

Comprehensive Annual Financial Report



City of Mason
Mason, Ohio 45040
Year Ended December 31, 2015

CITY OF MASON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Prepared by:
Finance Department

Joseph Reigelsperger
Finance Director

Produced by the City of Mason
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INTRODUCTORY SECTION

June 28, 2016

Honorable Mayor, Members of Council, and Citizens of Mason:

We are pleased to present the City of Mason Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. While there are no legal requirements for the preparation of this report, it represents a commitment by the City of Mason to conform to nationally recognized standards of excellence in financial reporting.

State law requires that each public office file an annual financial report with the Auditor of State. The financial report must also be in conformity with generally accepted accounting principles (GAAP). The City's charter requires the City Manager and Finance Director to submit to Council and make available to the public a complete report on the finances of the municipality as of the end of each fiscal year.

The management of the City of Mason, particularly the Finance Director's Office, assumes full responsibility for both the completeness and reliability of the information contained in this report. The accuracy of the presented data and the completeness and fairness of presentation is assured through a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Plattenburg & Associates, Inc. has issued an unmodified ("clean") opinion on the City of Mason's financial statements for the year ended December 31, 2015. Their report is located at the front of the financial section of this report. Management's

discussion and analysis (MD&A) immediately follows the auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.



Mason celebrated its bicentennial in 2015.

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 with a population of about 31,000, is in the southwest quadrant of Warren County. More than 36 miles of interstate highways give businesses and residents easy access to the metropolitan centers of both Cincinnati and Dayton and 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 groups continue to recognize Mason as a great place to live, work, and play. For multiple years, *Money* magazine named the City of Mason one of the top small towns to live in the nation. SafeWise Security Systems named it one of the safest cities in Ohio. Consumer website, Nerdwallet.com, ranked Mason high for job opportunities. Warren County is "Ohio's Largest Playground" and Mason is the anchor. Mason is home to some of the biggest attractions including Kings Island amusement park, Great Wolf Lodge, the Beach Waterpark, and the annual Western & Southern Open.



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 its charter establishes guidelines for its operations. Mason is a home-rule city with a council/manager form of government.

The legislative body of Mason consists of a mayor and six council members who are responsible for the legislative affairs of the City. Council also makes appointments to various statutory and advisory boards and appoints the City Manager, Law Director, and Clerk of Council.

As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances and the efficient delivery of all city services. The City provides many of the municipal services normally associated with a municipality, including emergency services; street construction and maintenance; full engineering, building, and planning services; recreation space and activities; and business recruitment and retention.

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

The annual budget for the City of Mason serves as the foundation for the City's financial planning and control. As required by the charter, the City Manager prepares and submits the annual budget and capital program to the council. After a review and final recommendation from Council's Finance Committee, the budget is legally enacted through passage of the annual appropriation ordinance. Department Heads, with approval from the Finance Director, may transfer resources below the 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 serious business environment is confirmed by corporate decisions to consolidate and move jobs and investment to the

city. New investments reported in 2015 were over \$475 million as 1,205,000 square feet of new corporate and industrial space were added, bringing over 2,400 announced new jobs to the community. The growth in 2015 set record levels in every category and reiterates Mason's trend of performing at or near the top in the region for new investment in the industrial and corporate sector.

Mason continues to attract quality companies that are relocating or expanding. In choosing the City, companies cite prime location along the interstates, availability of land for development within established business parks, rising property values, the established core of high-tech businesses, available talent and workforce, and an exceptional level of support and services with a favorable business environment widely promoted in the region. Tax incentives targeting high-tech research and development-sector businesses and light industry are strong inducements as well. Over the past decade, Mason has also nurtured the marriage between tourism, Warren County's top industry, and business development. Additionally, the City's economic strategy encourages the growth of early and mid-stage entrepreneurial companies within the target sectors of bio-health, bio-health IT, and digital IT.

Mason businesses employ an estimated 30,000 persons, roughly equivalent to the City's nighttime population of about 31,000. Six of the top fifteen largest employers in Warren County are located in Mason. The City's ten largest employers provide work for more than 10,000 persons and generated more than \$9.8 million in income tax revenue in 2015. Overall, it is estimated that there are more than 800 businesses that operate within Mason's eighteen square miles.

In the last fifteen years, Mason has become home to numerous domestic and foreign companies and has one of the region's largest complements of international businesses. As of 2014, the Metropolitan Area ranks fourteenth in total exports among U.S. cities. The City contributes to the region's worldwide impact, being home to a number of the region's more than 1,000 firms engaged in international trade that generate annual

export sales of over \$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 building is now called the Mason Business Center and is being expanded to add the Beauty Innovation Center. More than 27% of Mason's corporate portfolio is made up of global and US headquarters operations including Luxottica, Cintas, H.J. Heinz, and Mitsubishi Electric.



P&G announced it had selected Mason, Ohio, as the home for a new Beauty Innovation Center at its existing business center campus on Mason-Montgomery Road. The move to Mason will occur in the 2018/2019 timeframe.

The year 2015 marked the city's tenth year of operating with the Mason Port Authority. This economic development tool has already provided advantageous flexibility with financial recruitment options. Since its inception, the Port has helped retain over 1,400 jobs and allowed the city to attract nearly \$125 million in new capital investment, with a total of over 2,565 new jobs created. The Mason Port Authority makes regular proposals to major prospects, often in combination with the marketing of the city's industrial property on State Route 741 and the Interstate 71 corridor. The Port was instrumental in its competitive positioning for the Procter & Gamble, General Electric Global Service Center, and Festo Regional Campus projects and continues to facilitate opportunities for Mason that would not be possible without this important economic development tool.

The diversified tax base in Mason provides for steady investment across industry sectors from automotive to science and research headquarters. In 2015, projects were a combination of new jobs, new square footage, and new investments. The year 2015 kicked off several large developments, most with expected completion dates throughout 2016 and 2017. New investment in 2014 and 2015 continued to grow with the expansion of existing Mason businesses. Activity in the City included large-scale expansion, new added locations via acquisition and renovation, and full company relocation.

The following projects were the largest new developments announced in the City for 2015:

2015 Corporate Investment Announcements

	New Capital	New Payroll
Proctor & Gamble	\$420.0 M	\$160.0 M
Mitsubishi Electric	\$25.0 M	\$3.0 M
Masters Pharma	\$17.0 M	\$9.2 M
Intelligrated	\$10.2 M	\$16.6 M
Cincinnati Fan	\$3.5 M	\$1.9 M

Source: City of Mason Economic Development.

In 2015, Proctor & Gamble Co. revealed that it will build a large research and development center at its Mason campus, which will be one of the largest private investments in the region in recent years. The company will move 1,150 employees to the Beauty Innovation Center from its operations in Blue Ash, Ohio. Construction began in the summer of 2015 on a 500,000 square foot facility, adding to the company's current 1.5 million square foot presence in the city. The center will include laboratories, pilot plants and space to conduct focus groups with consumers.

Intelligrated Inc., one of the region's largest private companies, is also expanding its Mason headquarters at a cost of \$10 million and hiring 238 new employees. Further, Mitsubishi Electric Automotive America, Inc., a leading global automotive supplier, completed its eighth expansion in the City at a cost of \$80 million,

representing 145,000 additional square feet and 100 new jobs over the next few years. Masters Pharmaceutical, a company that provides prescription drugs to more than 17,000 pharmacies nationwide, is constructing a 300,000 square foot facility with 225 jobs and anticipated additional 100 new positions.



Masters Pharma Group chose the City of Mason for its global headquarters. The pharmaceutical distributor and medical device manufacturer will bring up to 300 jobs within first five years to Mason.

The pipeline of increased new investment began to rebound at the close of 2010, with figures reaching significant levels in 2011 and continuing into 2014. The year 2015 culminated with the completion of significant recruitment projects managed over several years, representing near equal levels of expansion of existing companies and attraction of new companies. Atricare, Inc. a medical device maker based in West Chester, completed the relocation of its company headquarters and 200 workers to Mason's Oak Park District, near Interstate 71 in the County, which is envisioned as a 250-acre walkable mixed-use development. The Mason Tech Center also saw the relocation of several new tenants to its class A office space, the result of a public-private partnership between Mason and Top Gun Sales Performance. Companies in residence at the tech center now include ADB Companies, ZeroDay Technologies, Trayak, ConnXus, Cloud Takeoff, and Riverbend Worldwide.

The health industry has also provided new development in Mason. In early 2015, Assurex Health announced plans to build a new

headquarters and clinical laboratory in the city, citing the area's access to top talent and strong science partnerships with regional hospitals and universities. Construction on the new 60,000-80,000 square foot facility could be completed in 2017. Additionally, the Lindner Center of Hope, the 22nd largest hospital in Greater Cincinnati, announced plans to open a second facility, an outpatient clinic, in Mason, adding 20 jobs to the city.

Focal areas for future growth are the North Mason Technology District, an area of City- and privately-owned land in the northeast quadrant of the City totaling over 1,000 acres, and the I-71 corridor, which has approximately 600 acres of undeveloped land that has attracted the attention of the development community. Mason is also well attuned to the benefit of destination construction such as the Great Wolf Lodge, new investments at the Kings Island amusement park and the expansion of high-profile events such as the Tennis Masters Series and related sports events, which are expected to drive more interest in tourism development and national exposure of the City. The City's economic development efforts fully recognize a positive relationship between destination tourism and the business community's interest in conference, technology, and office development.

Residential growth is also a part of the City's upward economic trend. In early 2015, developer Bayer Becker announced that it will redevelop the 168-acre former Crooked Tree Golf Course into a \$150 million upscale residential development. Preliminary plans call for 212 single-family homes ranging in price from \$500,000 to more than \$1 million and 50 acres set aside as green space with hiking trails and a nature preserve.

Growth and development in the City are expected to continue to be strong through 2016. Efforts to focus on growth sectors and emerging markets that bring high rates of return to the City are the key focus of the City's economic strategy. In 2015, Mason saw 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, its physical location, municipal facilities, developable terrain, services and utilities, and the progressive attitude and actions of City Council, administration, and citizens are strong assets and support company decisions to build and grow in the City.



North Mason Technology District is 1,100 acres zoned for industrial development, approximately 5 to 50 acres in size. Approximately one third owned by the City of Mason and targeted to attract expanding Mason industrial companies in their next iteration of growth as well as new development.

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

Major projects that occurred in 2015 that position the City for future economic growth and improvement include:

Kings Island Drive

The City of Mason continued its investment into infrastructure in 2015 with Kings Island Drive improvements. Improvements were started in 2015 and will be complete in 2016. The project is a key component to the I-71/Western Row Road Interchange and a major gateway to the City. The total cost of the project is \$5.5 million including design, right-of-way acquisition, and construction. Over \$4.4 million of the cost is being paid through a

federal grant.



Kings Island Drive construction began in 2015. The project is a key component to the I-71/Western Row Road Interchange and a major gateway to the City.

New Mason Service Center

Until 2015, Mason's Public Works Department operated out of a 40-year old facility with less than 7,000 square feet. As the need for services increased along with population growth over the last 25 years, the garage had become too small and lacked the equipment necessary to properly maintain the city's growing fleet. Because only 4 out of the 19 dump trucks the city uses for snow and ice control could be parked inside the building, response time for snow and ice management was hampered. In 2013, an existing 120,000 square foot building at 3900 State Route 741 was purchased by Council for \$2.3 million with the intention of renovating it to meet the needs of the Public Works Department. Renovations began in 2014 and were completed in 2015.

Supervisory Control and Data Acquisition (SCADA)

In 2015, the city began the design, equipment purchase, and installation of a new SCADA system covering all of the Water Reclamation Plant (WRP). SCADA is a computer system that monitors and controls infrastructure and plant processes. Improvement of the existing SCADA systems will further reduce overtime requirements for nights and weekends. Phase I of the project focused on the Collection System, including lift stations and Phase II will focus on the system that controls the WRP and also include equipment software updates.

Looking Ahead to the Future

The City continues to see income tax revenue that has returned and exceeded levels realized prior to the 2008 recession. However, the City of Mason seeks opportunity to maintain its scope of services while cautiously evaluating where additional service are needed. A core principal of the City's financial policies is reinvesting into capital assets while maintaining balances to stabilize future economic downturns. The ongoing national economic uncertainty and changes at the state level will place pressure on the City budget in 2016 and subsequent years.



Major future initiatives include master planning for re-development of the City's parks and recreation facilities.

Accomplishments to look forward to in 2016 include:

- Completion of Kings Island Drive improvements 2016.
- Starting phase I of the I-71/ Western Row Road Interchange Project, including right-of way acquisition and the Columbia Road relocation.

Sincerely,



Eric Hansen
City Manager

- Citywide traffic signal upgrade including fiber optics that significantly connects the City's major facilities and infrastructure.
- Master planning the redevelopment of the City's parks and recreation facilities

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mason for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. 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, 2015

COUNCIL MEMBERS

Mayor	Victor Kidd
Vice Mayor	Barbara Berry-Spaeth
Council Member	Ashley Chance
Council Member	Kathy Grossmann
Council Member	Charlene Pelfrey
Council Member	Don Prince
Council Member	Vacant*

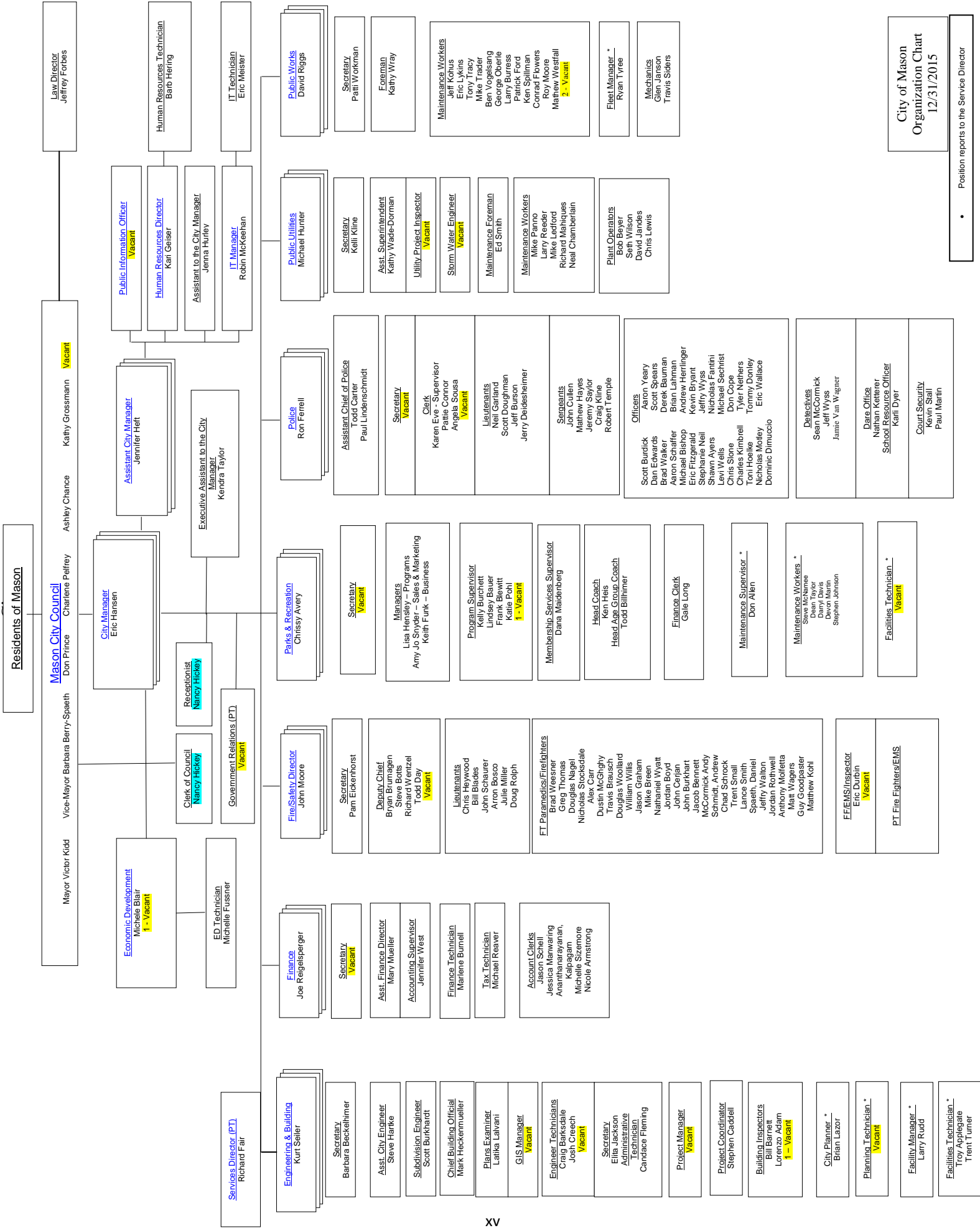
* Diana K. Nelson appointed January 25, 2016

COUNCIL APPOINTED OFFICIALS

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

DEPARTMENT HEADS

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





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mason
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in black ink, reading "Jeffrey R. Evers". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio (the City) as of and for the year ended December 31, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 20 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, 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 28, 2016

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2015

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, 2015. 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 2015 by \$306,719,729 (net position). Of this amount, \$50,011,040 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 91 percent of the 2015 expenses of \$55,078,318.

- The city's total net position increased by \$19,037,543.
- The city implemented GASB Statement Number 68 adding a net pension liability of \$25,282,692 for 2015. 2014 financials were restated to reflect this implementation.
- Net position of the governmental activities (defined below) increased \$13,112,098. Net position of the business-type activities (also defined below) increased \$5,925,445.
- The total cost of the city's programs increased \$1,244,152, which is 2.3 percent more than in 2014. The cost of governmental activities increased \$784,333 or 2.2 percent, while the cost of business-type activities increased \$459,819 or 2.6 percent.
- As of the close of the 2015 fiscal year, the city's governmental funds reported combined ending fund balances of \$63,659,097, an increase of \$8,895,552 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) Government-wide financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the city's finances in a manner similar to private-sector business.

The *statement of net position* presents information on all of the city's assets, and deferred outflows and liabilities, and deferred inflows with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

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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 27 individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for the two major funds: the general fund and the safety fund. Data for the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

3) Notes to the financial statements.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's general fund budget and the fire and emergency medical service fund budget. The city adopts an annual appropriation budget for each fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplemental information

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The city's assets and deferred outflows exceeded liabilities and deferred inflows by \$306,719,729 at the close of the most recent fiscal year.

The largest portion of the city's net position (78.3 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The city used these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position (5.4 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (\$50,011,040) 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 (\$16,471,007) may not be used to fund governmental activities.

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

Overall net position of the city increased \$19,037,543 in 2015. Net position for governmental activities increased \$13,112,098, while net position for business-type activities increased \$5,925,445. The increase in net position for 2015 (\$19,037,543) was \$5,645,491 more than the increase in net position for 2014 (\$13,392,052). This increase is primarily the result of receiving additional income tax revenues and capital grants for capital projects.

