>118,396</u>
Net Change in Fund Balance	(129,911)	(1,692)	128,219
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>240,004</u>	<u>240,004</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$110,093</u></u>	<u><u>\$238,312</u></u>	<u><u>\$128,219</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, 2018

	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	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,398	17,398	0
Fund Balance End of Year	<u>\$17,398</u>	<u>\$17,398</u>	<u>\$0</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, 2018

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$195,000	\$216,988	\$21,988
Other Revenues	0	2,928	2,928
Total Revenues	<u>195,000</u>	<u>219,916</u>	<u>24,916</u>
Expenditures:			
Current:			
General Government	<u>231,419</u>	<u>219,302</u>	<u>12,117</u>
Total Expenditures	<u>231,419</u>	<u>219,302</u>	<u>12,117</u>
Net Change in Fund Balance	(36,419)	614	37,033
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>104,605</u>	<u>104,605</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$68,186</u></u>	<u><u>\$105,219</u></u>	<u><u>\$37,033</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, 2018

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$6,500	\$8,394	\$1,894
Total Revenues	6,500	8,394	1,894
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	6,500	8,394	1,894
Other Financing Sources (Uses):			
Transfers (Out)	(10,878)	(10,878)	0
Total Other Financing Sources (Uses)	(10,878)	(10,878)	0
Net Change in Fund Balance	(4,378)	(2,484)	1,894
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,708	3,708	0
Fund Balance End of Year	(\$670)	\$1,224	\$1,894

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, 2018

	JW Harris TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$170,000	\$171,768	\$1,768
Total Revenues	170,000	171,768	1,768
Expenditures:			
Current:			
Transportation and Street Repair	77,000	65,802	11,198
Total Expenditures	77,000	65,802	11,198
Net Change in Fund Balance	93,000	105,966	12,966
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	448,984	448,984	0
Fund Balance End of Year	\$541,984	\$554,950	\$12,966

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, 2018

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$125,000	\$234,639	\$109,639
Total Revenues	125,000	234,639	109,639
Expenditures:			
Current:			
Community Development	98,000	89,887	8,113
Total Expenditures	98,000	89,887	8,113
Net Change in Fund Balance	27,000	144,752	117,752
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	482,255	482,255	0
Fund Balance End of Year	\$509,255	\$627,007	\$117,752

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, 2018

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$94,000	\$94,930	\$930
Total Revenues	94,000	94,930	930
Expenditures:			
Current:			
Community Development	37,000	34,049	2,951
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	9,000	8,925	75
Total Expenditures	91,000	87,974	3,026
Net Change in Fund Balance	3,000	6,956	3,956
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	100,754	100,754	0
Fund Balance End of Year	\$103,754	\$107,710	\$3,956

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, 2018

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$169,000	\$169,462	\$462
Total Revenues	169,000	169,462	462
Expenditures:			
Current:			
Community Development	92,000	69,888	22,112
Total Expenditures	92,000	69,888	22,112
Net Change in Fund Balance	77,000	99,574	22,574
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	288,389	288,389	0
Fund Balance End of Year	\$365,389	\$387,963	\$22,574

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, 2018

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$750,000	\$903,443	\$153,443
Total Revenues	750,000	903,443	153,443
Expenditures:			
Current:			
Community Development	490,000	429,879	60,121
Total Expenditures	490,000	429,879	60,121
Net Change in Fund Balance	260,000	473,564	213,564
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,199,983	1,199,983	0
Fund Balance End of Year	<u>\$1,459,983</u>	<u>\$1,673,547</u>	<u>\$213,564</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, 2018

	Everybody's Farm TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$600,000	\$621,661	\$21,661
Total Revenues	600,000	621,661	21,661
Expenditures:			
Current:			
Community Development	487,000	470,380	16,620
Debt Service:			
Principal Retirement	120,000	120,000	0
Interest and Fiscal Charges	83,000	82,800	200
Total Expenditures	690,000	673,180	16,820
Net Change in Fund Balance	(90,000)	(51,519)	38,481
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	370,309	370,309	0
Fund Balance End of Year	\$280,309	\$318,790	\$38,481

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, 2018

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$100,000	\$114,971	\$14,971
Other Revenues	0	1,248	1,248
Total Revenues	<u>100,000</u>	<u>116,219</u>	<u>16,219</u>
Expenditures:			
Current:			
Community Development	<u>116,725</u>	<u>108,465</u>	<u>8,260</u>
Total Expenditures	<u>116,725</u>	<u>108,465</u>	<u>8,260</u>
Net Change in Fund Balance	(16,725)	7,754	24,479
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>501,966</u>	<u>501,966</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$485,241</u></u>	<u><u>\$509,720</u></u>	<u><u>\$24,479</u></u>

## **Nonmajor Debt Service Funds**

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### **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, 2018

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$727,058	\$18,386	\$852,166	\$1,597,610
Restricted Cash	0	0	1,522,569	1,522,569
<b>Receivables (Net):</b>				
Taxes	1,804,467	0	0	1,804,467
Interest	0	0	25,921	25,921
Intergovernmental	119,442	0	0	119,442
Special Assessments	0	1,931,355	0	1,931,355
<b>Total Assets</b>	<b>2,650,967</b>	<b>1,949,741</b>	<b>2,400,656</b>	<b>7,001,364</b>
<b>Liabilities:</b>				
Accounts Payable	0	0	2,159	2,159
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>2,159</b>	<b>2,159</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	1,804,467	0	0	1,804,467
Grants and Other Taxes	119,442	0	0	119,442
Special Assessments	0	1,931,355	0	1,931,355
Unavailable Amounts	0	0	23,078	23,078
<b>Total Deferred Inflows of Resources</b>	<b>1,923,909</b>	<b>1,931,355</b>	<b>23,078</b>	<b>3,878,342</b>
<b>Fund Balances:</b>				
Restricted	727,058	18,386	0	745,444
Assigned	0	0	2,375,419	2,375,419
<b>Total Fund Balances</b>	<b>727,058</b>	<b>18,386</b>	<b>2,375,419</b>	<b>3,120,863</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$2,650,967</b>	<b>\$1,949,741</b>	<b>\$2,400,656</b>	<b>\$7,001,364</b>

City of Mason, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended December 31, 2018

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:				
Property and Other Taxes	\$1,338,299	\$0	\$0	\$1,338,299
Investment Earnings	0	0	28,563	28,563
Intergovernmental	211,497	0	0	211,497
Special Assessments	0	136,948	0	136,948
Total Revenues	1,549,796	136,948	28,563	1,715,307
Expenditures:				
Debt Service:				
Principal	2,690,000	75,000	1,090,000	3,855,000
Interest and Other Charges	713,534	64,000	403,799	1,181,333
Total Expenditures	3,403,534	139,000	1,493,799	5,036,333
Excess of Revenues Over (Under) Expenditures	(1,853,738)	(2,052)	(1,465,236)	(3,321,026)
Other Financing Sources (Uses):				
Transfers In	1,563,000	0	1,600,000	3,163,000
Total Other Financing Sources (Uses)	1,563,000	0	1,600,000	3,163,000
Net Change in Fund Balance	(290,738)	(2,052)	134,764	(158,026)
Fund Balance - Beginning of Year	1,017,796	20,438	2,240,655	3,278,889
Fund Balance - End of Year	\$727,058	\$18,386	\$2,375,419	\$3,120,863

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, 2018

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,690,000	\$1,788,299	\$98,299
Intergovernmental	205,000	211,497	6,497
Total Revenues	<u>1,895,000</u>	<u>1,999,796</u>	<u>104,796</u>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	2,690,000	2,690,000	0
Interest and Fiscal Charges	763,500	713,534	49,966
Total Expenditures	<u>3,453,500</u>	<u>3,403,534</u>	<u>49,966</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,558,500)</u>	<u>(1,403,738)</u>	<u>154,762</u>
Other Financing Sources (Uses):			
Transfers In	1,565,000	1,563,000	(2,000)
Total Other Financing Sources (Uses)	<u>1,565,000</u>	<u>1,563,000</u>	<u>(2,000)</u>
Net Change in Fund Balance	6,500	159,262	152,762
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>567,796</u>	<u>567,796</u>	<u>0</u>
Fund Balance End of Year	<u>\$574,296</u>	<u>\$727,058</u>	<u>\$152,762</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, 2018

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$135,000	\$136,948	\$1,948
Total Revenues	135,000	136,948	1,948
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	75,000	75,000	0
Interest and Fiscal Charges	70,000	64,000	6,000
Total Expenditures	145,000	139,000	6,000
Net Change in Fund Balance	(10,000)	(2,052)	7,948
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	20,440	20,440	0
Fund Balance End of Year	\$10,440	\$18,388	\$7,948

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, 2018

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$23,741	\$23,741
Total Revenues	0	23,741	23,741
Expenditures:			
Debt Service:			
Principal Retirement	1,090,000	1,090,000	0
Interest and Fiscal Charges	409,500	406,297	3,203
Total Expenditures	1,499,500	1,496,297	3,203
Excess of Revenues Over (Under) Expenditures	(1,499,500)	(1,472,556)	26,944
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	100,500	127,444	26,944
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,242,958	2,242,958	0
Fund Balance End of Year	\$2,343,458	\$2,370,402	\$26,944



## **Nonmajor Capital Project Fund**

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### **Fund Description**

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

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Common Ground Park Construction Fund has been included in the Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

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, 2018

	Common Ground Parks Construction Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$296,753	\$296,753	\$0
Total Revenues	296,753	296,753	0
Expenditures:			
Current:			
Transportation and Street Repair	609,000	608,694	306
Total Expenditures	609,000	608,694	306
Excess of Revenues Over (Under) Expenditures	(312,247)	(311,941)	306
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	(12,247)	(11,941)	306
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	300,000	300,000	0
Fund Balance End of Year	<u>\$287,753</u>	<u>\$288,059</u>	<u>\$306</u>

## **Other General Funds**

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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.