City of Mason
Net Position
(amounts expressed in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	Restated		Restated		Restated	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets						
Current and other assets	\$79,320	\$77,401	\$20,442	\$17,030	\$99,762	\$94,431
Capital assets	188,837	179,902	127,140	126,893	315,977	306,795
Total assets	<u>268,157</u>	<u>257,303</u>	<u>147,582</u>	<u>143,923</u>	<u>415,739</u>	<u>401,226</u>
Total deferred outflows of resources	<u>4,107</u>	<u>3,003</u>	<u>2,838</u>	<u>2,811</u>	<u>6,945</u>	<u>5,813</u>
Liabilities						
Long-term liabilities outstanding	40,893	36,191	38,012	40,101	78,905	76,292
Net Pension liability	22,494	21,335	2,788	2,788	25,282	24,123
Other liabilities	3,727	11,333	642	904	4,369	12,237
Total liabilities	<u>67,114</u>	<u>68,859</u>	<u>41,442</u>	<u>43,793</u>	<u>108,556</u>	<u>112,652</u>
Total deferred inflows of resources	<u>7,358</u>	<u>6,768</u>	<u>49</u>	<u>0</u>	<u>7,407</u>	<u>6,901</u>
Net Position						
Net investment in capital assets	148,518	137,676	91,666	89,505	240,184	227,181
Restricted	15,733	15,932	791	788	16,524	16,720
Unrestricted	33,540	31,071	16,471	12,710	50,011	43,781
Total Net Position	<u>\$197,791</u>	<u>\$184,679</u>	<u>\$108,928</u>	<u>\$103,003</u>	<u>\$306,719</u>	<u>\$287,682</u>

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully

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fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from

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\$203,988,061 to \$184,679,197 for governmental activities and from \$105,387,157 to \$103,002,989 for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$5,307	\$6,231	\$18,837	\$18,170	\$24,144	\$24,401
Operating grants and contributions	2,280	2,369	0	0	2,280	2,369
Capital grants and contributions	3,500	2,502	2,819	2,787	6,319	5,289
General revenues:						
Income tax	30,159	25,868	0	0	30,159	25,868
Property tax	5,811	5,851	0	0	5,811	5,851
Revenue in Lieu of Taxes	1,194	1,193	0	0	1,194	1,193
Grants and entitlements	1,906	1,337	0	0	1,906	1,337
Investment earnings	411	318	92	83	503	401
Other revenue	<u>1,156</u>	<u>456</u>	<u>35</u>	<u>61</u>	<u>1,191</u>	<u>517</u>
Total Revenues	51,724	46,125	21,783	21,101	73,507	67,226
Expenses:						
General Government	7,768	8,253	0	0	7,768	8,253
Public Safety	13,791	13,513	0	0	13,791	13,513
Leisure Time Activities	3,466	2,426	0	0	3,466	2,426
Community Development	2,638	2,883	0	0	2,638	2,883
Basic Utility Services	284	283	0	0	284	283
Transportation	7,084	7,325	0	0	7,084	7,325
Interest and fiscal charges	2,017	1,581	0	0	2,017	1,581
Sewer utility	0	0	6,090	5,744	6,090	5,744
Waste Collection	0	0	1,448	1,413	1,448	1,413
Stormwater utility	0	0	1,289	1,117	1,289	1,117
Community Center	0	0	6,507	6,484	6,507	6,484
Golf Course	<u>0</u>	<u>0</u>	<u>2,696</u>	<u>2,812</u>	<u>2,696</u>	<u>2,812</u>
Total Expenses	37,048	36,264	18,030	17,570	55,078	53,834
Increase (decrease) in net position before transfers	14,676	9,861	3,753	3,531	18,429	13,392
Special item - Refund of Property Taxes	0	0	609	0	609	0
Transfers - internal activities	<u>(1,564)</u>	<u>(1,046)</u>	<u>1,564</u>	<u>1,046</u>	<u>0</u>	<u>0</u>
Increase (decrease) in Net Position	13,112	8,815	5,926	4,577	19,038	13,392
Net Position beginning of year	<u>184,679</u>	<u>N/A</u>	<u>103,003</u>	<u>N/A</u>	<u>287,682</u>	<u>N/A</u>
Net Position end of year	<u>\$197,791</u>	<u>\$184,679</u>	<u>\$108,929</u>	<u>\$103,003</u>	<u>\$306,720</u>	<u>\$287,682</u>

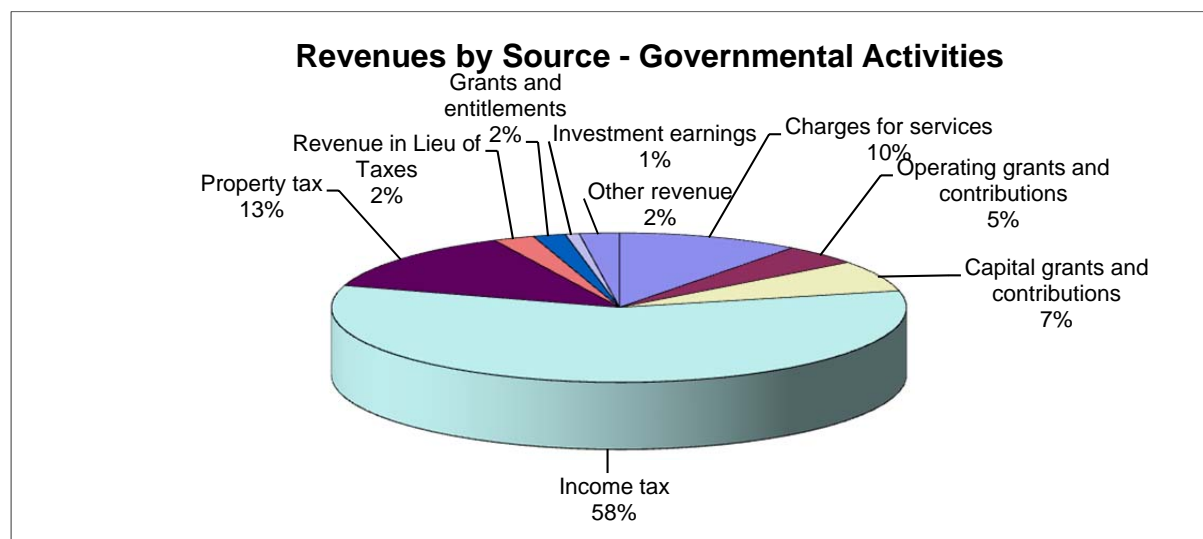
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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of \$2,367,437 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expenses of \$2,557,113. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

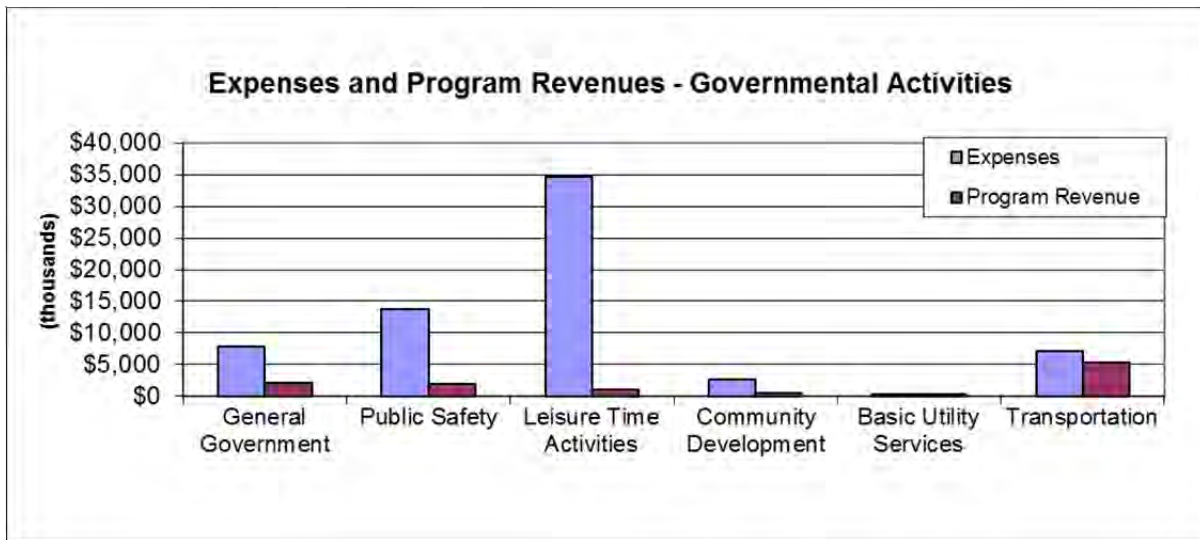
	Governmental Activities	Business-Type Activities	Total
Total 2015 program expenses under GASB 68	\$37,048,456	\$18,029,862	\$55,078,318
Pension expense under GASB 68	(2,252,675)	(304,438)	(2,557,113)
2015 contractually required contributions	2,190,206	395,528	2,585,734
Adjusted 2015 program expenses	36,985,987	18,120,952	55,106,939
Total 2014 program expenses under GASB 27	36,264,123	17,570,043	53,834,166
Increase in program expenses not related to pension	\$721,864	\$550,909	\$1,272,773

Governmental activities. Governmental activities increased the city's net position by \$13,112,098. This was a \$4,297,338 (49 percent) increase from the previous year change in net position. Key elements of the changes in net position are as follows:

- Total revenue increased \$5,599,671 (15.4 percent).
- The increase in revenue was largely a result of a \$4,291,577 (16.6 percent) increase in income tax collection.
- Capital grants and contributions increased \$998,907 (39.9 percent) over the previous year as the construction of the Kings Island Drive increased grant reimbursements.

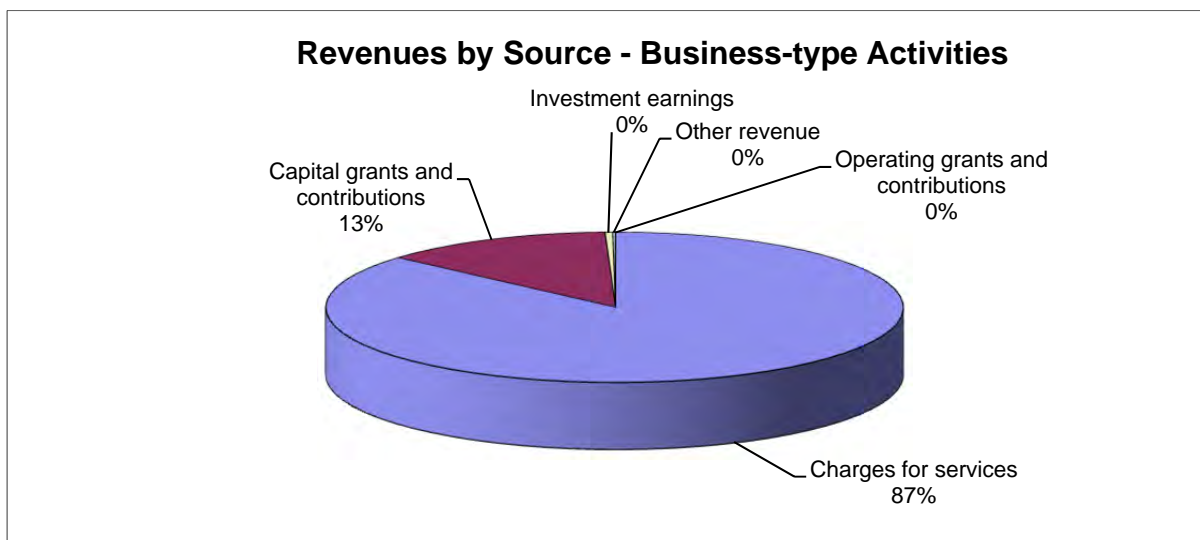


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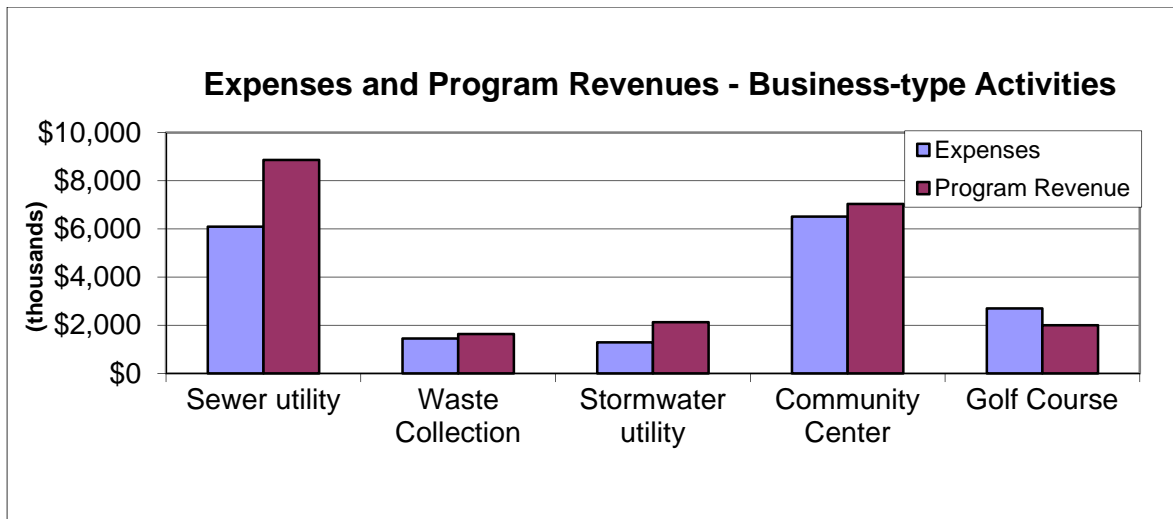


Business-type activities. Business-type activities increased the city's net position by \$5,925,445. Key elements of the changes in net position are as follows:

- Charges for services increased \$666,835 (3.7 percent). Most of the increase was from scheduled rate increases.
- Capital grants and contribution increased \$32,052 (1.2 percent) with continued increase in utility taps and economic development activity.
- Expenses for business-type activities increased \$459,819 (2.6 percent). This was generally from increase operating cost to provide the services in the business-type activity.



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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 \$63,659,097 an increase of \$8,895,552 in comparison with the prior year.

The general fund is the chief operating fund of the city. At December 31, 2015, the unassigned fund balance of the general fund was \$19,384,655, while the total fund balance was \$47,049,820. The city's general fund balance increased by \$8,537,816 during the current fiscal year. Property taxes, intergovernmental and fines, licenses & permits increases while charges for services, investment income and other revenue decreased. Expenditures increased \$3,905,405 which is a 14.3% increase. Capital outlay increased \$3,713,558. General government increased with additional income tax refunds and medical insurance claims. Transfers to other funds increased \$3,620,460 including \$2,840,000 for the partial defeasance of the municipal center lease and additional capital investment into golf course capital outlay

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 authorized 4.4 mills for 2015 and the total income tax rate of 1.12% including 0.12% that would be transferred for safety services. The fund balance increased by \$748,128. Revenue decreased by \$671,830 (11.9 percent) with the federal grant to assist with hiring full-time firefighters and reduced payments for EMS services. Expenditures decreased \$342,471 (5.0 percent) since capital outlay decreased and operating expenditures

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increased by 67,546 (1.1 percent). \$2,274,000 was transferred from the General Fund for the additional 0.12% income tax percent.

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

Unrestricted net position for the sewer fund at the end of the year amounted to \$13,380,877 with a total increase in net position of \$2,854,714. Unrestricted net position for the waste collection fund at the end of the year amounted to \$848,100, with a total growth in net position of \$193,941. Unrestricted net position for the storm water utility fund at the end of the year amounted to \$2,248,451. Unrestricted net position for the community center fund at the end of the year amounted to a negative \$1,035,479, but with a total growth in net position of \$563,306. Unrestricted net position for the golf course fund at the end of the year amounted to \$1,029,058. The golf course includes a property tax refund of \$609,184 for 2008 through 2014 after the property exemption was approved in 2015. 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 2015, there was a \$9,225,000 increase in appropriations between the original and final amended budget. The total original appropriations, including those for transfers out, were \$28,817,083, while the final appropriations were \$38,042,083. An additional \$8,000,000 was transferred to the General Capital Improvement Fund for future capital projects and debt reductions. \$975,000 was paid to the Mason Port Authority for economic development activities and \$250,000 for additional income tax refunds. \$2,840,000 was increased in the general capital improvement fund for debt defeasance by council and \$250,000 additional for the Kings Island Drive Improvements. Other operational corrections were made during the re-appropriation process. The increase in appropriations was possible because of additional revenues collected which exceeded the conservative estimated revenues. The estimated revenue was \$29,333,500. The actual revenue received was \$35,190,546. This increase was mainly due to increased income tax collections and intergovernmental revenue.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to \$315,977,379 (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

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increase in the city's investment in capital assets for 2015 over 2014 was 2.9 percent (a 4.7 percent increase for governmental activities and a 0.2 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$67,990	\$68,912	\$10,694	\$10,694	\$78,684	\$79,606
Construction in Progress	6,258	3,819	274	165	6,532	3,984
Buildings and Improvements	51,616	45,327	54,468	54,336	106,084	99,663
Machinery and Equipment	19,792	17,782	9,186	8,564	28,978	26,346
Infrastructure	89,938	87,673	93,805	91,013	183,743	178,686
Accumulated Depreciation	(46,757)	(43,611)	(41,287)	(37,879)	(88,044)	(81,490)
Total	<u>\$188,837</u>	<u>\$179,902</u>	<u>\$127,140</u>	<u>\$126,893</u>	<u>\$315,977</u>	<u>\$306,795</u>

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

- Kings Island Drive improvement was started in 2015.
- Service Center improvements were completed in 2015.
- Western Row & I-71 and State Route 741 interchange study began.
- Phase II of the SCADA update project was started in 2015.
- Several projects continue in the design and planning stage for future capital improvements.

Additional information on the city's capital assets can be found in note 7 of the notes to the basic financial statements.

Long-term debt. At December 31, 2015, the city had \$73,266,250 of long-term debt outstanding (bonds and capital leases). Of this amount, \$50,410,000 comprises debt backed by the full faith and credit of the government. Capital leases outstanding (\$20,751,250) at December 31, 2015, are certificates of participation for the municipal center, the community center and an x-ray machine. Revenue bonds in the governmental activity of \$2,105,000 are funded through tax increment financing. All figures above and table below do not include premiums and discounts.

The city has notes outstanding of \$2,000,000 for governmental activities with a maturity of less than one year. The notes are expected to be re-issued as the City of Mason plans to reduce the outstanding principal.

The city continues to maintain the highest rating, "Aaa" from Moody's Investors Service for its general obligation bonds.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$24,700	\$16,915	\$25,710	\$27,265	\$50,410	\$44,180
Special assessment debt with governmental commitment	0	0	0	0	0	0
Capital Leases	11,236	14,733	9,515	9,840	20,751	24,573
Revenue Bonds	2,105	2,345	0	0	2,105	2,345
Total	<u>\$38,041</u>	<u>\$33,993</u>	<u>\$35,225</u>	<u>\$37,105</u>	<u>\$73,266</u>	<u>\$71,098</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, 2015, the city's total net debt of 2.37% 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, 2015, the millage amount was 7.2700 mills, of which 4.6281 mills were restricted by the City of Mason for unvoted debt.

Additional information regarding the city's long-term debt can be found in note 10 of the notes to the basic financial statements.

Economic Factors and Next Year's Budgets

The City of Mason is located in Warren County, which currently has an unemployment rate of 4.4 percent. This is lower than the current Ohio rate of 5.4 percent and the national rate of 5.1 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 2016 budget was prepared in a manner similar to prior years by conservatively estimating revenue while seeking opportunities for cost savings. Based on continued concerns about the loss of state support, every effort is made to reduce expenditures with minimal impact to the current level of services. As part of the budget process, a capital improvement plan was completed and evaluated for 2016 and future years. The total appropriations budgeted for 2016 including transfers and capital outlay (\$89,786,599) is one percent less than the 2015 original appropriations

City of Mason, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2015

(\$90,421,809). 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.