**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, 2018

	General Capital Improvement Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$4,903	\$4,903
Other Revenues	0	24,600	24,600
<b>Total Revenues</b>	<b>0</b>	<b>29,503</b>	<b>29,503</b>
Expenditures:			
Current:			
Capital Outlay	8,342,986	3,429,620	4,913,366
<b>Total Expenditures</b>	<b>8,342,986</b>	<b>3,429,620</b>	<b>4,913,366</b>
Excess of Revenues Over (Under) Expenditures	(8,342,986)	(3,400,117)	4,942,869
Other Financing Sources (Uses):			
Issuance of Debt	2,500,000	0	(2,500,000)
Transfers In	0	14,050,000	14,050,000
Transfers (Out)	(15,690,000)	(14,537,000)	1,153,000
<b>Total Other Financing Sources (Uses)</b>	<b>(13,190,000)</b>	<b>(487,000)</b>	<b>12,703,000</b>
Net Change in Fund Balance	(21,532,986)	(3,887,117)	17,645,869
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,564,986	30,564,986	0
<b>Fund Balance End of Year</b>	<b>\$9,032,000</b>	<b>\$26,677,869</b>	<b>\$17,645,869</b>

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

City of Mason, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Employee Medical Insurance Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$3,700,000	\$4,035,919	\$335,919
Other Revenues	0	98,150	98,150
<b>Total Revenues</b>	<b>3,700,000</b>	<b>4,134,069</b>	<b>434,069</b>
Expenditures:			
Current:			
General Government	4,531,730	3,907,086	624,644
<b>Total Expenditures</b>	<b>4,531,730</b>	<b>3,907,086</b>	<b>624,644</b>
<b>Net Change in Fund Balance</b>	<b>(831,730)</b>	<b>226,983</b>	<b>1,058,713</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,955,231	2,955,231	0
<b>Fund Balance End of Year</b>	<b>\$2,123,501</b>	<b>\$3,182,214</b>	<b>\$1,058,713</b>

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

City of Mason, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2018

	Unclaimed Monies Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$20,230	\$20,230
Total Revenues	0	20,230	20,230
Expenditures:			
Current:			
General Government	45,000	180	44,820
Total Expenditures	45,000	180	44,820
Net Change in Fund Balance	(45,000)	20,050	65,050
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	97,001	97,001	0
Fund Balance End of Year	<u>\$52,001</u>	<u>\$117,051</u>	<u>\$65,050</u>

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

## **Other Nonmajor Funds**

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### **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, 2018

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$6,706	\$2,412,188	\$2,408,583	\$10,311
Receivables (Net):				
Due From Other Funds	13,042	0	136	12,906
<b>Total Assets</b>	<b>19,748</b>	<b>2,412,188</b>	<b>2,408,719</b>	<b>23,217</b>
<b>Liabilities:</b>				
Due to Others	19,748	2,412,188	2,408,719	23,217
<b>Total Liabilities</b>	<b>\$19,748</b>	<b>\$2,412,188</b>	<b>\$2,408,719</b>	<b>\$23,217</b>

	Mason Port Authority			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$841,568	\$453,405	\$202,282	\$1,092,691
Receivables (Net):				
Accounts	20,433	0	20,433	0
<b>Total Assets</b>	<b>862,001</b>	<b>453,405</b>	<b>222,715</b>	<b>1,092,691</b>
<b>Liabilities:</b>				
Accounts Payable	750	5,713	750	5,713
Due to Others	861,251	447,692	221,965	1,086,978
<b>Total Liabilities</b>	<b>\$862,001</b>	<b>\$453,405</b>	<b>\$222,715</b>	<b>\$1,092,691</b>

	Community Improvement Corporation			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$290,141	\$17,400	\$17,459	\$290,082
<b>Total Assets</b>	<b>290,141</b>	<b>17,400</b>	<b>17,459</b>	<b>290,082</b>
<b>Liabilities:</b>				
Accounts Payable	0	120	0	120
Due to Others	290,141	17,280	17,459	289,962
<b>Total Liabilities</b>	<b>\$290,141</b>	<b>\$17,400</b>	<b>\$17,459</b>	<b>\$290,082</b>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$1,138,415	\$2,882,993	\$2,628,324	\$1,393,084
Receivables (Net):				
Accounts	20,433	0	20,433	0
Interfund	13,042	0	136	12,906
<b>Total Assets</b>	<b>1,171,890</b>	<b>2,882,993</b>	<b>2,648,893</b>	<b>1,405,990</b>
<b>Liabilities:</b>				
Accounts Payable	750	5,833	750	5,833
Due to Others	1,171,140	2,877,160	2,648,143	1,400,157
<b>Total Liabilities</b>	<b>\$1,171,890</b>	<b>\$2,882,993</b>	<b>\$2,648,893</b>	<b>\$1,405,990</b>



***STATISTICAL SECTION***

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## Statistical Section

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

### Contents

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

**Revenue Capacity** - These schedules contain information to help the reader understand and assess the City's most significant local revenue 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.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017(2)	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$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	\$171,236,501
Restricted	18,245,889	16,361,953	16,842,649	13,822,941	14,942,529	15,932,379	15,733,642	16,650,729	24,171,568	26,736,081
Unrestricted	25,722,145	30,227,053	33,233,298	41,380,921	51,370,384	31,071,105	33,540,033	34,960,857	15,539,479	19,548,152
Total Governmental Activities Net Position	\$161,837,437	\$166,687,240	\$172,762,972	\$184,366,548	\$195,173,301	\$184,679,197	\$197,791,295	\$211,625,348	\$203,407,549	\$217,520,734
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$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	\$96,937,382
Restricted	4,069,854	4,107,379	4,135,486	784,933	786,591	788,035	791,199	796,196	792,282	800,603
Unrestricted	15,260,353	10,898,229	10,851,775	10,148,188	11,896,384	12,709,974	16,471,007	19,878,612	21,333,912	24,990,782
Total Business-Type Activities Net Position	\$96,718,894	\$96,826,867	\$96,965,798	\$99,571,061	\$100,809,865	\$103,002,989	\$108,928,434	\$113,957,361	\$116,398,770	\$122,728,767
<b>Primary Government</b>										
Net Investment in Capital Assets	\$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	\$268,173,883
Restricted	22,315,743	20,469,332	20,978,135	14,607,874	15,729,120	16,720,414	16,524,841	17,446,925	24,963,850	27,536,684
Unrestricted	40,982,498	41,125,282	44,085,073	51,529,109	63,266,768	43,781,079	50,011,040	54,839,469	36,873,391	44,538,934
Total Governmental Activities Net Position	\$258,556,331	\$263,514,107	\$269,728,770	\$283,937,609	\$295,983,166	\$287,682,186	\$306,719,729	\$325,582,709	\$319,806,319	\$340,249,501

Source: City of Mason, Ohio, Department of Finance

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

(2)-Restated for GASB Statement No. 75 Implementation

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
General Government	\$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	\$8,826,290
Public Safety	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	19,439,968
Community Development	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	4,760,635
Leisure Time Activities	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	3,006,718
Transportation and Street Repair	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	8,818,489
Basic Utility Service	233,714	224,627	295,972	277,539	281,729	283,225	283,772	281,369	301,912	266,693
Interest, Fiscal Charges and Bond Issuance Cost	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	1,211,475
Total Governmental Activities Expenses	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	46,330,268
Business-type activities										
Sewer	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	6,151,996
Waste Collection	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	1,735,451
Stormwater Utility	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	1,534,845
Community Center	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	6,698,402
Golf Course	3,246,476	3,158,462	3,239,390	2,665,088	2,651,261	2,811,835	2,695,618	2,633,090	2,707,395	2,722,980
Total business-type activities expenses	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	18,843,674
Total primary government expenses	\$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	\$65,173,942
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$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	\$2,055,585
Public Safety	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	2,322,252
Community Development	306,726	354,236	472,771	503,782	599,799	589,526	950,199	960,420	1,087,732	903,229
Leisure Time Activities	564,185	555,017	452,927	443,332	432,908	1,047,156	461,836	645,031	674,459	668,815
Transportation and Street Repair	6,400	17,248	12,245	10,400	26,679	73,791	129,475	180,820	386,068	253,338
Basic Utility Service	263,341	255,781	303,507	319,006	298,529	316,009	299,193	336,955	341,426	402,405
Operating Grants and Contributions	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	1,975,582
Capital Grants and Contributions	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	4,349,426
Total Governmental Activities Program Revenues	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	12,930,632
Business-Type Activities										
Charges for Services:										
Sewer	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	7,838,400
Waste Collection	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	1,758,321