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City of Mason, Ohio
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$55,713,809	\$22,577,154	\$78,290,963
Restricted Cash	1,647,683	791,199	2,438,882
Receivables (Net):			
Taxes	12,342,493	0	12,342,493
Accounts	343,623	1,591,576	1,935,199
Interest	123,630	41,046	164,676
Intergovernmental	3,385,021	0	3,385,021
Special Assessments	2,717	0	2,717
Internal Balances	5,250,000	(5,250,000)	0
Inventory	510,779	218,544	729,323
Prepaid Items	0	471,722	471,722
Nondepreciable Capital Assets	74,248,555	10,968,135	85,216,690
Depreciable Capital Assets, Net	114,588,316	116,172,373	230,760,689
Total Assets	268,156,626	147,581,749	415,738,375
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	895,431	2,293,336	3,188,767
	3,211,229	544,309	3,755,538
Total Deferred Outflows of Resources	4,106,660	2,837,645	6,944,305
Liabilities:			
Accounts Payable	420,944	79,459	500,403
Accrued Wages and Benefits	326,070	75,534	401,604
Contracts Payable	225,331	367,243	592,574
Retainage Payable	253,000	0	253,000
Accrued Interest Payable	130,375	119,626	250,001
Claims Payable	371,443	0	371,443
General Obligation Notes Payable	2,000,000	0	2,000,000
Long-Term Liabilities:			
Due Within One Year	3,575,661	2,064,530	5,640,191
Due In More Than One Year			
Net Pension Liability	22,494,292	2,788,400	25,282,692
Other Amounts	37,316,847	35,947,182	73,264,029
Total Liabilities	67,113,963	41,441,974	108,555,937
Deferred Inflows of Resources:			
Property Taxes	6,152,441	0	6,152,441
Grants and Other Taxes	1,117,318	0	1,117,318
Pension	88,269	48,986	137,255
Total Deferred Inflows of Resources	7,358,028	48,986	7,407,014
Net Position:			
Net Investment in Capital Assets	148,517,620	91,666,228	240,183,848
Restricted for:			
Debt Service	1,011,998	791,199	1,803,197
Street Improvements	4,480,468	0	4,480,468
Public Safety	8,697,549	0	8,697,549
Parks and Recreation	245,939	0	245,939
Tax increment Financing Projects	1,294,202	0	1,294,202
Other Purposes	3,486	0	3,486
Unrestricted	33,540,033	16,471,007	50,011,040
Total Net Position	\$197,791,295	\$108,928,434	\$306,719,729

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2015

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$7,767,758	\$2,097,958	\$3,200	\$0
Public Safety	13,790,633	1,368,530	505,674	690
Community Development	3,466,084	950,199	0	0
Leisure Time Activities	2,638,497	461,836	0	0
Transportation and Street Repair	7,084,253	129,475	1,771,153	3,499,718
Basic Utility Service	283,772	299,193	0	0
Interest and Other Charges	1,878,236	0	0	0
Bond Issuance Costs	139,223	0	0	0
Total Governmental Activities	37,048,456	5,307,191	2,280,027	3,500,408
Business-Type Activities:				
Sewer	6,090,047	6,871,548	0	1,990,175
Waste Collection	1,447,712	1,637,354	0	0
Stormwater Utility	1,289,342	1,307,652	0	818,717
Community Center	6,507,143	7,033,126	0	0
Golf Course	2,695,618	1,987,022	0	10,000
Total Business-Type Activities	18,029,862	18,836,702	0	2,818,892
Totals	\$55,078,318	\$24,143,893	\$2,280,027	\$6,319,300

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

Extraordinary Item - Refund of Property Taxes

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
(\$5,666,600)	\$0	(\$5,666,600)
(11,915,739)	0	(11,915,739)
(2,515,885)	0	(2,515,885)
(2,176,661)	0	(2,176,661)
(1,683,907)	0	(1,683,907)
15,421	0	15,421
(1,878,236)	0	(1,878,236)
(139,223)	0	(139,223)
(25,960,830)	0	(25,960,830)
0	2,771,676	2,771,676
0	189,642	189,642
0	837,027	837,027
0	525,983	525,983
0	(698,596)	(698,596)
0	3,625,732	3,625,732
(25,960,830)	3,625,732	(22,335,098)
30,159,378	0	30,159,378
301,725	0	301,725
3,927,783	0	3,927,783
1,580,755	0	1,580,755
1,905,927	0	1,905,927
1,194,327	0	1,194,327
410,879	91,509	502,388
1,156,154	35,020	1,191,174
(1,564,000)	1,564,000	0
39,072,928	1,690,529	40,763,457
0	609,184	609,184
13,112,098	5,925,445	19,037,543
184,679,197	103,002,989	287,682,186
<u>\$197,791,295</u>	<u>\$108,928,434</u>	<u>\$306,719,729</u>

City of Mason, Ohio
Balance Sheet
Governmental Funds
December 31, 2015

	General	Safety	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$40,616,003	\$7,807,607	\$7,290,199	\$55,713,809
Restricted Cash	0	0	1,647,683	1,647,683
Receivables (Net):				
Taxes	6,556,083	4,154,225	1,632,185	12,342,493
Accounts	175,945	95,302	72,376	343,623
Interest	93,633	19,187	10,810	123,630
Intergovernmental	307,370	257,060	2,820,591	3,385,021
Special Assessments	2,717	0	0	2,717
Interfund	5,550,000	0	0	5,550,000
Inventory	483,184	27,595	0	510,779
Total Assets	<u>53,784,935</u>	<u>12,360,976</u>	<u>13,473,844</u>	<u>79,619,755</u>
Liabilities:				
Accounts Payable	392,161	22,563	6,220	420,944
Accrued Wages and Benefits	223,036	96,562	6,472	326,070
Contracts Payable	133,340	14,082	77,909	225,331
Retainage Payable	0	0	253,000	253,000
Accrued Interest Payable	12,945	0	0	12,945
Interfund Payable	0	0	300,000	300,000
Claims Payable	371,443	0	0	371,443
General Obligation Notes Payable	2,000,000	0	0	2,000,000
Total Liabilities	<u>3,132,925</u>	<u>133,207</u>	<u>643,601</u>	<u>3,909,733</u>
Deferred Inflows of Resources:				
Property Taxes	540,238	4,154,225	1,632,185	6,326,648
Income Taxes	2,752,276	0	0	2,752,276
Grants and Other Taxes	214,917	257,060	2,297,661	2,769,638
Special Assessments	2,717	0	0	2,717
Unavailable Amounts	92,042	100,701	6,903	199,646
Total Deferred Inflows of Resources	<u>3,602,190</u>	<u>4,511,986</u>	<u>3,936,749</u>	<u>12,050,925</u>
Fund Balances:				
Nonspendable	560,194	27,595	0	587,789
Restricted	0	7,688,188	6,742,479	14,430,667
Committed	0	0	686	686
Assigned	27,104,971	0	2,279,076	29,384,047
Unassigned	19,384,655	0	(128,747)	19,255,908
Total Fund Balances	<u>47,049,820</u>	<u>7,715,783</u>	<u>8,893,494</u>	<u>63,659,097</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$53,784,935</u>	<u>\$12,360,976</u>	<u>\$13,473,844</u>	<u>\$79,619,755</u>

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, 2015

Total Governmental Fund Balance		\$63,659,097
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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		188,836,871
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Income Taxes	2,752,276	
Delinquent Property Taxes	174,207	
Interest	64,803	
Intergovernmental	1,534,602	
Other Receivables	<u>255,278</u>	
		4,781,166

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.

(117,430)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.

Compensated Absences		(1,677,826)
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Deferred outflow of resources associated with long-term liabilities are not reported in the funds.

895,431

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

Deferred outflows of resources related to pensions	3,211,229	
Deferred inflows of resources related to pensions	<u>(88,269)</u>	
		3,122,960

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

Net Pension Liability	(22,494,292)	
Other Amounts	<u>(39,214,682)</u>	
		(61,708,974)

Net Position of Governmental Activities		<u>\$197,791,295</u>
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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, 2015

	General	Safety	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$1,317,748	\$3,878,023	\$1,561,380	\$6,757,151
Income Taxes	29,753,190	0	0	29,753,190
Charges for Services	1,503,514	560,772	21,703	2,085,989
Investment Earnings	218,488	44,269	136,492	399,249
Intergovernmental	731,352	471,972	4,143,947	5,347,271
Fines, Licenses & Permits	1,812,251	0	935,907	2,748,158
Revenue in Lieu of Taxes	0	0	1,164,715	1,164,715
Other Revenues	1,626,861	4,570	215	1,631,646
Total Revenues	36,963,404	4,959,606	7,964,359	49,887,369
Expenditures:				
Current:				
General Government	6,727,088	0	463,861	7,190,949
Public Safety	6,765,267	6,129,793	2,914	12,897,974
Community Development	2,812,455	0	651,512	3,463,967
Leisure Time Activities	2,254,479	0	0	2,254,479
Transportation and Street Repair	3,509,959	0	1,913,903	5,423,862
Basic Utility Service	283,772	0	0	283,772
Capital Outlay	8,716,498	365,769	3,053,866	12,136,133
Debt Service:				
Principal	0	0	4,951,250	4,951,250
Interest and Other Charges	96,174	0	1,773,905	1,870,079
Bond Issuance Costs	139,223	0	0	139,223
Total Expenditures	31,304,915	6,495,562	12,811,211	50,611,688
Excess of Revenues Over (Under) Expenditures	5,658,489	(1,535,956)	(4,846,852)	(724,319)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,429,404	1,486	0	1,430,890
Issuance of Long-Term Capital-Related Debt	9,000,000	0	0	9,000,000
Premium on Debt Issuance	534,150	0	0	534,150
Transfers In	0	2,274,000	4,696,254	6,970,254
Transfers (Out)	(8,294,460)	0	(239,794)	(8,534,254)
Total Other Financing Sources (Uses)	2,669,094	2,275,486	4,456,460	9,401,040
Net Change in Fund Balance	8,327,583	739,530	(390,392)	8,676,721
Fund Balance - Beginning of Year	38,512,004	6,967,655	9,283,886	54,763,545
Change in Reserve for Inventory	210,233	8,598	0	218,831
Fund Balance - End of Year	\$47,049,820	\$7,715,783	\$8,893,494	\$63,659,097

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, 2015

Net Change in Fund Balance - Total Governmental Funds \$8,676,721

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	14,178,245	
Depreciation Expense	(3,774,741)	
		10,403,504

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the statement
of activities, a gain or loss is reported for each disposal. The
amount of the proceeds must be removed and the gain or loss
on the disposal of capital assets must be recognized. This is the
amount of the difference between the proceeds and the gain or loss.

(1,468,829)

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

City pension contributions	2,190,207	
Cost of benefits earned net of employee contributions	(2,252,675)	
		(62,468)

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

Income Taxes	406,187	
Delinquent Property Taxes	80,987	
Interest	11,630	
Intergovernmental	(410,981)	
Other	37,664	
		125,487

In the statement of activities, certain costs and proceeds associated with
long-term debt obligations issued during the year are accrued and
amortized over the life of the debt obligation. In governmental funds
these costs and proceeds are recognized as financing sources and uses.

Premium on Bonds Issued	(534,150)
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Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position.

4,951,250

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

1,711

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	(190,091)	
Amortization of Bond Premium	71,535	
Amortization of Deferred Charge on Refunding	(81,403)	
Change in Inventory	218,831	
		18,872

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

(9,000,000)

Change in Net Position of Governmental Activities \$13,112,098

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities -Enterprise Funds					
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Current Assets:						
Equity in Pooled Cash and Investments:	\$13,291,657	\$761,505	\$2,230,220	\$5,367,668	\$926,104	\$22,577,154
Restricted Cash	0	0	0	791,199	0	791,199
Receivables (Net):						
Accounts	1,145,041	216,436	175,690	47,508	6,901	1,591,576
Interest	32,663	1,871	5,481	1,031	0	41,046
Inventory	43,362	0	0	45,166	130,016	218,544
Prepaid Items	0	0	0	471,722	0	471,722
Total Current Assets	14,512,723	979,812	2,411,391	6,724,294	1,063,021	25,691,241
Noncurrent Assets:						
Capital Assets:						
Nondepreciable Capital Assets	4,867,732	0	348,635	1,781	5,749,987	10,968,135
Depreciable Capital Assets, Net	61,125,042	0	34,862,426	17,259,735	2,925,170	116,172,373
Total Noncurrent Assets	65,992,774	0	35,211,061	17,261,516	8,675,157	127,140,508
Total Assets	80,505,497	979,812	37,622,452	23,985,810	9,738,178	152,831,749
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	2,293,336	0	0	0	0	2,293,336
	168,419	2,560	20,852	352,478	0	544,309
Total Deferred Outflows of Resources	2,461,755	2,560	20,852	352,478	0	2,837,645
Liabilities:						
Current Liabilities:						
Accounts Payable	56,365	0	6,479	2,380	14,235	79,459
Accrued Wages and Benefits	23,109	351	2,953	49,121	0	75,534
Compensated Absences	70,535	217	6,740	37,038	0	114,530
Contracts Payable	111,176	120,161	45,822	89,326	758	367,243
Accrued Interest Payable	60,815	0	3,529	36,312	18,970	119,626
Interfund Payable	0	0	0	5,250,000	0	5,250,000
Long-Term Liabilities Due Within One Year	1,180,000	0	105,000	335,000	330,000	1,950,000
Total Current Liabilities	1,502,000	120,729	170,523	5,799,177	363,963	7,956,392
Long-Term Liabilities:						
Compensated Absences	100,327	197	9,569	19,473	0	129,566
Bonds, Notes & Loans Payable	19,810,625	0	1,079,465	9,070,053	5,857,473	35,817,616
Net Pension Liability	862,781	13,116	106,823	1,805,680	0	2,788,400
Total Noncurrent Liabilities	20,773,733	13,313	1,195,857	10,895,206	5,857,473	38,735,582
Total Liabilities	22,275,733	134,042	1,366,380	16,694,383	6,221,436	46,691,974
Deferred Inflows of Resources:						
Pension	15,157	230	1,877	31,722	0	48,986
Total Deferred Inflows of Resources	15,157	230	1,877	31,722	0	48,986
Net Position:						
Net Investment in Capital Assets	47,295,485	0	34,026,596	7,856,463	2,487,684	91,666,228
Restricted for:						
Debt Service	0	0	0	791,199	0	791,199
Unrestricted	13,380,877	848,100	2,248,451	(1,035,479)	1,029,058	16,471,007
Total Net Position	\$60,676,362	\$848,100	\$36,275,047	\$7,612,183	\$3,516,742	\$108,928,434

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, 2015

	Business-Type Activities -Enterprise Funds					
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Operating Revenues:						
Charges for Services	\$6,871,548	\$1,637,354	\$1,307,652	\$7,033,126	\$1,987,022	\$18,836,702
Other Revenues	1,872	0	0	33,148	0	35,020
Total Operating Revenues	6,873,420	1,637,354	1,307,652	7,066,274	1,987,022	18,871,722
Operating Expenses:						
Personal Services	1,334,925	22,068	176,823	2,569,556	3,705	4,107,077
Contractual Services	1,170,875	1,425,644	0	2,225,226	1,758,132	6,579,877
Materials and Supplies	482,505	0	313,888	732,473	582,458	2,111,324
Depreciation	2,342,064	0	759,227	528,976	138,887	3,769,154
Total Operating Expenses	5,330,369	1,447,712	1,249,938	6,056,231	2,483,182	16,567,432
Operating Income (Loss)	1,543,051	189,642	57,714	1,010,043	(496,160)	2,304,290
Non-Operating Revenues (Expenses):						
Investment Earnings	81,166	4,299	1,869	4,175	0	91,509
Interest (Expense)	(759,678)	0	(39,404)	(450,912)	(212,436)	(1,462,430)
Total Non-Operating Revenues (Expenses)	(678,512)	4,299	(37,535)	(446,737)	(212,436)	(1,370,921)
Income (Loss) Before Contributions and Transfers	864,539	193,941	20,179	563,306	(708,596)	933,369
Capital Grants and Contributions	1,990,175	0	818,717	0	10,000	2,818,892
Transfers In	0	0	0	0	1,564,000	1,564,000
Extraordinary Item - Refund of Property Taxes	0	0	0	0	609,184	609,184
Change in Net Position	2,854,714	193,941	838,896	563,306	1,474,588	5,925,445
Net Position - Beginning of Year, Restated	57,821,648	654,159	35,436,151	7,048,877	2,042,154	103,002,989
Net Position - End of Year	\$60,676,362	\$848,100	\$36,275,047	\$7,612,183	\$3,516,742	\$108,928,434

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, 2015

	Business-Type Activities -Enterprise Funds					
	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Cash Flows from Operating Activities:						
Cash Received from Customers	\$6,722,243	\$1,628,444	\$1,298,375	\$7,055,096	\$1,989,461	\$18,693,619
Cash Payments to Employees	(1,423,105)	(23,827)	(185,832)	(2,746,198)	(3,752)	(4,382,714)
Cash Payments to Suppliers	(1,620,439)	(1,422,093)	(286,761)	(2,923,793)	(2,411,050)	(8,664,136)
Net Cash Provided (Used) by Operating Activities	3,678,699	182,524	825,782	1,385,105	(425,341)	5,646,769
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	0	0	0	0	1,564,000	1,564,000
Extraordinary Item - Refund of Property Taxes	0	0	0	0	609,184	609,184
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	0	2,173,184	2,173,184
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(762,998)	0	(643,785)	(189,198)	(583,317)	(2,179,298)
Debt Principal Payments	(1,135,000)	0	(100,000)	(325,000)	(320,000)	(1,880,000)
Debt Interest Payments	(775,175)	0	(46,344)	(445,978)	(234,038)	(1,501,535)
Capital Grants Received	971,391	0	0	0	10,000	981,391
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,701,782)	0	(790,129)	(960,176)	(1,127,355)	(4,579,442)
Cash Flows from Investing Activities:						
Earnings on Investments	67,141	3,382	24	3,144	0	73,691
Net Cash Provided (Used) by Cash Flows from Investing Activities	67,141	3,382	24	3,144	0	73,691
Net Increase (Decrease) in Cash and Cash Equivalents:	2,044,058	185,906	35,677	428,073	620,488	3,314,202
Cash and Cash Equivalents - Beginning of Year	11,247,599	575,599	2,194,543	5,730,794	305,616	20,054,151
Cash and Cash Equivalents - End of Year	13,291,657	761,505	2,230,220	6,158,867	926,104	23,368,353
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	1,543,051	189,642	57,714	1,010,043	(496,160)	2,304,290
Adjustments:						
Depreciation	2,342,064	0	759,227	528,976	138,887	3,769,154
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	(151,177)	(8,910)	(9,277)	(11,178)	2,439	(178,103)
(Increase) Decrease in Inventory	12,947	0	0	39,249	(17,236)	34,960
(Increase) Decrease in Prepaid Items	0	0	0	63,871	0	63,871
(Increase) Decrease in Deferred Outflows of Resources	(62,829)	(955)	(7,779)	(131,494)	0	(203,057)
Increase (Decrease) in Retainage Payable	(20,900)	0	0	0	0	(20,900)
Increase (Decrease) in Payables	44,810	3,551	27,127	(66,758)	(53,271)	(44,541)
Increase (Decrease) in Accrued Liabilities	(63,911)	(1,330)	(5,520)	(120,110)	0	(190,871)
Increase (Decrease) in Deferred Inflows of Resources	15,157	230	1,877	31,722	0	48,986
Increase (Decrease) in Net Pension Liability	19,487	296	2,413	40,784	0	62,980
Net Cash Provided (Used) by Operating Activities	\$3,678,699	\$182,524	\$825,782	\$1,385,105	(\$425,341)	\$5,646,769
<u>Schedule of Noncash Capital Activities:</u>						
During the fiscal year, these amounts were received representing noncash contributions of:						
Capital Assets	\$971,391	\$0	\$0	\$818,717	\$10,000	\$1,800,108

See accompanying notes to the basic financial statements

City of Mason, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2015

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,358,782
Receivables (Net):	
Accounts	<u>22,503</u>
Total Assets	<u>1,381,285</u>
Liabilities:	
Accounts Payable	2,663
Due to Others	<u>1,378,622</u>
Total Liabilities	<u>\$1,381,285</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, 2015

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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, 2015

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

The other governmental funds of the City account for grants and other resources that are generally restricted to use for a particular purpose.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

Basis of Accounting

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

Following the Ohio Revised Code and City Ordinance, the City has specified certain funds to receive an allocation of interest earnings. Interest revenues during 2015 amounted to \$490,758 (on the fund financial statements). The general fund interest revenue was \$218,488.