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Charges for Services: (continued)										
Stormwater Utility	832,872	838,534	964,294	1,078,126	1,142,264	1,472,169	1,307,652	1,436,238	1,315,890	1,635,985
Community Center	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	6,556,750
Golf Course	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	1,643,063
Operating Grants and Contributions	0	0	0	20,000	0	0	0	0	0	0
Capital Grants and Contributions	642,683	519,910	963,382	1,572,077	779,644	2,786,840	2,818,892	2,323,669	2,501,470	3,568,694
Total Business-Type Activities Program Revenues	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	23,001,213
Total Primary Government Program Revenues	\$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	\$35,931,845
Net (Expense)/Revenue										
Governmental Activities	(\$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)	(\$33,399,636)
Business-Type Activities	(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	4,157,539
Total Primary Government Net Expense	(\$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)	(\$29,242,097)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Income Taxes	\$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	\$37,542,739
Property Taxes Levied for:										
General Purposes	1,196,087	498,141	583,084	542,228	611,485	423,801	301,725	545,186	964,574	256,782
Special Revenue Purposes	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	3,381,854
Debt Service Purposes	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	1,475,246
Capital Project Purposes	509,685	0	0	0	0	0	0	0	0	0
Unrestricted Grants and Entitlements	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	1,957,353
Payment in Lieu of Taxes	0	818,970	1,026,869	2,398,676	1,007,338	1,192,962	1,194,327	2,972,508	2,249,384	2,236,927
Investment Earnings	208,558	151,128	211,821	257,148	105,613	318,366	410,879	495,491	564,352	1,302,099
Other Revenues	921,424	567,068	964,417	887,160	985,437	455,638	1,156,154	604,055	883,407	906,821
Transfers-Internal Activities	(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)	(1,547,000)
Total Governmental Activities	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	47,512,821
Business-Type Activities										
Investment Earnings	83,653	62,180	97,787	63,321	29,511	83,495	91,509	183,385	204,091	515,977
Other Revenues	0	29,865	20,572	13,663	26,313	61,133	35,020	37,286	92,559	109,481
Transfers-Internal Activities	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	1,547,000
Extraordinary Item	0	0	0	0	0	0	609,184	0	0	0
Total Business-Type Activities	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	2,172,458
Total Primary Government	\$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	\$49,685,279

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Changes in Net Position</b>										
Governmental Activities	\$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	\$14,113,185
Business-Type Activities	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	6,329,997
Total Primary Government	\$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	\$20,443,182

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
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
2018	37,542,739	256,782	3,381,854	1,475,246	5,113,882	42,656,621

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									
	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Nonspendable			\$324,731	\$282,460	\$282,398	\$344,898	\$560,194	\$501,274	\$360,487	\$430,197
Assigned			19,081,712	22,788,806	22,794,902	20,543,640	27,104,971	31,104,283	34,597,957	40,615,675
Reserved	\$8,243,141	\$8,724,982								
Unassigned			5,460,148	7,334,177	12,876,440	17,623,466	19,384,655	22,191,660	20,126,322	22,447,959
Unreserved	10,650,144	13,044,258								
Total General Fund	\$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	\$63,493,831
All Other Governmental Funds										
Nonspendable			32,267	31,565	26,839	18,997	27,595	27,424	19,157	15,657
Restricted			14,956,736	12,786,546	13,722,199	14,283,876	14,430,667	15,901,389	21,399,662	23,790,083
Committed			686	686	686	686	686	10,146	686	686
Assigned			2,000,407	2,026,338	2,074,188	2,120,201	2,279,076	2,496,191	3,039,830	3,763,802
Reserved	7,468,085	4,654,587								
Unassigned			0	(238,084)	(215,251)	(172,219)	(128,747)	(1,812,193)	(26,894)	0
Unreserved, Reported in:										
Special Revenue Funds	5,711,471	8,762,011								
Debt Service Funds	2,483,332	1,022,104								
Capital Projects Funds	0	0								
Total All Other Governmental Funds	\$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	\$27,570,228

Source: City of Mason, Ohio, Department of Finance

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

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

	Fiscal Year									
	<u>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>	<u>2018</u>
<b>Revenues</b>										
Taxes	\$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	\$44,424,065
Charges for Services	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	3,336,546
Investment Earning	244,519	153,341	220,863	236,004	91,918	307,704	399,249	481,325	534,372	1,296,309
Intergovernmental	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	4,672,327
Fines, Licenses & Permits	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	2,958,595
Special Assessments	69,847	86,162	62,767	13,364	13,426	6,477	0	0	0	136,948
Other Revenue	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	3,602,379
Total Revenues	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	60,427,169
<b>Expenditures</b>										
General Government	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	7,620,161
Public Safety	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	16,008,398
Community Development	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	4,531,433
Leisure Time Activities	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	2,302,929
Transportation and Street Repair	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	6,392,333
Basic Utility Service	233,714	224,627	295,972	277,539	281,729	283,225	283,772	281,369	301,912	266,693
Capital Outlay	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	4,964,472
Debt Service										
Principal Retirement	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	4,020,000
Interest, Fiscal Charges and Bond Issuance Cost	1,992,095	1,556,820	1,863,741	1,791,037	1,657,718	1,578,415	2,009,302	1,465,427	1,374,429	1,273,058
Total Expenditures	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	47,379,477
<b>Excess of Revenues Over (Under) Expenditures</b>	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	13,047,692

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing Sources (Uses)</b>										
Sale of Capital Assets	0	0	0	0	0	0	1,430,890	116,833	31,945	0
Issuance of Long-Term Capital-Related Debt	0	974,672	4,936,009	450,000	0	0	9,000,000	8,575,000	2,000,000	0
Payments to Refunded Bond Escrow Agent	0	0	0	0	0	0	0	(9,600,367)	0	0
Premium on Debt Issuance	0	0	0	0	0	0	534,150	1,156,623	0	0
Issuance of Capital Leases	0	0	0	0	25,000	0	0	0	0	0
Transfer In	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	10,202,456
Transfer Out	(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)	(11,749,456)
Total Other Financing Sources (Uses)	(9,038,489)	(631,875)	3,350,009	(546,500)	(1,029,000)	(1,046,000)	9,401,040	(1,204,411)	726,945	(1,547,000)
Net Change in Fund Balances	(\$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	\$11,500,692
Debt Service as a Percentage of Noncapital Expenditures	14.0%	9.2%	18.9%	14.9%	13.2%	11.3%	19.1%	11.8%	10.4%	13.4%

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

Fiscal Year	Withholding			Business			Individual			Total			Percentage of Total		
	Withholding	Business	Individual	Withholding	Business	Individual	Withholding	Business	Individual	Withholding	Business	Individual	Withholding	Business	Individual
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%							
2018	23,961,340	9,455,422	4,137,634	37,554,396	63.8%	25.2%	11.0%	100.0%							

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

Fiscal Year	Delinquent	Penalties	Prior Year	Current Year	Total
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
2018	(103,332)	255,568	7,881,573	29,520,588	37,554,397

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		
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	3,233,942,782	6.72	35.40%
2018	1,271,359,680	3,632,456,229	23,678,020	67,651,485	0	0	1,295,037,700	3,700,107,714	6.72	35.00%

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
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%
2018	0.58%	4.40%	1.74%	6.72%	82.79%	6.28%	2.70%	2.00%	100.49%

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, 2018  
Table 9

Taxpayer	Fiscal Year 2018			Fiscal Year 2008		
	Assessed Valuation (1)	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Duke Energy Ohio Inc.	\$23,576,160	1	1.82%	\$6,329,039	7	0.59%
Kings Island Company	20,624,950	2	1.59%	23,949,344	1	2.22%
Mason Family Resorts	17,998,030	3	1.39%			
Lens Crafters, Inc	8,518,700	4	0.66%			
Twin Fountains of Mason	8,044,720	5	0.62%	8,695,050	3	0.81%
Mason Christian Village	6,941,560	6	0.54%	6,966,733	6	0.65%
Cintas Sales Corporation	5,991,210	7	0.46%			0.00%
Scion Real Estate Investments	4,852,670	8	0.37%			
Mitsubishi Electric Auto	4,445,650	9	0.34%	9,268,255	2	0.86%
L-3 (Warren County Commissioners)	3,979,190	10	0.31%			0.00%
Linder Center of Hope				8,408,477	4	0.78%
Proctor & Gamble Company				7,673,825	5	0.71%
Cintas Corporation #2				6,091,477	8	0.57%
H J Heinz Co LLP				5,957,655	9	0.55%
Health Alliance				4,350,875	10	0.40%
All Others	1,190,064,860		91.90%	989,128,830		91.86%
<b>Total Assessed Valuation</b>	<b>\$1,295,037,700</b>		<b>100.00%</b>	<b>\$1,076,819,560</b>		<b>100.00%</b>

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:	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Fiscal Year:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current Tax Levy	\$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	\$7,738,662
Current Tax Collections	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	7,634,616
Percent of Levy Collected	96.73%	94.86%	96.27%	97.97%	98.39%	98.59%	97.49%	98.47%	98.52%	98.66%
Delinquent Tax Collections (1)	176,271	152,780	142,457	414,651	188,875	128,004	105,306	185,931	122,090	162,859
Total Tax Collections	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	7,797,475
Ratio of Total Tax Collections to Current Taxes Levied	99.31%	97.14%	98.40%	104.02%	101.20%	100.53%	99.06%	101.03%	100.15%	100.76%

Source: Warren County Auditor's Office

(1) Delinquent Tax Collections by levy year are not available. Only Delinquent Tax Collections by collection year are available and presented.  
The County does not identify delinquent collections by the year for which the tax was levied.

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

Tax Year	Current Assessments Billings	Current Assessments Collected	Ratio of Collection To Amount Billed
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%
2017	139,644	138,401	99.11%

Source: Warren County Auditor's Office

Note: Tax Year 2017 is billed and due in 2018

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					
2009	\$19,320,000	\$6,300,000	\$2,710,000	\$18,915,000	\$165,000	\$0					\$47,410,000
2010	20,530,000	3,800,000	2,495,000	19,052,118	70,000	3,025,000					48,972,118
2011	20,558,749	3,500,000	3,865,000	18,151,673	0	3,070,000					49,145,422
2012	19,432,659	3,200,000	3,230,000	17,211,228	0	3,120,000					46,193,887
2013	18,281,569	7,885,000	2,595,000	16,250,783	0	3,170,000					48,182,352
2014	17,080,479	8,500,000	2,345,000	15,265,338	0	0					43,190,817
2015	25,373,539	2,000,000	2,105,000	11,729,893	0	0					41,208,432
2016	24,340,980	0	1,855,000	10,664,448	0	0					36,860,428
2017	24,496,798	0	1,695,000	9,574,003	0	0					35,765,801
2018	21,582,613	0	1,530,000	8,438,558	0	0					31,551,171