Inventory

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

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Prepaid Items

Payments made for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective proprietary funds.

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions

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

Fund Balance

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

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

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

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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Restricted Assets

Restricted assets consist of resources whose use is restricted by bond covenant agreements.

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The City's Governmental Activities and Community Center fund have restricted net position relative to those resources necessary to comply with various covenants of bond financing agreements. Of the City's \$16,524,841 in restricted net position, none were restricted by enabling legislation.

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Council and that are either unusual in nature or infrequent in occurrence. After an Ohio Supreme Court ruling in 2015 on property tax exemptions for municipal owned golf courses, the City received a property tax exemption on its golf course. The City continued to pay property tax on the golf course when it was acquired in 2007 from the Golf Course Enterprise Fund. The exemption authorized a \$609,184 refund of property taxes paid for 2008 through 2014. The refund was reported as an extraordinary item. There were no special items.

Note 3 – Equity in Pooled Cash and Investments

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

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

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. The City's investment policy as approved by Council Ordinance permits interim monies to be invested or deposited in the following securities in Chapter 135 of the Ohio Revised Code:

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2015, \$6,520,538 of the City's bank balance of \$7,025,065 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Investments

As of December 31, 2015, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
US Treasury Bills	\$32,645,580	2.44
Federal National Mortgage Association	14,565,912	1.89
Federal Home Loan Mortgage	10,202,805	1.60
Municipal Bonds	7,447,738	1.98
Federal Home Loan Bank	6,587,000	1.64
Federal Farm Credit Bank	2,482,359	2.61
Negotiable Certificate of Deposit	1,403,033	4.49
Money Market Funds	266,278	0.00
	<u>\$75,600,705</u>	
Portfolio Weighted Average Maturity		2.14

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,

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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. 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 43% of the City's investments in US Treasury Bills, 19% in Federal National Mortgage Association, 14% in Federal Home Loan Mortgage, 9% in Federal Home Loan Bank, 10% in Municipal Bonds, 3% in Federal Farm Credit Bank, 2% 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

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 \$2,717 in the General Fund.

Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

Real Property	\$1,067,993,410
Public Utility	<u>20,299,970</u>
Total Valuation	<u><u>\$1,088,293,380</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, 2015, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred inflows since the current taxes were not levied to finance 2015 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. In prior years, residents employed in another city that has an earnings tax received a maximum credit of up to fifty percent (50%) of the tax due on the portion of their earnings taxes by the City where employed. The change gradually increased the credit for taxes paid to other cities for 2007 through 2010. In tax year 2011 and beyond, the maximum tax credit is 100%.

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

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

Economic Development Agreements

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 5 - Risk Management

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

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

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

Liability:

Personal Injury Liability

Property Damage Liability

Public Officials Errors and Omissions

Employment Practices Liability

Employee Benefits Liability

Limits: \$10,000,000 per occurrence. \$10,000,000 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 \$2.5 million excess of \$500,000, and from Genesis for \$7 million excess of \$3 million.

Property:

\$1,000,000,000/occurrence

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

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

Flood – included in Property Policy

\$25 million/occurrence and annual aggregate

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

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

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

Earthquake – included in Property Policy

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

City of Mason, Ohio
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For the Year Ended December 31, 2015

Boiler & Machinery – included in Property Policy

\$100,000,000/occurrence

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

Cyber Liability – included in Property Policy

MVRMA SIR: \$100,000/occurrence

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

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

Pollution Liability – Claims made and Reported Policy

Retroactive Date: Policy inception

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

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

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

\$750,000 underground storage tanks specific

Member Deductible/occurrence - \$2,500

The Financial Audit for 2015 has not been completed. Figures from the audited 2014 financial Audit are as follows:

Current Assets	\$3,240,713
Total Assets	\$19,207,067
Current Liabilities	\$7,920,045
Long-Term Liabilities	\$0
Net Position	\$11,287,022

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into the General Fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the General Fund are available to pay claims and administrative costs. The plan is administered by a third party administrator, Custom Design Benefits, which monitors all claim payments.

City of Mason, Ohio
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For the Year Ended December 31, 2015

The claims liability of \$371,443 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:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
2015	\$366,875	\$3,270,692	(\$3,266,124)	\$371,443
2014	360,464	3,496,055	(3,489,644)	366,875

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

Note 6 – Contingent Liabilities

Litigation

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

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2015, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 7 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$68,912,603	\$482,776	\$1,405,169	\$67,990,210
Construction in Progress	3,818,905	11,017,308	8,577,868	6,258,345
Total Capital Assets, not being depreciated	72,731,508	11,500,084	9,983,037	74,248,555
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	45,327,207	6,288,745	0	51,615,952
Equipment	17,781,700	2,702,822	692,670	19,791,852
Infrastructure	87,673,114	2,264,463	0	89,937,577
Totals at Historical Cost	223,513,529	22,756,114	10,675,707	235,593,936
Less Accumulated Depreciation:				
Buildings and Improvements	13,956,359	1,189,119	0	15,145,478
Equipment	12,688,892	1,093,542	629,010	13,153,424
Infrastructure	16,966,082	1,492,081	0	18,458,163
Total Accumulated Depreciation	43,611,333	3,774,742	629,010	46,757,065
Governmental Activities Capital Assets, Net	\$179,902,196	\$18,981,372	\$10,046,697	\$188,836,871
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$10,694,550	\$0	\$0	\$10,694,550
Construction in Progress	164,663	936,841	827,919	273,585
Total Capital Assets, not being depreciated	10,859,213	936,841	827,919	10,968,135
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	54,336,303	131,904	0	54,468,207
Equipment	8,563,701	988,318	366,118	9,185,901
Infrastructure	91,012,757	2,792,238	0	93,804,995
Totals at Historical Cost	164,771,974	4,849,301	1,194,037	168,427,238
Less Accumulated Depreciation:				
Buildings and Improvements	11,456,957	1,556,911	0	13,013,868
Equipment	5,059,986	653,860	361,534	5,352,312
Infrastructure	21,362,168	1,558,382	0	22,920,550
Total Accumulated Depreciation	37,879,111	3,769,153	361,534	41,286,730
Business-Type Activities Capital Assets, Net	\$126,892,863	\$1,080,148	\$832,503	\$127,140,508

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$596,543
Public Safety	540,441
Leisure Time Activities	413,270
Transportation and Street Repair	2,218,390
Community Development	6,098
Total Depreciation Expense	<u>\$3,774,742</u>

Note 8 – Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Sick Leave Conversion at Retirement

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

- e. Payment will be based on the employee's base rate of pay at the time of retirement.
- f. The conversion of sick leave to cash will be made as a lump sum payment and will eliminate all sick leave credit accrued by the employee.

Note 9 – Notes Payable

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities					
General Fund:					
Real Estate Acquisition Note	1.00%	\$0	\$2,000,000	\$0	\$2,000,000
Real Estate Acquisition Note	1.00%	2,500,000	0	(2,500,000)	0
Tax Revenue Note	1.50%	6,000,000	0	(6,000,000)	0
Total Governmental Activities		<u>\$8,500,000</u>	<u>\$2,000,000</u>	<u>(\$8,500,000)</u>	<u>\$2,000,000</u>

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

The Real Estate Acquisition Note was issued at an interest rate of 1.00% to purchase land for future development as agreed to in a litigation resolution for a zoning dispute.

The Service Center Acquisition Note was issued at an interest rate of 1.25% to finance various improvements to the new Service Center.

Note 10 – Long-Term Debt

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

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
2008 Various Purpose		\$13,050,000	\$0	(\$775,000)	\$12,275,000	\$775,000
Mason Road Widening	3.73%	1,765,000	0	(100,000)	1,665,000	100,000
US 42 Road Improvements	3.80%	855,000	0	(40,000)	815,000	40,000
Refunding 1998 Road Improvement	3.52%	1,245,000	0	(300,000)	945,000	305,000
2015 Combined Financing		0	9,000,000	0	9,000,000	360,000
Premium on Bonds		165,479	534,150	(26,090)	673,539	0
Total General Obligation Bonds		17,080,479	9,534,150	(1,241,090)	25,373,539	1,580,000
<u>Revenue Bonds</u>						
2012 Enterprise Parke TIF Refunding	3.25%	380,000	0	(40,000)	340,000	40,000
Refunding Tylersville Crossing TIF	4.50%	240,000	0	(120,000)	120,000	60,000
Everybody's Farm TIF	5.75%	1,725,000	0	(80,000)	1,645,000	90,000
Total Revenue Bonds		2,345,000	0	(240,000)	2,105,000	190,000
<u>Certificate of Participation Bonds</u>						
Refunding Certificate of Participation		14,720,000	0	(3,490,000)	11,230,000	1,020,000
Premium on Refunding Certificate of Participation		545,338	0	(45,445)	499,893	0
Total Refunding Certificate of Participation Bonds		15,265,338	0	(3,535,445)	11,729,893	1,020,000
Capital Leases		12,500	0	(6,250)	6,250	6,250
Total Long-Term Liabilities Bonds		34,703,317	9,534,150	(5,022,785)	39,214,682	2,796,250
Net Pension Liability:						
OPERS		4,910,944	728,389	(614,904)	5,024,429	0
OPF		16,424,105	2,457,039	(1,411,281)	17,469,863	0
Total Net Pension Liability		21,335,049	3,185,428	(2,026,185)	22,494,292	0
Compensated Absences		1,487,735	1,168,737	(978,646)	1,677,826	779,411
Total Governmental Activities		\$57,526,101	\$13,888,315	(\$8,027,616)	\$63,386,800	\$3,575,661
Business-Type Activities						
<u>General Obligation Bonds</u>						
Sewer Refunding		\$19,680,000	\$0	(\$1,135,000)	\$18,545,000	\$1,180,000
Stormwater Improvement	3.65%	1,225,000	0	(100,000)	1,125,000	105,000
Golf Course Acquisition	3.69%	6,360,000	0	(320,000)	6,040,000	330,000
Premium on Bonds		2,868,364	0	(215,801)	2,652,563	0
Total General Obligation Bonds		30,133,364	0	(1,770,801)	28,362,563	1,615,000
<u>Lease</u>						
Capital Lease		9,840,000	0	(325,000)	9,515,000	335,000
Discount on Capital Lease		(115,734)	5,787	0	(109,947)	0
Total Capital Lease		9,724,266	5,787	(325,000)	9,405,053	335,000
Net Pension Liability - OPERS:						
Sewer		843,294	125,077	(105,591)	862,780	0
Waste Collection		12,820	1,901	(1,605)	13,116	0
Stormwater Utility		104,410	15,486	(13,073)	106,823	0
Community Center		1,764,896	261,769	(220,984)	1,805,681	0
Total Net Pension Liability		2,725,420	404,233	(341,253)	2,788,400	0
Compensated Absences - Enterprise		243,335	156,046	(155,285)	244,096	114,530
Total Business-Type Activities		\$42,826,385	\$566,066	(\$2,592,339)	\$40,800,112	\$2,064,530

City of Mason, Ohio
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For the Year Ended December 31, 2015

Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund or a Special Revenue Fund. General obligation bonds will be paid from the General Obligation Bond Retirement Fund, Central Parke TIF Fund, Mason Enterprise Parke TIF Fund, Tylersville Road TIF Fund, Stormwater Utility Fund, Sewer Fund and the Golf Course Fund. The Special Assessment Bonds are backed by the full faith and credit of the City and are repaid from the resources of the Special Assessment Bond Retirement Fund. The City levies an assessment against the effected property owners.

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

Year	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$3,195,000	\$1,905,923	\$190,000	\$124,263
2017	3,335,000	1,837,689	220,000	114,987
2018	4,090,000	1,717,065	165,000	91,725
2019	3,865,000	1,579,276	180,000	83,250
2020	3,965,000	1,463,926	185,000	74,026
2021-2025	18,355,000	5,105,071	705,000	224,275
2026-2030	10,815,000	1,526,144	370,000	92,000
2031-2035	2,790,000	326,277	90,000	5,174
	<u>\$50,410,000</u>	<u>\$15,461,371</u>	<u>\$2,105,000</u>	<u>\$809,700</u>

Note 11 – Leases

The City currently has capital leases for the municipal building, the community center addition, and an x-ray machine.

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

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$1,500,290	\$770,740
2017	1,488,440	769,350
2018	1,491,640	772,276
2019	1,493,040	769,226
2020	1,487,640	768,038
2021-2025	6,473,890	3,849,662
2026-2030	0	3,854,084
2031-2034	0	3,083,660
Total minimum lease payments	13,934,940	14,637,036
Less: Amount representing interest	(2,698,690)	(5,122,036)
Present value of minimum lease payments	<u>\$11,236,250</u>	<u>\$9,515,000</u>

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

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

Current Defeased Certificate of Participation

On November 20, 2015, the City placed \$2,817,608 in U.S. Treasury Securities to be held in escrow to pay the partial debt requirements of the Mason Municipal Facilities Refunding Certificate of Participation (COP) issued by the City in 2010. The U.S. Treasury Securities were deposited into an irrevocable trust with an escrow agent to provide future debt service payments. As a result, \$2,510,000 of the COP are considered to be defeased and the related liability for those have been removed from the Statement of Net Position.

As a result of the defeasance of the COP it reduced the City's total debt service payments by \$819,268 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$592,995.

Note 12 – Defined Benefit Pension Plan

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as

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per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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

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

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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>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$1,108,234 for 2015. Of this amount, \$40,089 is reported as an accrued wage 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 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 calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 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:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,477,500 for 2015. Of this amount \$57,503 is reported as an accrued wage and benefits.

City of Mason, Ohio
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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, 2014, 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, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. 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 and pension expense:

	<u>OPERS</u>	<u>OP&F - Police</u>	<u>OP&F - Fire</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,812,830	\$8,153,992	\$9,315,870	\$25,282,692
Proportion of the Net Pension Liability	0.064777%	0.1574003%	0.1798286%	
Pension Expense	\$853,009	\$795,384	\$908,720	\$2,557,113

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F - Police</u>	<u>OP&F - Fire</u>	<u>Total</u>
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$416,869	\$351,429	\$401,506	\$1,169,804
City contributions subsequent to the measurement date	<u>1,108,234</u>	<u>666,033</u>	<u>811,467</u>	<u>\$2,585,734</u>
Total Deferred Outflows of Resources	<u>\$1,525,103</u>	<u>\$1,017,462</u>	<u>\$1,212,973</u>	<u>\$3,755,538</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	<u>\$137,255</u>	<u>\$0</u>	<u>\$0</u>	<u>\$137,255</u>

\$2,585,734 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, 2016.

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City of Mason, Ohio
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Year Ending December 31:			
2016	\$69,903	\$188,233	\$258,136
2017	69,903	188,234	258,137
2018	69,904	188,234	258,138
2019	<u>69,904</u>	<u>188,234</u>	<u>258,138</u>
Total	<u>\$279,614</u>	<u>\$752,935</u>	<u>\$1,032,549</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 (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 in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

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OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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 2014 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 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. 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 statutorily required rates. 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 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$14,373,369	\$7,812,830	\$2,287,276

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police 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 January 1, 2012.

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 expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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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, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* 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 8.25 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 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 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 (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

City of Mason, Ohio
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	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability - 0356P	\$11,278,204	\$8,153,992	\$5,508,734
City's proportionate share of the net pension liability - 0356F	\$12,885,259	\$9,315,871	\$6,293,685

Note 13 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2016. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

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

Funding Policy

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

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Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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.

Information from City's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$158,256 for 2015, \$170,467 for 2014, and \$83,256 for 2013. The full amount has been contributed for 2013, 90 percent has actually been contributed for 2014 and 96% has actually been contributed for 2015.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2015. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description

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

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

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OPF, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OPF website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the 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% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2015 thru December 31, 2015. For the year ended December 31, 2015, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OPF for the year ending December 31, 2015 was \$34,358, for the year ending December 31, 2014 was \$156,217; and was \$380,123 for year ending December 31, 2013 and were allocated to the healthcare plan. The actual contributions for 2013 were 100%, 90% has actually been contributed for 2014 and 96% has actually been contributed for 2015.

City of Mason, Ohio
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Note 14 – Conduit Debt Obligations

Conduit Debt

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

The following is the conduit debt outstanding at December 31, 2015:

<u>Issuance</u>	<u>Year Issued</u>	<u>Original Amount</u>	<u>Outstanding December 31, 2015</u>	<u>Year Mature</u>
Cedar Village	2010	\$16,250,000	\$13,255,000	2035

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City of Mason, Ohio
Notes to the Basic Financial Statements
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Note 15 – Construction Commitments

The City had the following outstanding commitments at year end:

<u>Projects</u>	<u>Amount</u>
Kings Island Drive Improvement	\$5,214,772
Community Development Commitment	1,555,000
Mason Port Authority Commitment	500,000
SCADA Update Phase II	807,014
St Rt 741 Parkside Intersection	453,956
Cox Smith Rd & SR 741 Intersection Design	322,605
Safety Fund Commitment	312,065
Annual Street Maintenance Program	135,579
Sewer Commitment	135,000
SR 741 & Bethany RR Traffic Signal Improvement	72,584
Marival/Broadview Stream & Riparian Restoration	63,100
Parks & Recreation Commitment	55,000
Bethany Road-MM Road Bridge & Bike Path	50,931
Bethany Rd Widening -- RAB to West	40,226
Golf Center Commitment	36,667
Annual Sidewalk Program	35,744
Street Construction & Maintenance Commitment	25,000
Stormwater Commitment	25,000
Community Center Commitment	22,186
Access Control for Service Center	21,178
City Garage Commitment	18,333
Reading Road Improvements -- Tylersville to 1st	13,863
Service Center Improvements	13,500
SR 741/Stoneridge Drive Signal	11,905
Tylersville & US 42 Sanitary Sewer Improvement	6,361
Furbee & Castanea Drainage Improvement	3,600
Bethany Road -- MM Road Bridge & Bike Path	750
Total	<u><u>\$9,951,919</u></u>

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

<u>Fund</u>	<u>Amount</u>
General	\$13,084,986
Safety	457,642
Sewer	1,143,035
Waste Collection	115,675
Stormwater Utility	320,657
Community Center	628,080
Golf Course	121,571
Nonmajor Funds	<u>6,509,265</u>
Total	<u><u>\$22,380,911</u></u>

Note 16 – Interfund Transactions

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

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$5,550,000	\$0	\$0	\$8,294,460
Community Center Fund	0	5,250,000	0	0
Golf Course Fund	0	0	1,564,000	0
Other Governmental Funds	0	300,000	6,970,254	239,794
Total All Funds	<u><u>\$5,550,000</u></u>	<u><u>\$5,550,000</u></u>	<u><u>\$8,534,254</u></u>	<u><u>\$8,534,254</u></u>

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

The transfer out of the Street Construction, Maintenance and Repair Fund to the General Bond Retirement Fund (Other Governmental Funds) of \$167,000 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 \$72,794 was to make the debt service payment for the US 42 Road Improvements debt that is included in the 2013 Various Purpose General Obligation Bonds.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 17 – Joint Venture

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

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

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

Distribution of Gross Tax:

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

Net Distribution:

83% Liberty Township
2% Middletown
15% Mason

Note 18 – Accountability

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

Other Governmental Funds:

State Highway Improvement	\$128,747
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The deficits in fund balances were primarily due to accrual in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 19 – Fund Balances

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

<u>Fund Balances</u>	<u>General</u>	<u>Safety</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventory	\$483,184	\$27,595	\$0	\$510,779
Unclaimed Monies	77,010	0	0	77,010
Total Nonspendable	560,194	27,595	0	587,789
Restricted for:				
Fire and Emergency Medical Service Safety	0	7,688,188	0	7,688,188
Street Construction Maintenance and Repair	0	0	3,075,505	3,075,505
Street Subdivision	0	0	495,528	495,528
Police Officer Training	0	0	3,486	3,486
Parks and Recreation	0	0	245,630	245,630
Drug Law Enforcement	0	0	20,012	20,012
Law Enforcement and Education	0	0	1,269	1,269
Indigent Drive	0	0	72,560	72,560
Municipal Court Computer Costs	0	0	248,182	248,182
Municipal Court Improvement Education	0	0	130,883	130,883
Municipal Court Improvement	0	0	256,083	256,083
Vehicle Immobilization Fee	0	0	17,398	17,398
Municipal Court Probation Services	0	0	34,850	34,850
Municipal Court Indigent Driver IDAM	0	0	36,368	36,368
Central Parke TIF	0	0	220,151	220,151
Mason Enterprise Parke TIF	0	0	67,460	67,460
Tylersville Road TIF	0	0	91,165	91,165
I-71 Corridor TIF	0	0	171,329	171,329
Everybody's Farm TIF	0	0	407,096	407,096
JW Harris TIF	0	0	228,607	228,607
General Obligation Bond Retirement	0	0	899,379	899,379
Special Assessment Bond Retirement	0	0	19,538	19,538
Total Restricted	0	7,688,188	6,742,479	14,430,667
Committed to:				
Police Crime Prevention	0	0	686	686
Total Committed	0	0	686	686
Assigned to:				
General Capital Improvement	22,353,695	0	0	22,353,695
Debt Service	0	0	1,996,132	1,996,132
Subdivision Inspection	0	0	282,944	282,944
Encumbrances	4,751,276	0	0	4,751,276
Total Assigned	27,104,971	0	2,279,076	29,384,047
Unassigned (Deficit)	19,384,655	0	(128,747)	19,255,908
Total Fund Balance	\$47,049,820	\$7,715,783	\$8,893,494	\$63,659,097

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 20 – Change in Accounting Principle and Restatement of Net Position

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business -Type Activities
Net position December 31, 2014	\$203,988,061	\$105,387,157
Adjustments:		
Net Pension Liability	(21,335,049)	(2,725,420)
Deferred Outflow - Payments Subsequent to Measurement Date	2,026,185	341,252
Restated Net Position December 31, 2014	<u>\$184,679,197</u>	<u>\$103,002,989</u>

	Sewer Fund	Waste Collection Fund	Stormwater Utility Fund	Community Center Fund
Net position December 31, 2014	\$58,559,352	\$665,374	\$35,527,488	\$8,592,789
Adjustments:				
Net Pension Liability	(843,294)	(12,820)	(104,410)	(1,764,896)
Deferred Outflow - Payments Subsequent to Measurement Date	105,590	1,605	13,073	220,984
Restated Net Position December 31, 2014	<u>\$57,821,648</u>	<u>\$654,159</u>	<u>\$35,436,151</u>	<u>\$7,048,877</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.

Note 21 – Subsequent Event

In April 2016, the City issued \$8,575,000 of general obligation bonds to partially refund \$8,825,000 of the 2008 various purpose general obligation bonds due between December 1, 2020 and December 1, 2027.

In May 2016, the City issued \$5,500,000 of general obligation notes to refund the \$6,040,000 general obligation golf course bonds which were called in their entirety on June 1, 2016. The notes are due May 2017.

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, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$26,855,000	\$29,855,000	\$30,935,124	\$1,080,124
Fines, Licenses and Permits	1,517,000	1,517,000	1,886,696	369,696
Intergovernmental	60,000	60,000	739,669	679,669
Charges for Services	241,500	241,500	202,150	(39,350)
Investment Earnings	125,000	125,000	221,004	96,004
Other Revenues	535,000	535,000	1,205,903	670,903
Total Revenues	29,333,500	32,333,500	35,190,546	2,857,046
Expenditures:				
Current:				
General Government				
City Manager	336,440	336,440	277,062	59,378
Assistant City Manager	966,706	1,071,706	1,043,718	27,988
Finance	486,973	486,973	475,009	11,964
Earnings Tax	710,966	710,966	636,034	74,932
Refunds and Reimbursements	975,000	1,225,000	1,167,213	57,787
Law Director	537,529	537,529	450,359	87,170
Council	372,482	372,482	298,527	73,955
Municipal Court	1,295,567	1,295,567	1,193,659	101,908
Land, Buildings and Grounds	811,566	811,566	686,467	125,099
Auditor's Deductions	1,295,729	1,190,729	1,101,762	88,967
Contingency	250,000	250,000	0	250,000
Total General Government	8,038,958	8,288,958	7,329,810	959,148
Public Safety				
Police Department	6,159,370	6,159,370	6,053,785	105,585
Street Lighting	381,090	381,090	340,786	40,304
Disaster Services	45,544	45,544	28,264	17,280
Total Public Safety	6,586,004	6,586,004	6,422,835	163,169
Leisure Time Activities				
Recreation Programs	347,918	377,918	366,101	11,817
Parks	1,455,385	1,455,385	1,389,760	65,625
Swimming Pool	260,604	260,604	240,583	20,021
Senior Center	215,817	215,817	176,294	39,523
Total Leisure Time Activities	2,279,724	2,309,724	2,172,738	136,986
Community Development				
Community Planning-Zoning	164,293	179,293	170,496	8,797
Building Inspections	640,336	640,336	609,411	30,925
Economic Development	605,768	700,768	663,500	37,268
Community Development	2,939,544	3,774,544	3,654,494	120,050
Total Community Development	4,349,941	5,294,941	5,097,901	197,040
Transportation & Street Repair				
Traffic Signals	175,904	175,904	137,935	37,969
Street Maintenance & Repair	3,209,466	3,209,466	2,908,025	301,441
Garage	437,274	437,274	424,308	12,966
Engineering	574,924	574,924	498,935	75,989
Total Transportation & Street Repair	4,397,568	4,397,568	3,969,203	428,365

(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, 2015

	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	27,352,195	28,577,195	26,692,487	1,884,708
Excess of Revenues Over (Under) Expenditures	1,981,305	3,756,305	8,498,059	972,338
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	28,086	28,086
Transfers (Out)	(6,175,000)	(14,175,000)	(12,290,460)	1,884,540
Total Other Financing Sources (Uses)	(6,175,000)	(14,175,000)	(12,262,374)	1,912,626
Net Change in Fund Balance	(4,193,695)	(10,418,695)	(3,764,315)	2,884,964
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,681,135	12,681,135	12,681,135	0
Fund Balance End of Year	<u>\$8,487,440</u>	<u>\$2,262,440</u>	<u>\$8,916,820</u>	<u>\$2,884,964</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, 2015

	Safety Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,850,000	\$3,850,000	\$3,878,023	\$28,023
Intergovernmental	450,000	450,000	471,972	21,972
Charges for Services	500,000	500,000	585,822	85,822
Investment Earnings	0	0	44,745	44,745
Other Revenues	0	0	47,674	47,674
Total Revenues	4,800,000	4,800,000	5,028,236	228,236
Expenditures:				
Current:				
Public Safety	7,244,075	7,494,075	6,560,463	933,612
Capital Outlay	731,482	731,482	691,059	40,423
Total Expenditures	7,975,557	8,225,557	7,251,522	974,035
Excess of Revenues Over (Under) Expenditures	(3,175,557)	(3,425,557)	(2,223,286)	1,202,271
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	1,486	1,486
Transfers In	1,785,000	1,785,000	2,274,000	489,000
Total Other Financing Sources (Uses)	1,785,000	1,785,000	2,275,486	490,486
Net Change in Fund Balance	(1,390,557)	(1,640,557)	52,200	1,692,757
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,306,864	7,390,536	7,306,864	(83,672)
Fund Balance End of Year	\$5,916,307	\$5,749,979	\$7,359,064	\$1,609,085

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 Public Employees Retirement System - Traditional Plan
Last Two Fiscal Years (1)

	2014	2013
City's Proportion of the Net Pension Liability	0.06477700%	0.06477700%
City's Proportionate Share of the Net Pension Liability	\$7,812,830	\$7,636,364
City's Covered-Employee Payroll	\$7,967,975	\$8,325,577
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.05%	91.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) - Information prior to 2013 is not available

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

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 Two Fiscal Years (1)

	2014	2013
City's Proportion of the Net Pension Liability - 0620P	0.1574003%	0.1574003%
Liability - 0620F	0.1798286%	0.1798286%
City's Proportionate Share of the Net Pension Liability - 0620P	\$8,153,992	\$7,665,888
Pension Liability - 0620F	\$9,315,870	\$8,758,217
Pension Liability - Total	\$17,469,862	\$16,424,105
City's Covered-Employee Payroll	\$6,931,636	\$5,687,506
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	252.03%	288.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) - Information prior to 2013 is not available

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

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

	2015	2014
Contractually Required Contribution	\$1,108,234	\$956,157
Contributions in Relation to the Contractually Required Contribution	(1,108,234)	(956,157)
Contribution Deficiency (Excess)	\$0	\$0
City's Covered-Employee Payroll	\$9,235,283	\$7,967,975
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%

(1) - Information prior to 2014 is not available

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

	2015	2014
Contractually Required Contribution - 0620P	\$666,033	\$658,710
Contractually Required Contribution - 0620F	\$811,467	\$752,571
Contractually Required Contribution - Total	\$1,477,500	\$1,411,281
Contributions in Relation to the Contractually Required Contribution	(1,477,500)	(1,411,281)
Contribution Deficiency (Excess)	\$0	\$0
City's Covered-Employee Payroll	\$7,354,405	\$6,931,636
Contributions as a Percentage of Covered-Employee Payroll	20.09%	20.36%

(1) - Information prior to 2014 is not available

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2015

Note 1 – Budgetary Process

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

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

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

The appropriations ordinance is Council’s authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by Council. As a power of local self-government, the legal level of control has been established by Council so that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each department with in the General Fund. All other funds are maintained at the fund level. The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council after any supplemental or re-appropriation during the year.

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund, and Safety Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2015

2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Some funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone (budget basis)).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Safety Fund.

Net Change in Fund Balance

	General	Safety
GAAP Basis	\$8,327,583	\$739,530
Revenue Accruals	(1,772,858)	68,630
Expenditure Accruals	17,687,105	(298,319)
Issuance of Debt	(9,534,150)	0
Proceeds of Capital Assets	(1,401,318)	0
Transfers Out	(10,996,000)	0
Encumbrances	(4,875,927)	(457,641)
Funds Budgeted Elsewhere	(1,198,750)	0
Budget Basis	<u>(\$3,764,315)</u>	<u>\$52,200</u>

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

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

Debt Service Funds

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

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City of Mason, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$6,022,173	\$1,268,026	\$7,290,199
Restricted Cash	0	1,647,683	1,647,683
Receivables (Net):			
Taxes	0	1,632,185	1,632,185
Accounts	72,376	0	72,376
Interest	8,024	2,786	10,810
Intergovernmental	2,702,747	117,844	2,820,591
Total Assets	<u>8,805,320</u>	<u>4,668,524</u>	<u>13,473,844</u>
Liabilities:			
Accounts Payable	5,560	660	6,220
Accrued Wages and Benefits	6,472	0	6,472
Contracts Payable	77,909	0	77,909
Retainage Payable	253,000	0	253,000
Interfund Payable	300,000	0	300,000
Total Liabilities	<u>642,941</u>	<u>660</u>	<u>643,601</u>
Deferred Inflows of Resources:			
Property Taxes	0	1,632,185	1,632,185
Grants and Other Taxes	2,179,817	117,844	2,297,661
Unavailable Amounts	4,117	2,786	6,903
Total Deferred Inflows of Resources	<u>2,183,934</u>	<u>1,752,815</u>	<u>3,936,749</u>
Fund Balances:			
Restricted	5,823,562	918,917	6,742,479
Committed	686	0	686
Assigned	282,944	1,996,132	2,279,076
Unassigned	(128,747)	0	(128,747)
Total Fund Balances	<u>5,978,445</u>	<u>2,915,049</u>	<u>8,893,494</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$8,805,320</u>	<u>\$4,668,524</u>	<u>\$13,473,844</u>

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$0	\$1,561,380	\$1,561,380
Charges for Services	21,703	0	21,703
Investment Earnings	121,551	14,941	136,492
Intergovernmental	3,956,132	187,815	4,143,947
Fines, Licenses & Permits	935,907	0	935,907
Revenue in Lieu of Taxes	1,164,715	0	1,164,715
Other Revenues	215	0	215
Total Revenues	6,200,223	1,764,136	7,964,359
Expenditures:			
Current:			
General Government	463,861	0	463,861
Public Safety	2,914	0	2,914
Community Development	651,512	0	651,512
Transportation and Street Repair	1,913,903	0	1,913,903
Capital Outlay	3,053,866	0	3,053,866
Debt Service:			
Principal	246,250	4,705,000	4,951,250
Interest and Other Charges	123,288	1,650,617	1,773,905
Total Expenditures	6,455,594	6,355,617	12,811,211
Excess of Revenues Over (Under) Expenditures	(255,371)	(4,591,481)	(4,846,852)
Other Financing Sources (Uses):			
Transfers In	16,460	4,679,794	4,696,254
Transfers (Out)	(239,794)	0	(239,794)
Total Other Financing Sources (Uses)	(223,334)	4,679,794	4,456,460
Net Change in Fund Balance	(478,705)	88,313	(390,392)
Fund Balance - Beginning of Year	6,457,150	2,826,736	9,283,886
Fund Balance - End of Year	\$5,978,445	\$2,915,049	\$8,893,494

Nonmajor Special Revenue Funds

Fund Descriptions

Street Construction, Maintenance and Repair – This special revenue fund accounts for 92.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on street construction and maintenance.

State Highway Improvement – This special revenue fund accounts for the remaining 7.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on state highways construction and improvements.

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

Police Officer Training - To account for monies designated to be used for police officer training.

Parks and Recreation - This fund accounts for monies received from residential building permits and other sources collected for the purpose of providing funds for recreational capital improvements.

Police Crime Prevention - This fund is used to account for donations received for the prevention of crime within the City.

Drug Law Enforcement - To account for monies designated to be used for drug law enforcement.

Law Enforcement and Education - To account for monies received from court fines imposed for drivers convicted of driving under the influence of drugs and alcohol. Monies generated under this fund shall be used for enforcement and education of the public of such dangers.

Indigent Driver - This fund is used to account for fees collected in conjunction with DUI offenses. Revenues received are used, by the court, for treatment and education of drug and alcohol offenders.

Municipal Court Computer Costs - To account for monies received from court fines. Monies generated under this fund shall be used for computer related expenses of the Court.

Municipal Court Computer Education - This fund is used to account for a \$2.00 fee assessed in conjunction with court costs. Revenues collected are used for computer education and training within the Municipal Court.

Nonmajor Special Revenue Funds

Fund Descriptions (Continued)

Municipal Court Improvement - This fund is used to account for a \$5.00 fee assessed in conjunction with court costs. Revenues collected are used for improvements to the Municipal Court facilities.

Vehicle Immobilization Fee - This fund is used to account for reimbursements received from the State of Ohio for costs incurred with the Court ordered immobilization of a vehicle.

Municipal Court Probation Services - To account for monies received from court fines. Monies generated under this fund shall be used for probation services provided by the Court.

Municipal Court Indigent Driver IDAM - To account for fees collected in conjunction with DUI offenses. Revenues received are used, by the court, for treatment and education of drug and alcohol offenders.

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

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

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

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

I-71 Corridor TIF - This fund is used to account for the financial resources and expenditures related to the development and improvements to the I-71 Corridor.

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

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

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation	Police Crime Prevention
Assets:						
Equity in Pooled Cash and Investments	\$2,865,881	\$153,713	\$495,528	\$286	\$245,336	\$686
Receivables (Net):						
Accounts	34,730	0	0	0	0	0
Interest	7,043	378	0	0	603	0
Intergovernmental	1,408,196	56,315	0	3,200	0	0
Total Assets	4,315,850	210,406	495,528	3,486	245,939	686
Liabilities:						
Accounts Payable	0	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0	0
Contracts Payable	77,909	0	0	0	0	0
Retainage Payable	253,000	0	0	0	0	0
Interfund Payable	0	300,000	0	0	0	0
Total Liabilities	330,909	300,000	0	0	0	0
Deferred Inflows of Resources:						
Grants and Other Taxes	905,822	38,959	0	0	0	0
Unavailable Amounts	3,614	194	0	0	309	0
Total Deferred Inflows of Resources	909,436	39,153	0	0	309	0
Fund Balances:						
Restricted	3,075,505	0	495,528	3,486	245,630	0
Committed	0	0	0	0	0	686
Assigned	0	0	0	0	0	0
Unassigned	0	(128,747)	0	0	0	0
Total Fund Balances	3,075,505	(128,747)	495,528	3,486	245,630	686
Total Liabilities, Deferred Inflows and Fund Balances	\$4,315,850	\$210,406	\$495,528	\$3,486	\$245,939	\$686

Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM
\$19,396	\$1,194	\$73,119	\$242,728	\$128,319	\$244,829	\$17,398	\$26,437	\$36,914
616	75	175	7,240	2,564	13,879	0	12,409	688
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
20,012	1,269	73,294	249,968	130,883	258,708	17,398	38,846	37,602
0	0	734	1,786	0	448	0	1,358	1,234
0	0	0	0	0	2,177	0	2,638	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	734	1,786	0	2,625	0	3,996	1,234
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
20,012	1,269	72,560	248,182	130,883	256,083	17,398	34,850	36,368
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
20,012	1,269	72,560	248,182	130,883	256,083	17,398	34,850	36,368
\$20,012	\$1,269	\$73,294	\$249,968	\$130,883	\$258,708	\$17,398	\$38,846	\$37,602

Continued

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	JW Harris TIF	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF
Assets:						
Equity in Pooled Cash and Investments	\$228,607	\$220,151	\$67,460	\$91,165	\$171,329	\$407,096
Receivables (Net):						
Accounts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Intergovernmental	109,254	110,580	76,162	180,579	570,676	187,785
Total Assets	337,861	330,731	143,622	271,744	742,005	594,881
Liabilities:						
Accounts Payable	0	0	0	0	0	0
Accrued Wages and Benefits	0	0	0	0	0	0
Contracts Payable	0	0	0	0	0	0
Retainage Payable	0	0	0	0	0	0
Interfund Payable	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0
Deferred Inflows of Resources:						
Grants and Other Taxes	109,254	110,580	76,162	180,579	570,676	187,785
Unavailable Amounts	0	0	0	0	0	0
Total Deferred Inflows of Resources	109,254	110,580	76,162	180,579	570,676	187,785
Fund Balances:						
Restricted	228,607	220,151	67,460	91,165	171,329	407,096
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total Fund Balances	228,607	220,151	67,460	91,165	171,329	407,096
Total Liabilities, Deferred Inflows and Fund Balances	\$337,861	\$330,731	\$143,622	\$271,744	\$742,005	\$594,881

Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$284,601	\$6,022,173
0	72,376
0	8,024
0	2,702,747
<u>284,601</u>	<u>8,805,320</u>
0	5,560
1,657	6,472
0	77,909
0	253,000
0	300,000
<u>1,657</u>	<u>642,941</u>
0	2,179,817
0	4,117
<u>0</u>	<u>2,183,934</u>
0	5,823,562
0	686
282,944	282,944
0	(128,747)
<u>282,944</u>	<u>5,978,445</u>
<u>\$284,601</u>	<u>\$8,805,320</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, 2015

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Subdivision	Police Officer Training	Parks and Recreation	Police Crime Prevention
Revenues:						
Charges for Services	\$21,703	\$0	\$0	\$0	\$0	\$0
Investment Earnings	119,281	907	0	0	1,363	0
Intergovernmental	3,837,201	115,731	0	3,200	0	0
Fines, Licenses & Permits	0	0	107,772	0	75,028	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
Other Revenues	0	0	0	0	0	0
Total Revenues	3,978,185	116,638	107,772	3,200	76,391	0
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	2,914	0	0
Community Development	0	0	0	0	0	0
Transportation and Street Repair	1,840,415	0	3,639	0	0	0
Capital Outlay	2,993,997	372	0	0	40,000	0
Debt Service:						
Principal	0	0	0	0	0	0
Interest and Other Charges	0	0	0	0	0	0
Total Expenditures	4,834,412	372	3,639	2,914	40,000	0
Excess of Revenues Over (Under) Expenditures:	(856,227)	116,266	104,133	286	36,391	0
Other Financing Sources (Uses):						
Transfers In	0	0	16,460	0	0	0
Transfers (Out)	(167,000)	(72,794)	0	0	0	0
Total Other Financing Sources (Uses)	(167,000)	(72,794)	16,460	0	0	0
Net Change in Fund Balance	(1,023,227)	43,472	120,593	286	36,391	0
Fund Balance - Beginning of Year	4,098,732	(172,219)	374,935	3,200	209,239	686
Fund Balance - End of Year	\$3,075,505	(\$128,747)	\$495,528	\$3,486	\$245,630	\$686

Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,606	1,171	28,047	90,298	32,252	171,653	0	183,725	6,316
0	0	0	0	0	0	0	0	0
0	0	0	215	0	0	0	0	0
2,606	1,171	28,047	90,513	32,252	171,653	0	183,725	6,316
0	0	24,948	69,939	0	150,350	0	209,038	9,586
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
9,247	4,000	0	6,250	0	0	0	0	0
0	0	0	0	0	6,250	0	0	0
0	0	0	0	0	0	0	0	0
9,247	4,000	24,948	76,189	0	156,600	0	209,038	9,586
(6,641)	(2,829)	3,099	14,324	32,252	15,053	0	(25,313)	(3,270)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(6,641)	(2,829)	3,099	14,324	32,252	15,053	0	(25,313)	(3,270)
26,653	4,098	69,461	233,858	98,631	241,030	17,398	60,163	39,638
\$20,012	\$1,269	\$72,560	\$248,182	\$130,883	\$256,083	\$17,398	\$34,850	\$36,368

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, 2015

	JW Harris TIF	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF
Revenues:						
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Fines, Licenses & Permits	0	0	0	0	0	0
Revenue in Lieu of Taxes	179,849	179,431	87,587	202,851	37,085	477,912
Other Revenues	0	0	0	0	0	0
Total Revenues	179,849	179,431	87,587	202,851	37,085	477,912
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0
Community Development	0	69,688	34,011	88,878	13,370	348,188
Transportation and Street Repair	69,849	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal	0	0	40,000	120,000	0	80,000
Interest and Other Charges	0	0	13,300	10,800	0	99,188
Total Expenditures	69,849	69,688	87,311	219,678	13,370	527,376
Excess of Revenues Over (Under) Expenditures	110,000	109,743	276	(16,827)	23,715	(49,464)
Other Financing Sources (Uses):						
Transfers In	0	0	0	0	0	0
Transfers (Out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	110,000	109,743	276	(16,827)	23,715	(49,464)
Fund Balance - Beginning of Year	118,607	110,408	67,184	107,992	147,614	456,560
Fund Balance - End of Year	<u>\$228,607</u>	<u>\$220,151</u>	<u>\$67,460</u>	<u>\$91,165</u>	<u>\$171,329</u>	<u>\$407,096</u>

Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$0	\$21,703
0	121,551
0	3,956,132
237,039	935,907
0	1,164,715
0	215
<u>237,039</u>	<u>6,200,223</u>
0	463,861
0	2,914
97,377	651,512
0	1,913,903
0	3,053,866
0	246,250
0	123,288
<u>97,377</u>	<u>6,455,594</u>
<u>139,662</u>	<u>(255,371)</u>
0	16,460
0	(239,794)
<u>0</u>	<u>(223,334)</u>
139,662	(478,705)
<u>143,282</u>	<u>6,457,150</u>
<u>\$282,944</u>	<u>\$5,978,445</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, 2015

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,118,000	\$3,660,304	\$542,304
Investment Earnings	0	21,703	21,703
Other Revenues	78,000	119,592	41,592
Total Revenues	3,196,000	3,801,599	605,599
Expenditures:			
Current:			
Transportation and Street Repair	975,253	925,591	49,662
Capital Outlay	10,248,236	9,853,146	395,090
Total Expenditures	11,223,489	10,778,737	444,752
Excess of Revenues Over (Under) Expenditures	(8,027,489)	(6,977,138)	1,050,351
Other Financing Sources (Uses):			
Transfers (Out)	(167,000)	(167,000)	0
Total Other Financing Sources (Uses)	(167,000)	(167,000)	0
Net Change in Fund Balance	(8,194,489)	(7,144,138)	1,050,351
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,863,050	4,064,142	(1,798,908)
Fund Balance End of Year	(\$2,331,439)	(\$3,079,996)	(\$748,557)

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, 2015

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$100,000	\$117,784	\$17,784
Investment Earnings	0	918	918
Total Revenues	100,000	118,702	18,702
Expenditures:			
Current:			
Capital Outlay	372	372	0
Total Expenditures	372	372	0
Excess of Revenues Over (Under) Expenditures	99,628	118,330	18,702
Other Financing Sources (Uses):			
Transfers (Out)	(123,000)	(122,794)	206
Total Other Financing Sources (Uses)	(123,000)	(122,794)	206
Net Change in Fund Balance	(23,372)	(4,464)	18,908
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	158,359	158,359	0
Fund Balance End of Year	\$134,987	\$153,895	\$18,908

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, 2015

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$107,772	\$107,772
Total Revenues	0	107,772	107,772
Expenditures:			
Current:			
Transportation and Street Repair	5,642	5,642	0
Total Expenditures	5,642	5,642	0
Excess of Revenues Over (Under) Expenditures	(5,642)	102,130	107,772
Other Financing Sources (Uses):			
Transfers In	0	16,460	16,460
Transfers (Out)	(300,000)	0	300,000
Total Other Financing Sources (Uses)	(300,000)	16,460	316,460
Net Change in Fund Balance	(305,642)	118,590	424,232
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	374,935	374,935	0
Fund Balance End of Year	\$69,293	\$493,525	\$424,232

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, 2015

	Police Officer Training Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	2,600	2,979	(379)
Total Expenditures	2,600	2,979	(379)
Net Change in Fund Balance	(2,600)	(2,979)	(379)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,200	3,200	0
Fund Balance End of Year	\$600	\$221	(\$379)

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, 2015

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$20,000	\$75,028	\$55,028
Investment Earnings	0	1,376	1,376
Total Revenues	20,000	76,404	56,404
Expenditures:			
Capital Outlay	45,342	40,000	5,342
Total Expenditures	45,342	40,000	5,342
Net Change in Fund Balance	(25,342)	36,404	61,746
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	209,218	209,218	0
Fund Balance End of Year	\$183,876	\$245,622	\$61,746

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, 2015

	Police Crime Prevention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Public Safety	500	0	500
Total Expenditures	500	0	500
Net Change in Fund Balance	(500)	0	500
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	686	686	0
Fund Balance End of Year	\$186	\$686	\$500

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$2,390	\$1,390
Total Revenues	1,000	2,390	1,390
Expenditures:			
Current:			
Public Safety	10,000	0	10,000
Capital Outlay	10,000	9,247	753
Total Expenditures	20,000	9,247	10,753
Net Change in Fund Balance	(19,000)	(6,857)	12,143
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,252	26,252	0
Fund Balance End of Year	\$7,252	\$19,395	\$12,143

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, 2015

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$1,175	\$675
Total Revenues	500	1,175	675
Expenditures:			
Current:			
Capital Outlay	4,000	4,000	0
Total Expenditures	4,000	4,000	0
Net Change in Fund Balance	(3,500)	(2,825)	675
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,019	4,019	0
Fund Balance End of Year	\$519	\$1,194	\$675

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, 2015

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$10,000	\$28,222	\$18,222
Total Revenues	10,000	28,222	18,222
Expenditures:			
Current:			
General Government	68,404	40,636	27,768
Total Expenditures	68,404	40,636	27,768
Net Change in Fund Balance	(58,404)	(12,414)	45,990
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	69,825	69,825	0
Fund Balance End of Year	\$11,421	\$57,411	\$45,990

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, 2015

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$75,000	\$91,033	\$16,033
Other Revenues	0	809	809
Total Revenues	75,000	91,842	16,842
Expenditures:			
Current:			
General Government	78,664	72,655	6,009
Capital Outlay	7,805	6,250	1,555
Total Expenditures	86,469	78,905	7,564
Net Change in Fund Balance	(11,469)	12,937	24,406
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	225,587	225,587	0
Fund Balance End of Year	\$214,118	\$238,524	\$24,406

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, 2015

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$25,000	\$32,545	\$7,545
Total Revenues	25,000	32,545	7,545
Expenditures:			
Capital Outlay	2,303	196	2,107
Total Expenditures	2,303	196	2,107
Net Change in Fund Balance	22,697	32,349	9,652
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	95,970	95,970	0
Fund Balance End of Year	\$118,667	\$128,319	\$9,652

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, 2015

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$170,000	\$172,653	\$2,653
Other Revenues	0	769	\$769
Total Revenues	170,000	173,422	3,422
Expenditures:			
Current:			
General Government	218,878	165,890	52,988
Total Expenditures	218,878	165,890	52,988
Net Change in Fund Balance	(48,878)	7,532	56,410
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	233,735	233,735	0
Fund Balance End of Year	\$184,857	\$241,267	\$56,410

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, 2015

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government	500	0	500
Total Expenditures	500	0	500
Net Change in Fund Balance	(500)	0	500
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,398	17,293	(105)
Fund Balance End of Year	\$16,898	\$17,293	\$395

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, 2015

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$185,000	\$187,481	\$2,481
Other Revenues	0	879	879
Total Revenues	185,000	188,360	3,360
Expenditures:			
Current:			
General Government	238,267	219,036	19,231
Total Expenditures	238,267	219,036	19,231
Net Change in Fund Balance	(53,267)	(30,676)	22,591
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	55,343	55,343	0
Fund Balance End of Year	\$2,076	\$24,667	\$22,591

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, 2015

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$5,000	\$6,449	\$1,449
Total Revenues	5,000	6,449	1,449
Expenditures:			
Current:			
General Government	14,559	13,069	1,490
Total Expenditures	14,559	13,069	1,490
Net Change in Fund Balance	(9,559)	(6,620)	2,939
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	42,168	42,168	0
Fund Balance End of Year	\$32,609	\$35,548	\$2,939

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, 2015

	JW Harris TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$170,000	\$179,849	\$9,849
Total Revenues	170,000	179,849	9,849
Expenditures:			
Current:			
Transportation and Street Repair	75,000	70,957	4,043
Total Expenditures	75,000	70,957	4,043
Net Change in Fund Balance	95,000	108,892	13,892
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	118,609	118,609	0
Fund Balance End of Year	\$213,609	\$227,501	\$13,892

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, 2015

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$125,000	\$179,431	\$54,431
Total Revenues	125,000	179,431	54,431
Expenditures:			
Current:			
Community Development	80,000	70,800	9,200
Total Expenditures	80,000	70,800	9,200
Net Change in Fund Balance	45,000	108,631	63,631
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	110,409	110,409	0
Fund Balance End of Year	\$155,409	\$219,040	\$63,631

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, 2015

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$87,000	\$87,587	\$587
Total Revenues	87,000	87,587	587
Expenditures:			
Current:			
Community Development	41,000	39,091	1,909
Debt Service:			
Principal Retirement	40,000	40,000	0
Interest and Fiscal Charges	14,000	13,300	700
Total Expenditures	95,000	92,391	2,609
Net Change in Fund Balance	(8,000)	(4,804)	3,196
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	67,186	67,186	0
Fund Balance End of Year	\$59,186	\$62,382	\$3,196

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, 2015

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$200,000	\$202,851	\$2,851
Total Revenues	200,000	202,851	2,851
Expenditures:			
Current:			
Community Development	99,000	90,167	8,833
Debt Service:			
Principal Retirement	120,000	120,000	0
Interest and Fiscal Charges	11,000	10,800	200
Total Expenditures	230,000	220,967	9,033
Net Change in Fund Balance	(30,000)	(18,116)	11,884
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	107,993	107,993	0
Fund Balance End of Year	\$77,993	\$89,877	\$11,884

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, 2015

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$35,000	\$37,085	\$2,085
Total Revenues	35,000	37,085	2,085
Expenditures:			
Current:			
Community Development	35,000	14,980	20,020
Total Expenditures	35,000	14,980	20,020
Net Change in Fund Balance	0	22,105	22,105
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	147,615	147,615	0
Fund Balance End of Year	\$147,615	\$169,720	\$22,105

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, 2015

	Everybody's Farm TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$400,000	\$477,912	\$77,912
Total Revenues	400,000	477,912	77,912
Expenditures:			
Current:			
Community Development	360,000	350,487	9,513
Debt Service:			
Principal Retirement	80,000	80,000	0
Interest and Fiscal Charges	100,000	99,188	812
Total Expenditures	540,000	529,675	10,325
Net Change in Fund Balance	(140,000)	(51,763)	88,237
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	456,561	456,561	0
Fund Balance End of Year	\$316,561	\$404,798	\$88,237

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, 2015

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$50,000	\$237,039	\$187,039
Other Revenues	0	110	110
Total Revenues	50,000	237,149	187,149
Expenditures:			
Current:			
Community Development	107,328	101,688	5,640
Total Expenditures	107,328	101,688	5,640
Net Change in Fund Balance	(57,328)	135,461	192,789
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	149,018	149,018	0
Fund Balance End of Year	\$91,690	\$284,479	\$192,789

Nonmajor Debt Service Funds

Fund Descriptions

General Obligation Bond Retirement - To accumulate monies for the payment of long-term and short-term debt issued without a vote of the people.

Special Assessment Bond Retirement - To account for payment of bonds issued for improvements deemed to benefit specific properties against which assessments are levied.

Government Center Bond Retirement - This fund is used to account for the financial resources and expenditures (debt principal and interest payments) related to the construction of the Mason Municipal Center.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2015

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Assets:				
Equity in Pooled Cash and Investments	\$899,379	\$19,538	\$349,109	\$1,268,026
Restricted Cash	0	0	1,647,683	1,647,683
Receivables (Net):				
Taxes	1,632,185	0	0	1,632,185
Interest	0	0	2,786	2,786
Intergovernmental	117,844	0	0	117,844
Total Assets	<u>2,649,408</u>	<u>19,538</u>	<u>1,999,578</u>	<u>4,668,524</u>
Liabilities:				
Accounts Payable	0	0	660	660
Total Liabilities	<u>0</u>	<u>0</u>	<u>660</u>	<u>660</u>
Deferred Inflows of Resources:				
Property Taxes	1,632,185	0	0	1,632,185
Grants and Other Taxes	117,844	0	0	117,844
Unavailable Amounts	0	0	2,786	2,786
Total Deferred Inflows of Resources	<u>1,750,029</u>	<u>0</u>	<u>2,786</u>	<u>1,752,815</u>
Fund Balances:				
Restricted	899,379	19,538	0	918,917
Assigned	0	0	1,996,132	1,996,132
Total Fund Balances	<u>899,379</u>	<u>19,538</u>	<u>1,996,132</u>	<u>2,915,049</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,649,408</u>	<u>\$19,538</u>	<u>\$1,999,578</u>	<u>\$4,668,524</u>

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2015

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:				
Property and Other Taxes	\$1,561,380	\$0	\$0	\$1,561,380
Investment Earnings	0	0	14,941	14,941
Intergovernmental	187,815	0	0	187,815
Total Revenues	1,749,195	0	14,941	1,764,136
Expenditures:				
Current:				
Debt Service:				
Principal	1,215,000	0	3,490,000	4,705,000
Interest and Other Charges	704,889	0	945,728	1,650,617
Total Expenditures	1,919,889	0	4,435,728	6,355,617
Excess of Revenues Over (Under) Expenditures:	(170,694)	0	(4,420,787)	(4,591,481)
Other Financing Sources (Uses):				
Transfers In	239,794	0	4,440,000	4,679,794
Total Other Financing Sources (Uses)	239,794	0	4,440,000	4,679,794
Net Change in Fund Balance	69,100	0	19,213	88,313
Fund Balance - Beginning of Year	830,279	19,538	1,976,919	2,826,736
Fund Balance - End of Year	\$899,379	\$19,538	\$1,996,132	\$2,915,049

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, 2015

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,515,000	\$1,561,380	\$46,380
Intergovernmental	175,000	187,815	12,815
Total Revenues	1,690,000	1,749,195	59,195
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	1,215,000	1,215,000	0
Interest and Fiscal Charges	710,000	707,933	2,067
Total Expenditures	1,925,000	1,922,933	2,067
Excess of Revenues Over (Under) Expenditures	(235,000)	(173,738)	61,262
Other Financing Sources (Uses):			
Transfers In	238,000	239,794	1,794
Total Other Financing Sources (Uses)	238,000	239,794	1,794
Net Change in Fund Balance	3,000	66,056	63,056
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	830,280	830,280	0
Fund Balance End of Year	\$833,280	\$896,336	\$63,056

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, 2015

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	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)	19,540	19,540	0
Fund Balance End of Year	\$19,540	\$19,540	\$0

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$9,117	\$9,117
Total Revenues	0	9,117	9,117
Expenditures:			
Debt Service:			
Principal Retirement	3,490,000	3,490,000	0
Interest and Fiscal Charges	961,500	947,228	14,272
Total Expenditures	4,451,500	4,437,228	14,272
Excess of Revenues Over (Under) Expenditures	(4,451,500)	(4,428,111)	23,389
Other Financing Sources (Uses):			
Transfers In	4,440,000	4,440,000	0
Total Other Financing Sources (Uses)	4,440,000	4,440,000	0
Net Change in Fund Balance	(11,500)	11,889	23,389
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,993,330	1,993,330	0
Fund Balance End of Year	\$1,981,830	\$2,005,219	\$23,389

Other General Funds

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

Fund Descriptions

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

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

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

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

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	General Capital Improvement Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$5,456	\$5,456
Other Revenues	0	182,591	182,591
Total Revenues	0	188,047	188,047
Expenditures:			
Current:			
Capital Outlay	11,525,224	9,788,762	1,736,462
Debt Service:			
Principal Retirement	8,500,000	8,500,000	0
Interest and Fiscal Charges	200,950	186,294	14,656
Total Expenditures	20,226,174	18,475,056	1,751,118
Excess of Revenues Over (Under) Expenditures	(20,226,174)	(18,287,009)	1,939,165
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	0	1,401,318	1,401,318
Issuance of Debt	10,500,000	11,482,033	982,033
Transfers In	8,000,000	8,050,000	50,000
Transfers (Out)	(11,435,145)	(11,004,000)	431,145
Total Other Financing Sources (Uses)	7,064,855	9,929,351	2,864,496
Net Change in Fund Balance	(13,161,319)	(8,357,658)	4,803,661
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,903,235	24,903,235	0
Fund Balance End of Year	\$11,741,916	\$16,545,577	\$4,803,661

(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, 2015

	Employee Medical Insurance Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$1,317,670	\$1,300,840	(\$16,830)
Other Revenues	0	432,854	432,854
Total Revenues	1,317,670	1,733,694	416,024
Expenditures:			
Current:			
General Government	512,000	447,301	64,699
Public Safety	722,500	722,500	0
Leisure Time Activities	188,700	188,700	0
Community Development	17,000	17,000	0
Basic Utility	283,390	283,390	0
Total Expenditures	1,723,590	1,658,891	64,699
Net Change in Fund Balance	(405,920)	74,803	480,723
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,743,392	1,743,392	0
Fund Balance End of Year	\$1,337,472	\$1,818,195	\$480,723

(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, 2015

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

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

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Unclaimed Monies Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$5,409	\$5,409
Total Revenues	0	5,409	5,409
Expenditures:			
Current:			
General Government	45,000	345	44,655
Total Expenditures	45,000	345	44,655
Net Change in Fund Balance	(45,000)	5,064	50,064
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	71,947	71,947	0
Fund Balance End of Year	\$26,947	\$77,011	\$50,064

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

Other Nonmajor Funds

Fiduciary Funds

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

Fund Descriptions

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

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

Agency Fund - Community Improvement Corporation - To account for custodial transactions related to community improvement.