Fiscal Year	Business-Type Activities										Total Primary Government	Percentage of Personal Income(1)	Per Capital(1)
	General Obligation Bonds	Mortgage Revenue Bonds	Bond Anticipation Notes	Certificates of Participation	Special Assessments Bonds	Business-Type Activities							
2009	\$0	\$31,640,000	\$10,195,000	\$11,190,331	\$29,000	\$53,054,331	\$101,444,000	8.86%	3,382				
2010	0	30,540,000	9,640,000	10,921,118	24,000	51,125,118	99,484,000	8.49%	3,239				
2011	9,132,645	29,395,000	0	10,631,905	18,000	49,177,550	94,333,000	7.63%	3,029				
2012	33,569,968	0	0	10,337,692	13,000	43,920,660	88,148,000	6.89%	2,819				
2013	31,864,166	0	0	10,033,479	7,000	41,904,645	81,422,000	5.96%	2,589				
2014	30,133,364	0	0	9,724,266	0	39,857,630	77,140,000	5.56%	2,440				
2015	28,362,563	0	0	9,405,053	0	37,767,616	69,950,000	4.27%	2,213				
2016	20,695,358	0	5,500,000	9,075,840	0	35,271,198	67,790,000	3.94%	2,076				
2017	24,195,626	0	5,000,000	8,736,627	0	37,932,253	73,698,054	4.16%	2,231				
2018	22,140,894	0	4,500,000	8,382,415	0	35,023,309	66,574,480	3.66%	2,003				

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 <sup>(1)</sup>	Assessed Value <sup>(2)</sup>	General Bonded Debt <sup>(3)</sup>	Less Debt Service Fund <sup>(4)</sup>	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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
2018	33,235	1,295,037,700	43,723,507	727,058	42,996,449	3.32%	1,294

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
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%
2018	2,765,000	756,875	3,521,875	7,620,161	46.22%

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, 2018  
 Table 15

	Net General Obligations Bonded Debt Outstanding (1)	Percentage Applicable (2) to City	Amount Applicable to City
Mason City School District	\$58,765,000	59.01%	\$34,677,227
Kings Local School District	39,972,783	14.85%	5,935,958
Great Oaks Career Center Joint Vocational School	3,105,000	5.18%	160,839
Lebanon City School District	44,509,987	0.22%	97,922
Deerfield Township	4,170,000	1.67%	69,639
Warren County Career Center Jt. Voc. School	300,000	2.77%	8,310
Warren County	6,089,970	17.56%	1,069,399
Subtotal Overlapping Debt	156,912,740		42,019,294
City of Mason - Direct Debt	\$29,805,000	100.00%	\$29,805,000
<b>Total Direct and Overlapping Debt</b>	<b>\$186,717,740</b>		<b>\$71,824,294</b>

Source: Ohio Municipal Advisory Council

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Total Debt Limit (1)</b>										
Total Debt Limit (10.5%)	\$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	\$135,978,959
Total Net Debt Applicable to Limits	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	19,472,942
Legal Debt Limit Margin	\$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	\$116,506,017
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	33.30%	31.29%	28.26%	28.05%	30.78%	23.41%	22.58%	18.99%	18.26%	14.32%
<b>Total Unvoted Debt Limit (1)</b>										
Total Unvoted Debt Limit (5.5%)	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	71,227,074
Total Net Debt Applicable to Limits	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	19,472,942
Legal Unvoted Debt Limit Margin	\$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	\$51,754,132
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	63.56%	59.74%	53.95%	53.56%	58.77%	44.70%	43.10%	36.26%	34.85%	27.34%

Legal Debt Margin Calculation for Fiscal Year 2018

Total Debt Limit	\$1,295,037,700	Total Unvoted Debt Limit	\$1,295,037,700
Net assessed valuation	10.5%		5.5%
Statutory legal debt limitation (1)	\$135,978,959		\$71,227,074
Total debt limitation			
Debt applicable to limit:			
Debt applicable to limit(2)	20,200,000		20,200,000
Less: applicable debt service fund amounts(3)	(727,058)		(727,058)
Total net debt applicable to limit	19,472,942		19,472,942
Legal debt margin	\$116,506,017		\$51,754,132

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, 2018  
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
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%
2018	19.2	33,235	1,818,353,320	54,712	42.3	10,664	3.9%	4.8%	3.7%

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 2018				Fiscal Year 2008			
<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>Income Tax Withholding Ranking (2)</u>
Procter & Gamble Company	Healthcare research	2,000	Procter & Gamble Company	Healthcare research	2,100	1	1
Cintas Corporation	Professional uniforms	1,842	Luxottica (Lenscrafters)	Eyewear and lens	1,494	2	2
Kings Island	Amusement park	1,732	Cintas Corporation	Professional uniforms	1,310	3	3
Luxottica (Lenscrafters)	Eyewear and lens	1,556	Mason City Schools	Local school district	1,200	4	4
Mason City Schools	Local school district	1,190	L3 Cincinnati Electronics	Aerospace and defense industry electronics	508	5	5
Intelligent Systems LLC	Material handling solutions	863	Mitsubishi Electric	Automotive electrical components	478	6	6
L3 Cincinnati Electronics	Aerospace and defense industry electronics	790	H.J. Heinz/Portion Pac	Portion-controlled condiments	465	7	7
Mitsubishi Electric	Automotive electrical components	785	Linder Center of Hope	Mental health treatment center	225	8	8
Great Wolf Lodge	Resort/ Indoor Waterpark	375	Ashley Ward	Screw machine products	221	9	9
AtriCure Inc.	Medical device provider	348	W/S Packaging-Superior Label	Print pressured sensitive labels	215	10	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
City Administration	10	10	10	10	10	10	10	11	11	11
Council	1	1	1	1	1	1	1	1	1	1
Facility	1	1	1	1	1	3	3	4	4	4
Finance	10	10	10	10	10	10	10	10	10	10
Municipal Court	22	20	20	20	20	20	20	20	20	20
<b>Public Safety</b>										
Police										
Officers	43	43	43	43	43	43	43	46	47	52
Non-sworn	7	7	7	7	7	7	7	7	7	7
Fire	33	33	33	36	42	42	42	46	46	52
<b>Leisure Time Activities</b>										
Recreation/Community Center	22	22	22	22	22	15	15	14	14	15
Park Maintenance						6	6	6	6	6
<b>Community Development</b>										
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
<b>Basic Utility Service</b>										
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
<b>Transportation and Street Repair</b>										
Engineering	8	8	8	8	8	8	8	7	7	7
Public Works/Street Maintenance	20	20	20	20	20	19	19	19	19	19
<b>Total Full-Time Positions</b>	208	206	206	209	215	215	215	222	223	235
<b>Total Part-Time Positions</b>	217	188	188	182	203	208	210	206	186	185

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>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>	<u>2018</u>
<b>Police Protection:</b>										
Number of Marked Patrol Vehicles	20	20	21	21	19	19	19	19	19	19
Calls for Service	24,810	33,735	27,448	31,545	36,635	41,193	41,267	46,412	55,331	61,373
Moving Violation Citations	3,175	3,797	2,460	2,638	2,502	2,226	2,579	2,977	3,451	2,900
Arrests	785	899	843	536	910	908	961	980	991	1,076
<b>Fire &amp; Emergency Medical:</b>										
Fire Responses	1,184	1,013	886	1,118	978	1,229	974	968	992	1,181
Emergency Medical Responses	2,431	2,570	2,516	2,601	2,477	2,767	2,823	3,086	2,852	2,963
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	20	19	20	20	19	19	20	20	21	21
<b>Leisure Time Activities</b>										
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	626	1,467	1,634	1,798	2,257	2,432	2,685	2,648	2,766
Basic	1,993	2,097	1,690	1,467	1,368	1,304	1,208	1,135	1,203	1,178
Golf Center Rounds Played										
Grizzly Course	37,957	35,270	32,959	37,708	39,750	39,676	40,211	39,243	38,474	37,056
Bruin Course (9 hole Oct. 2010, closed)	14,803	11,801	7,245	7,345	7,428	5,858	5,905	4,069	0	0
<b>Community Development</b>										
Building Permits Issued	35	54	49	54	92	192	153	155	171	153
<b>Utility Services</b>										
Number of Sewer Customers	10,110	10,154	10,200	10,243	10,283	10,410	10,580	10,628	10,873	10,961
Number of Refuse Customers	8,599	8,617	8,781	8,941	8,928	9,064	9,113	9,181	9,377	9,565
Number of Stormwater Customers	10,189	10,222	10,297	10,348	10,389	10,609	10,763	10,809	10,911	11,198
Storm sewers (miles)	92	93	94	95	95	96	98	99	99	101
Sanitary sewers (miles)	134	135	136	137	137	138	141	142	142	145
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
<b>Transportation &amp; Street Repair</b>										
Number of Streets (dedicated)	445	446	448	452	452	454	459	466	466	477
Lane Miles	355	355	356	357	357	359	360	362	362	364
Traffic Signals	40	40	40	40	40	40	40	42	42	42
Bike Paths (miles)	17	19	19	19	19	19	20	20	20	20

Source: City of Mason, Ohio, Department of Finance

**CITY OF MASON, OHIO**



**Yellow Book Report**

**December 31, 2018**

**PLATTENBURG**  
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2019, wherein we noted the City adopted GASB No. 75 as disclosed in Note 21.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

## Purpose of this Report

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

*Plattenburg & Associates, Inc.*

Cincinnati, Ohio

June 14, 2019



OHIO AUDITOR OF STATE  
**KEITH FABER**



**CITY OF MASON**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 16, 2019**