City of Mason, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2015

	Municipal Court			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$54,392	\$2,137,759	\$2,143,387	\$48,764
Total Assets	54,392	2,137,759	2,143,387	48,764
Liabilities:				
Due to Others	54,392	2,137,759	2,143,387	48,764
Total Liabilities	\$54,392	\$2,137,759	\$2,143,387	\$48,764
	Mason Port Authority			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$967,154	\$863,003	\$784,628	\$1,045,529
Receivables (Net):				
Accounts	0	12,503	0	12,503
Total Assets	967,154	875,506	784,628	1,058,032
Liabilities:				
Accounts Payable	0	2,663	0	2,663
Due to Others	967,154	872,843	784,628	1,055,369
Total Liabilities	\$967,154	\$875,506	\$784,628	\$1,058,032
	Community Improvement Corporation			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$267,339	\$16,700	\$19,550	\$264,489
Receivables (Net):				
Accounts	0	10,000	0	10,000
Total Assets	267,339	26,700	19,550	274,489
Liabilities:				
Accounts Payable	654	0	654	0
Due to Others	266,685	26,700	18,896	274,489
Total Liabilities	\$267,339	\$26,700	\$19,550	\$274,489
	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$1,288,885	\$3,017,462	\$2,947,565	\$1,358,782
Receivables (Net):				
Accounts	0	22,503	0	22,503
Total Assets	1,288,885	3,039,965	2,947,565	1,381,285
Liabilities:				
Accounts Payable	654	2,663	654	2,663
Due to Others	1,288,231	3,037,302	2,946,911	1,378,622
Total Liabilities	\$1,288,885	\$3,039,965	\$2,947,565	\$1,381,285

STATISTICAL SECTION

Statistical Section

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

Contents

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

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

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

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

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

Sources

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

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

Table 1

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015
Governmental Activities										
Net Investment in Capital Assets	\$96,275,726	\$104,293,216	\$110,110,444	\$117,869,403	\$120,098,234	\$122,687,025	\$129,162,686	\$128,860,388	\$137,675,713	\$148,517,620
Restricted	14,692,178	16,202,333	20,076,208	18,245,889	16,361,953	16,842,649	13,822,941	14,942,529	15,932,379	21,930,408
Unrestricted	34,803,772	34,036,236	30,968,181	25,722,145	30,227,053	33,233,298	41,380,921	51,370,384	31,071,105	33,540,033
Total Governmental Activities Net Position	\$145,771,676	\$154,531,785	\$161,154,833	\$161,837,437	\$166,687,240	\$172,762,972	\$184,366,548	\$195,173,301	\$184,679,197	\$197,791,295
Business-Type Activities										
Net Investment in Capital Assets	\$66,801,441	\$69,332,672	\$72,445,005	\$77,388,687	\$81,821,259	\$81,978,537	\$88,637,940	\$88,126,890	\$89,504,980	\$91,666,228
Restricted	10,055,068	10,283,063	8,331,342	4,069,854	4,107,379	4,135,486	784,933	786,591	788,035	791,199
Unrestricted	7,280,452	8,109,114	8,494,022	15,260,353	10,898,229	10,851,775	10,148,188	11,896,384	12,709,974	16,471,007
Total Business-Type Activities Net Position	\$84,136,961	\$87,724,849	\$89,270,369	\$96,718,894	\$96,826,867	\$96,965,798	\$99,571,061	\$100,809,865	\$103,002,989	\$108,928,434
Primary Government										
Net Investment in Capital Assets	\$163,077,167	\$173,625,888	\$182,555,449	\$195,258,090	\$201,919,493	\$204,665,562	\$217,800,626	\$216,987,278	\$227,180,693	\$240,183,848
Restricted	24,747,246	26,485,396	28,407,550	22,315,743	20,469,332	20,978,135	14,607,874	15,729,120	16,720,414	22,721,607
Unrestricted	42,084,224	42,145,350	39,462,203	40,982,498	41,125,282	44,085,073	51,529,109	63,266,768	43,781,079	50,011,040
Total Governmental Activities Net Position	\$229,908,637	\$242,256,634	\$250,425,202	\$258,556,331	\$263,514,107	\$269,728,770	\$283,937,609	\$295,983,166	\$287,682,186	\$306,719,729

Source: City of Mason, Ohio, Department of Finance

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$8,304,944	\$8,820,685	\$8,797,340	\$8,969,554	\$8,418,723	\$8,793,043	\$8,831,767	\$6,893,775	\$8,253,186	\$7,767,758
Public Safety	10,239,722	12,057,909	12,041,878	11,758,497	11,753,670	12,287,188	12,023,613	12,986,006	13,513,159	13,790,633
Community Development	1,682,201	1,669,502	1,453,739	1,831,149	2,016,271	2,463,108	2,676,490	2,508,451	2,425,668	3,466,084
Leisure Time Activities	2,345,289	2,643,993	2,884,015	2,860,505	2,426,474	2,301,816	2,314,310	2,198,219	2,882,829	2,638,497
Transportation and Street Repair	4,163,181	6,495,013	5,928,246	4,156,093	4,691,128	5,542,878	6,231,801	8,183,460	7,324,935	7,084,253
Basic Utility Service	513,694	252,588	251,649	233,714	224,627	295,972	277,539	281,729	283,225	283,772
Interest, Fiscal Charges and Bond Issuance Cost	1,821,938	2,259,101	2,214,589	1,981,386	1,459,621	1,830,059	1,826,561	1,659,947	1,581,121	2,017,459
Total Governmental Activities Expenses	29,070,969	34,198,791	33,571,456	31,790,898	30,990,514	33,514,064	34,182,081	34,711,587	36,264,123	37,048,456
Business-type activities										
Sewer	5,511,880	6,308,598	6,467,230	6,287,295	6,335,376	6,400,635	5,962,355	6,248,535	5,743,995	6,090,047
Waste Collection	1,129,056	1,269,478	1,390,404	1,437,256	1,498,606	1,558,320	1,440,349	1,384,282	1,413,025	1,447,712
Stormwater Utility	1,067,755	1,073,116	1,097,373	1,011,631	1,062,423	1,134,861	1,165,556	1,142,284	1,117,558	1,289,342
Community Center	2,439,545	3,039,852	3,041,733	3,332,634	3,905,317	4,611,276	5,372,732	5,898,548	6,483,630	6,507,143
Golf Course	0	3,145,633	3,864,928	3,246,476	3,158,462	3,239,390	2,665,088	2,651,261	2,811,835	2,695,618
Total business-type activities expenses	10,148,236	14,836,677	15,861,668	15,315,292	15,960,184	16,944,482	16,606,080	17,324,910	17,570,043	18,029,862
Total primary government expenses	\$39,219,205	\$49,035,468	\$49,433,124	\$47,106,190	\$46,950,698	\$50,458,546	\$50,788,161	\$52,036,497	\$53,834,166	\$55,078,318
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$1,492,578	\$1,319,112	\$2,047,656	\$2,088,882	\$2,258,954	\$1,931,606	\$2,122,272	\$2,057,346	\$2,793,861	\$2,097,958
Public Safety	1,747,817	1,704,048	1,048,709	1,321,832	1,251,431	1,321,705	1,542,684	1,236,491	1,410,863	1,368,530
Community Development	391,088	442,307	513,136	306,726	354,236	472,771	503,782	599,799	589,526	950,199
Leisure Time Activities	514,992	585,664	561,063	564,185	555,017	452,927	443,332	432,908	1,047,156	461,836
Transportation and Street Repair	13,969	9,865	7,600	6,400	17,248	12,245	10,400	26,679	73,791	129,475
Basic Utility Service	228,738	276,203	286,189	263,341	255,781	303,507	319,006	298,529	316,009	299,193
Operating Grants and Contributions	2,352,269	2,567,109	2,935,939	3,469,094	3,081,227	863,594	783,868	3,562,350	2,368,802	2,280,027
Capital Grants and Contributions	2,914,592	3,080,139	2,243,632	2,060,510	2,568,453	4,136,353	6,139,061	1,712,043	2,501,501	3,500,408
Total Governmental Activities Program Revenues	9,656,043	9,984,447	9,643,924	10,080,970	10,342,347	9,494,708	11,864,405	9,926,145	11,101,509	11,087,626
Business-Type Activities										
Charges for Services:										
Sewer	5,342,578	5,529,145	5,486,608	5,413,042	5,370,169	5,457,968	5,934,351	6,100,178	6,511,953	6,871,548
Waste Collection	1,075,574	1,257,739	1,392,019	1,427,989	1,501,222	1,484,311	1,580,927	1,582,570	1,595,826	1,637,354

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Charges for Services: (continued)										
Stormwater Utility	793,059	808,253	836,751	832,872	838,534	964,294	1,078,126	1,142,264	1,472,169	1,307,652
Community Center	2,749,431	2,518,080	2,074,846	1,839,654	2,416,729	4,530,466	5,985,612	6,445,131	6,653,029	7,033,126
Golf Course	0	2,385,062	2,408,790	2,225,669	2,107,523	1,978,633	1,966,766	1,871,546	1,936,890	1,987,022
Operating Grants and Contributions	0	0	0	0	0	0	20,000	0	0	0
Capital Grants and Contributions	3,167,731	3,516,835	762,214	642,683	519,910	963,382	1,572,077	779,644	2,786,840	2,818,892
Total Business-Type Activities Program Revenues	13,128,373	16,015,114	12,961,228	12,381,909	12,754,087	15,379,054	18,137,859	17,921,333	20,956,707	21,655,594
Total Primary Government Program Revenues	\$22,784,416	\$25,999,561	\$22,605,152	\$22,462,879	\$23,096,434	\$24,873,762	\$30,002,264	\$27,847,478	\$32,058,216	\$32,743,220
Net (Expense)/Revenue										
Governmental Activities	(\$19,414,926)	(\$24,214,344)	(\$23,927,532)	(\$21,709,928)	(\$20,648,167)	(\$24,019,356)	(\$22,317,676)	(\$24,785,442)	(\$25,162,614)	(\$25,960,830)
Business-Type Activities	2,980,137	1,178,437	(2,900,440)	(2,933,383)	(3,206,097)	(1,565,428)	1,531,779	596,423	3,386,664	3,625,732
Total Primary Government Net Expense	(\$16,434,789)	(\$23,035,907)	(\$26,827,972)	(\$24,643,311)	(\$23,854,264)	(\$25,584,784)	(\$20,785,897)	(\$24,189,019)	(\$21,775,950)	(\$22,335,098)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$21,324,631	\$20,514,861	\$22,265,663	\$20,749,797	\$18,823,241	\$20,615,343	\$22,957,701	\$26,314,564	\$25,867,801	\$30,159,378
Property Taxes Levied for:										
General Purposes	2,068,561	2,116,689	1,294,885	1,196,087	498,141	583,084	542,228	611,485	423,801	301,725
Special Revenue Purposes	4,121,987	4,161,619	3,966,207	3,859,491	3,868,790	3,860,898	3,823,815	3,966,997	3,886,757	3,927,783
Debt Service Purposes	85,178	378,098	380,224	1,385,822	1,625,282	1,547,804	1,536,649	1,523,714	1,541,012	1,580,755
Capital Project Purposes	275,675	440,642	546,268	509,685	0	0	0	0	0	0
Unrestricted Grants and Entitlements	3,208,505	3,103,589	3,149,438	2,787,157	2,367,375	2,870,852	2,514,375	2,608,730	1,337,037	1,905,927
Payment in Lieu of Taxes	0	0	0	0	818,970	1,026,869	2,398,676	1,007,338	1,192,962	1,194,327
Investment Earnings	1,928,561	2,725,268	1,997,266	208,558	151,128	211,821	257,148	105,613	318,366	410,879
Other Revenues	558,488	820,723	665,897	921,424	567,068	964,417	887,160	985,437	455,638	1,156,154
Transfers-Internal Activities	326,510	(1,287,036)	(3,715,268)	(9,038,489)	(3,222,025)	(1,586,000)	(996,500)	(1,054,000)	(1,046,000)	(1,564,000)
Total Governmental Activities	33,898,096	32,974,453	30,550,580	22,579,532	25,497,970	30,095,088	33,921,252	36,069,878	33,977,374	39,072,928
Business-Type Activities										
Investment Earnings	980,492	1,121,249	720,066	83,653	62,180	97,787	63,321	29,511	83,495	91,509
Other Revenues	16,542	1,166	10,626	0	29,865	20,572	13,663	26,313	61,133	35,020
Transfers-Internal Activities	(326,510)	1,287,036	3,715,268	9,038,489	3,222,025	1,586,000	996,500	1,054,000	1,046,000	1,564,000
Extraordinary Item	(10,580,607)	0	0	0	0	0	0	0	0	609,184
Total Business-Type Activities	(9,910,083)	2,409,451	4,445,960	9,122,142	3,314,070	1,704,359	1,073,484	1,109,824	1,190,628	2,299,713
Total Primary Government	\$23,988,013	\$35,383,904	\$34,996,540	\$31,701,674	\$28,812,040	\$31,799,447	\$34,994,736	\$37,179,702	\$35,168,002	\$41,372,641
Changes in Net Position										
Governmental Activities	\$14,483,170	\$8,760,109	\$6,623,048	\$869,604	\$4,849,803	\$6,075,732	\$11,603,576	\$11,284,436	\$8,814,760	\$13,112,098
Business-Type Activities	(6,929,946)	3,587,888	1,545,520	6,188,759	107,973	138,931	2,605,263	1,706,247	4,577,292	5,925,445
Total Primary Government	\$7,553,224	\$12,347,997	\$8,168,568	\$7,058,363	\$4,957,776	\$6,214,663	\$14,208,839	\$12,990,683	\$13,392,052	\$19,037,543

Source: City of Mason, Ohio, Department of Finance

City of Mason, Ohio
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Table 3

Fiscal Year	Income Tax	Property taxes levied for:			
		General	Special Revenue	Debt Service	Total Property Taxes
2006	\$21,324,631	\$2,068,561	\$4,121,987	\$360,853	\$6,551,401
2007	20,514,861	2,116,689	4,161,619	818,740	7,097,048
2008	22,265,663	1,294,885	3,966,207	926,492	6,187,584
2009	20,749,797	1,196,087	3,859,491	1,895,507	6,951,085
2010	18,823,241	498,141	3,868,790	1,625,282	5,992,213
2011	20,615,343	583,084	3,860,898	1,547,804	5,991,786
2012	22,957,701	542,228	3,823,815	1,536,649	5,902,692
2013	26,314,564	611,485	3,966,997	1,523,714	6,102,196
2014	25,867,801	423,801	3,886,757	1,541,012	5,851,570
2015	30,159,378	301,725	3,927,783	1,580,755	5,810,263
					35,969,641

Source: City of Mason, Ohio, Department of Finance

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

Table 4

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
General Fund										
Nonspendable						\$324,731	\$282,460	\$282,398	\$344,898	\$560,194
Assigned						19,081,712	22,788,806	22,794,902	20,543,640	27,104,971
Reserved	\$12,032,677	\$7,511,771	\$11,959,422	\$8,243,141	\$8,724,982					
Unassigned						5,460,148	7,334,177	12,876,440	17,623,466	19,384,655
Unreserved	6,524,041	15,222,929	12,693,451	10,650,144	13,044,258					
Total General Fund	\$18,556,718	\$22,734,700	\$24,652,873	\$18,893,285	\$21,769,240	\$24,866,591	\$30,405,443	\$35,953,740	\$38,512,004	\$47,049,820
All Other Governmental Funds										
Nonspendable						\$32,267	\$31,565	\$26,839	\$18,997	\$27,595
Restricted						14,956,736	12,786,546	13,722,199	14,283,876	14,430,667
Committed						686	686	686	686	686
Assigned						2,000,407	2,026,338	2,074,188	2,120,201	2,279,076
Reserved	7,375,036	4,593,699	2,948,109	7,468,085	4,654,587					
Unassigned						0	(238,084)	(215,251)	(172,219)	(128,747)
Unreserved, Reported in:										
Special Revenue Funds	4,582,009	9,674,826	9,860,224	5,711,471	8,762,011					
Debt Service Funds	54,128	90,938	145,176	2,483,332	1,022,104					
Capital Projects Funds	999,083	4,233,983	5,402,670	0	0					
Total All Other Governmental Funds	\$13,010,256	\$18,593,446	\$18,356,179	\$15,662,888	\$14,438,702	\$16,990,096	\$14,607,051	\$15,608,661	\$16,251,541	\$16,609,277

Source: City of Mason, Ohio, Department of Finance

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$28,120,047	\$29,086,348	\$28,224,092	\$28,023,892	\$25,891,786	\$26,962,137	\$29,277,581	\$32,703,069	\$33,711,798	\$36,510,341
Charges for Services	1,842,446	1,965,830	1,926,084	2,158,383	1,997,882	2,092,708	2,076,044	2,174,388	2,135,411	2,085,989
Investment Earning	1,758,873	2,625,347	2,204,775	244,519	153,341	220,863	236,004	91,918	307,704	399,249
Intergovernmental	5,230,246	5,419,535	5,914,718	5,698,095	7,839,983	6,533,427	7,793,877	5,885,803	4,612,903	5,347,271
Fines, Licenses & Permits	2,208,160	2,102,920	2,210,168	1,993,982	2,161,872	2,011,841	2,238,725	2,328,919	3,003,599	2,748,158
Special Assessments	93,272	99,374	93,501	69,847	86,162	62,767	13,364	13,426	6,477	0
Other Revenue	944,165	1,148,050	996,019	1,311,066	1,926,875	2,267,578	3,645,661	2,518,816	3,386,979	2,796,361
Total Revenues	40,197,209	42,447,404	41,569,357	39,499,784	40,057,901	40,151,321	45,281,256	45,716,339	47,164,871	49,887,369
Expenditures										
General Government	8,101,110	8,179,399	8,068,369	8,507,087	7,718,852	7,938,713	8,245,266	6,287,335	7,598,473	7,190,949
Public Safety	10,084,749	11,442,311	11,343,794	11,312,988	11,054,466	11,766,834	11,717,593	12,381,894	13,017,332	12,897,974
Community Development	1,670,017	1,493,853	1,452,353	1,813,014	2,010,136	2,451,462	2,423,239	2,498,610	2,904,994	3,463,967
Leisure Time Activities	2,117,159	2,391,309	2,488,160	2,362,857	1,787,595	1,835,718	1,722,418	1,710,742	1,959,721	2,254,479
Transportation and Street Repair	3,153,016	4,043,848	3,543,548	3,202,238	2,753,102	3,536,095	3,084,414	3,467,723	4,998,074	5,423,862
Basic Utility Service	513,694	252,588	251,649	233,714	224,627	295,972	277,539	281,729	283,225	283,772
Capital Outlay	8,892,757	13,392,267	10,552,105	7,241,907	9,280,897	3,750,585	9,189,762	7,156,134	8,248,954	12,136,133
Debt Service										
Principal Retirement	1,011,000	1,077,000	13,921,000	2,147,000	1,240,000	4,455,000	3,080,000	2,681,250	2,371,250	4,951,250
Interest, Fiscal Charges and Bond Issuance Cost	2,038,266	2,013,111	2,412,382	1,992,095	1,556,820	1,863,741	1,791,037	1,657,718	1,578,415	2,009,302
Total Expenditures	37,581,768	44,285,686	54,033,360	38,812,900	37,626,495	37,894,120	41,531,268	38,123,135	42,960,438	50,611,688
Excess of Revenues Over (Under) Expenditures	2,615,441	(1,838,282)	(12,464,003)	686,884	2,431,406	2,257,201	3,749,988	7,593,204	4,204,433	(724,319)

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Sale of Capital Assets	0	0	0	0	0	0	0	0	0	1,430,890
Issuance of Long-Term Capital-Related Debt	0	12,450,000	17,570,000	0	974,672	4,936,009	450,000	0	0	9,000,000
Premium on Debt Issuance	0	0	0	0	0	0	0	0	0	534,150
Issuance of Capital Leases	0	0	0	0	0	0	0	25,000	0	0
Transfer In	3,441,338	7,107,110	2,369,200	5,549,055	1,765,820	1,773,664	1,828,365	4,293,511	4,114,144	6,970,254
Transfer Out	(3,445,338)	(7,978,110)	(5,786,700)	(14,587,544)	(3,372,367)	(3,359,664)	(2,824,865)	(5,347,511)	(5,160,144)	(8,534,254)
Total Other Financing Sources (Uses)	(4,000)	11,579,000	14,152,500	(9,038,489)	(631,875)	3,350,009	(546,500)	(1,029,000)	(1,046,000)	9,401,040
Net Change in Fund Balances	\$2,611,441	\$9,740,718	\$1,688,497	(\$8,351,605)	\$1,799,531	\$5,607,210	\$3,203,488	\$6,564,204	\$3,158,433	\$8,676,721
Debt Service as a Percentage of Noncapital Expenditures	12.5%	10.4%	38.4%	14.0%	9.2%	18.9%	14.9%	13.2%	11.3%	19.1%

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			Total	Percentage of Total		
		Withholding	Business	Individual		Withholding	Business	Individual
2006	\$13,513,267	\$4,232,817	\$4,925,272	\$22,671,356	59.6%	18.7%	21.7%	100.0%
2007	13,167,588	2,779,420	5,280,262	21,227,270	62.0%	13.1%	24.9%	100.0%
2008	13,264,394	4,093,299	4,338,073	21,695,766	61.1%	18.9%	20.0%	100.0%
2009	12,384,345	3,817,042	4,137,703	20,339,090	60.9%	18.8%	20.3%	100.0%
2010	12,894,530	2,630,463	3,708,784	19,233,777	67.0%	13.7%	19.3%	100.0%
2011	13,368,319	2,885,625	4,044,183	20,298,127	65.9%	14.2%	19.9%	100.0%
2012	15,036,406	3,354,868	3,746,111	22,137,385	67.9%	15.2%	16.9%	100.0%
2013	17,387,727	3,732,510	4,577,195	25,697,432	67.7%	14.5%	17.8%	100.0%
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%

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

<u>Fiscal Year</u>	<u>Delinquent</u>	<u>Penalties</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>
2006	\$294,034	\$135,615	\$6,512,430	\$15,729,277	\$22,671,356
2007	778,880	211,143	4,396,944	15,840,303	21,227,270
2008	284,367	158,728	4,977,407	16,248,783	21,669,285
2009	379,196	226,848	4,669,926	15,063,120	20,339,090
2010	202,084	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

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

<u>Tax Year</u>	<u>Real Property</u>		<u>Public Utility (1)</u>		<u>Tangible Personal Property (2)</u>		<u>Total</u>		<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Total Estimated Actual Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
2006	\$1,004,936,080	\$2,871,245,942	\$16,147,840	\$18,349,818	\$77,362,457	\$412,599,770	\$1,098,446,377	\$3,302,195,530	7.32	33.26%
2007	1,035,101,280	2,957,432,230	13,021,700	14,797,390	36,731,160	587,698,560	1,084,854,140	3,559,928,180	7.32	30.47%
2008	1,063,362,220	3,038,177,771	13,457,340	15,292,431	4,651,040	74,416,640	1,081,470,600	3,127,886,842	7.32	34.58%
2009	1,001,908,990	2,862,597,114	14,371,800	16,331,590	3,048,210	48,771,360	1,019,329,000	2,927,700,064	7.32	34.82%
2010	1,006,303,280	2,875,152,229	15,153,830	17,220,261	0	0	1,021,457,110	2,892,372,490	7.32	35.32%
2011	1,016,440,490	2,904,115,685	12,955,190	14,721,806	0	0	1,029,395,680	2,918,837,491	7.32	35.27%
2012	961,184,410	2,746,241,171	16,625,240	18,892,318	0	0	977,809,650	2,765,133,489	7.32	35.36%
2013	969,297,620	2,769,421,771	18,094,150	20,561,534	0	0	987,391,770	2,789,983,305	6.72	35.39%
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%

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
2006	1.96%	5.00%	0.36%	7.32%	81.76%	6.71%	2.70%	1.50%	99.99%
2007	1.96%	5.00%	0.36%	7.32%	83.45%	6.71%	2.70%	1.50%	101.68%
2008	0.88%	5.00%	1.44%	7.32%	83.45%	5.21%	2.70%	1.50%	100.18%
2009	0.58%	5.00%	1.74%	7.32%	83.45%	5.78%	2.70%	1.50%	100.75%
2010	0.58%	5.00%	1.74%	7.32%	83.45%	5.78%	2.70%	2.25%	101.50%
2011	0.58%	5.00%	1.74%	7.32%	83.45%	7.78%	2.70%	2.25%	103.50%
2012	0.58%	5.00%	1.74%	7.32%	83.97%	7.78%	2.70%	2.25%	104.02%
2013	0.58%	4.40%	1.74%	6.72%	83.97%	7.78%	2.70%	2.25%	103.42%
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%

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, 2015
Table 9

<u>Taxpayer</u>	Fiscal Year 2015			Fiscal Year 2005		
	<u>Assessed Valuation (1)</u>	<u>Rank</u>	<u>Percentage Of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage Of Total Assessed Valuation</u>
Kings Island Company	\$20,517,180	1	1.89%	\$37,350,918	1	3.78%
Duke Energy Ohio Inc.	20,070,900	2	1.84%	11,081,640	5	1.12%
Twin Fountains of Mason	8,044,720	3	0.74%	4,549,300	9	0.46%
Mason Christian Village	6,506,830	4	0.60%	6,094,350	7	0.62%
Cintas Sales Corporation	5,920,370	5	0.54%	12,953,227	4	1.31%
LM Development Co LTD/Makino	4,734,730	6	0.44%			
Mitsubishi Electric Auto	4,179,790	7	0.38%	20,580,674	2	2.08%
Crooked Tree LTD	3,083,310	8	0.28%			
H J Heinz Co LLP	2,772,390	9	0.25%			
Optimus Mason II LLC	2,588,750	10	0.24%			
Procter & Gamble Company				17,284,044	3	1.75%
Luxottica (Lenscrafters)				5,072,900	8	0.51%
UBE Automotive				11,023,290	6	1.12%
A Mold Corporation				3,882,854	10	0.39%
All Others	1,009,874,410		92.80%	858,060,450		86.86%
Total Assessed Valuation	<u>\$1,088,293,380</u>		<u>100.00%</u>	<u>\$987,933,647</u>		<u>100.00%</u>

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: Fiscal Year:	2005/2006 2006	2006/2007 2007	2007/2008 2008	2008/2009 2009	2009/2010 2010	2010/2011 2011	2011/2012 2012	2012/2013 2013	2013/2014 2014	2014/2015 2015
Current Tax Levy	\$6,803,940	\$7,010,538	\$7,194,535	\$6,829,232	\$6,710,366	\$6,680,693	\$6,846,621	\$6,714,798	\$6,623,235	\$6,711,730
Current Tax Collections	6,580,586	6,813,112	6,932,137	6,605,764	6,365,555	6,431,397	6,707,544	6,606,807	6,530,015	6,543,116
Percent of Levy Collected	96.72%	97.18%	96.35%	96.73%	94.86%	96.27%	97.97%	98.39%	98.59%	97.49%
Delinquent Tax Collections (1)	125,232	221,301	176,537	176,271	152,780	142,457	414,651	188,875	128,004	105,306
Total Tax Collections	6,705,818	7,034,413	7,108,674	6,782,035	6,518,335	6,573,854	7,122,195	6,795,682	6,658,019	6,648,421
Ratio of Total Tax Collections to Current Taxes Levied	98.56%	100.34%	98.81%	99.31%	97.14%	98.4%	104.02%	101.2%	100.53%	99.06%

Source: Warren County Auditor's Office

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

City of Mason, Ohio
Special Assessment Billings and Collections
Last Ten Fiscal Years
Table 11

Tax Year	Current Assessments Billings	Current Assessments Collected	Ratio of Collection To Amount Billed
2005	\$109,086	\$93,272	85.50%
2006	89,047	81,902	91.98%
2007	85,635	54,338	63.45%
2008	78,433	66,741	85.09%
2009	75,692	74,226	98.06%
2010	63,322	60,878	96.14%
2011	10,833	10,833	100.00%
2012	14,852	14,011	94.34%
2013	7,544	6,160	81.65%
2014	3,298	3,207	97.24%

Source: Warren County Auditor's Office

Note: Tax Year 2014 is billed and due in 2015

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

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Tax Increment Financing	Certificates of Participation	Special Assessments Bonds	Capital Lease	Total Governmental Activities
2006	\$3,425,000	\$3,350,000	\$21,005,000	\$455,000	\$0	\$28,235,000
2007	15,650,000	3,265,000	20,335,000	358,000	0	39,608,000
2008	20,215,000	3,140,000	19,640,000	262,000	0	43,257,000
2009	19,320,000	2,710,000	18,915,000	165,000	0	41,110,000
2010	20,530,000	2,495,000	17,749,672	70,000	0	40,844,672
2011	20,558,749	3,865,000	16,930,630	0	0	41,354,379
2012	19,432,659	3,230,000	16,071,588	0	0	38,734,247
2013	18,281,569	2,595,000	16,250,783	0	18,750	37,146,102
2014	17,080,479	2,345,000	15,277,838	0	12,500	34,715,817
2015	25,373,539	2,105,000	11,729,893	0	6,250	39,214,682

Fiscal Year	Business-Type Activities					
	General Obligation Bonds	Mortgage Revenue Bonds	Certificates of Participation	Special Assessments Bonds	Business-Type Activities	Total Primary Government
2006	\$0	\$34,765,000	\$0	\$42,000	\$34,807,000	\$63,042,000
2007	0	33,745,000	0	38,000	33,783,000	73,391,000
2008	0	32,710,000	0	33,000	32,743,000	76,000,000
2009	0	31,640,000	11,190,331	29,000	42,859,331	83,969,331
2010	9,640,000	30,540,000	10,921,118	24,000	51,125,118	91,969,790
2011	9,132,645	29,395,000	10,631,905	18,000	49,177,550	90,531,929
2012	30,747,399	0	10,337,692	13,000	41,098,091	79,832,338
2013	31,864,166	0	10,033,479	7,000	41,904,645	79,050,747
2014	30,133,364	0	9,724,266	0	39,857,630	74,573,447
2015	28,362,563	0	9,405,053	0	37,767,616	76,982,298

Fiscal Year	Percentage of Personal Income(1)			Per Capital(1)
	General Obligation Bonds	Mortgage Revenue Bonds	Business-Type Activities	
2006			5.80%	2,171
2007			6.48%	2,492
2008			6.55%	2,557
2009			7.33%	2,799
2010			7.85%	2,995
2011			7.33%	2,907
2012			6.24%	2,553
2013			5.78%	2,514
2014			5.37%	2,359
2015			4.70%	2,435

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 18 for personal income and population data.

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

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Assessed Value (2)</u>	<u>General Bonded Debt (3)</u>	<u>Less Debt Service Fund (4)</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2006	29,041	\$1,098,446,377	\$3,425,000	\$52,975	\$3,372,025	0.31%	\$116
2007	29,446	1,084,854,140	15,650,000	89,826	15,560,174	1.43%	528
2008	29,723	1,081,470,600	20,215,000	140,707	20,074,293	1.86%	675
2009	29,995	1,019,329,000	19,320,000	179,304	19,140,696	1.88%	638
2010	30,712	1,021,457,110	20,530,000	407,512	20,122,488	1.97%	655
2011	31,147	1,029,395,680	20,558,749	567,834	19,990,915	1.94%	642
2012	31,269	977,809,650	19,432,659	601,897	18,830,762	1.93%	602
2013	31,449	987,391,770	18,281,569	735,048	17,546,521	1.78%	558
2014	31,613	999,974,600	17,080,479	830,279	16,250,200	1.63%	514
2015	31,613	1,088,293,380	25,373,539	899,380	24,474,159	2.25%	774

Source: City of Mason, Ohio, Department of Finance

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

- (1) 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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service To General Government Expenditures</u>
2006	\$215,000	\$159,260	\$374,260	\$8,101,110	4.62%
2007	225,000	150,768	375,768	8,179,399	4.59%
2008	555,000	482,856	1,037,856	8,068,369	12.86%
2009	895,000	804,709	1,699,709	8,507,087	19.98%
2010	930,000	775,041	1,705,041	7,718,852	22.09%
2011	1,010,000	791,001	1,801,001	7,938,713	22.69%
2012	1,100,000	790,420	1,890,420	8,245,266	22.93%
2013	1,125,000	759,670	1,884,670	6,287,335	29.98%
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%

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, 2015
Table 15

	Net General Obligations Bonded Debt Outstanding (1)	Percentage Applicable (2) to City	Amount Applicable to City
Mason City School District	\$91,025,000	60.60%	\$55,161,150
Kings Local School District	46,906,320	11.98%	5,619,377
Great Oaks Career Center Joint Vocational School	10,905,000	5.05%	550,703
Lebanon City School District	55,024,987	0.22%	121,055
Deerfield Township	6,800,000	0.41%	27,880
Warren County Career Center Jt. Voc. School	525,000	2.23%	11,708
Warren County	11,757,157	17.63%	2,072,787
Subtotal Overlapping Debt	222,943,464		63,564,659
City of Mason - Direct Debt	\$39,214,682	100.00%	\$39,214,682
Total Direct and Overlapping Debt	\$262,158,146		\$102,779,341

Sources: Ohio Municipal Advisory Council
City of Mason, Ohio, Department of Finance

- (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
Gross Outstanding Debt (without premiums and discounts)
Last Ten Fiscal Years
Table 16

Fiscal Year	Governmental Activities							Total Governmental Activities
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Financing	Certificates of Participation	Special Assessments Bonds	Taxable Revenue Note	Capital Leases	
2006	\$3,425,000	\$19,700,000	\$3,350,000	\$21,005,000	\$455,000	\$0	\$0	\$47,935,000
2007	3,200,000	20,350,000	3,265,000	20,335,000	358,000	0	0	47,508,000
2008	20,215,000	4,200,000	3,140,000	19,640,000	262,000	0	0	47,457,000
2009	19,320,000	6,300,000	2,710,000	18,915,000	165,000	0	0	47,410,000
2010	20,530,000	3,800,000	2,495,000	18,325,000	70,000	3,025,000	0	48,245,000
2011	20,315,000	3,500,000	3,865,000	17,470,000	0	3,070,000	0	48,220,000
2012	19,215,000	3,200,000	3,230,000	16,575,000	0	3,120,000	0	45,340,000
2013	18,090,000	7,885,000	2,595,000	15,660,000	0	3,170,000	18,750	47,418,750
2014	16,915,000	8,500,000	2,345,000	14,720,000	0	0	12,500	42,492,500
2015	24,700,000	2,000,000	2,105,000	11,230,000	0	0	6,250	40,041,250

Fiscal Year	Business-Type Activities							Total Business-Type Activities
	General Obligation Bonds	Mortgage Revenue Bonds	Bond Anticipation Notes	Certificates of Participation	Special Assessments Bonds	Business-Type Activities	Total Primary Government	
2006	\$0	\$34,973,698	\$2,115,000	\$0	\$42,000	\$37,130,698	\$85,065,698	
2007	0	33,745,000	11,010,000	0	38,000	44,793,000	92,301,000	
2008	0	32,710,000	10,720,000	0	33,000	43,463,000	90,920,000	
2009	0	31,640,000	10,195,000	11,335,000	29,000	53,199,000	100,609,000	
2010	0	30,540,000	9,640,000	11,060,000	24,000	51,264,000	99,509,000	
2011	8,815,000	29,395,000	0	10,765,000	18,000	48,993,000	97,213,000	
2012	30,270,000	0	0	10,465,000	13,000	40,748,000	86,088,000	
2013	28,780,000	0	0	10,155,000	7,000	38,942,000	86,360,750	
2014	27,265,000	0	0	9,840,000	0	37,105,000	79,597,500	
2015	25,710,000	0	0	9,515,000	0	35,225,000	75,266,250	

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.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Debt Limit (1)										
Total Debt Limit (10.5%)	\$115,336,870	\$113,909,685	\$113,066,054	\$107,029,545	\$107,252,997	\$108,086,546	\$102,670,013	\$103,676,136	\$104,997,333	\$114,270,805
Total Net Debt Applicable to Limits	25,187,025	34,470,174	34,994,293	35,635,696	33,562,488	30,547,166	28,803,102	31,914,952	24,584,721	25,800,620
Legal Debt Limit Margin	\$90,149,845	\$79,439,511	\$78,071,761	\$71,393,849	\$73,690,509	\$77,539,380	\$73,866,911	\$71,761,184	\$80,412,612	\$88,470,185
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	21.84%	30.26%	30.95%	33.30%	31.29%	28.26%	28.05%	30.78%	23.41%	22.58%
Total Unvoted Debt Limit (1)										
Total Unvoted Debt Limit (5.5%)	60,414,551	59,666,978	59,225,076	56,063,095	56,180,141	56,616,762	53,779,531	54,306,547	54,998,603	59,856,136
Total Net Debt Applicable to Limits	25,187,025	34,470,174	34,994,293	35,635,696	33,562,488	30,547,166	28,803,102	31,914,952	24,584,721	25,800,620
Legal Unvoted Debt Limit Margin	\$35,227,526	\$25,196,804	\$24,230,783	\$20,427,399	\$22,617,653	\$26,069,596	\$24,976,429	\$22,391,595	\$30,413,882	\$34,055,516
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	41.69%	57.77%	59.09%	63.56%	59.74%	53.95%	53.56%	58.77%	44.70%	43.10%
Legal Debt Margin Calculation for Fiscal Year 2015										
					Total Debt Limit				Total Unvoted Debt Limit	
	Net assessed valuation				\$1,088,293,380				\$1,088,293,380	
	Statutory legal debt limitation (1)				10.5%				5.5%	
	Total debt limitation				\$114,270,805				\$59,856,136	
	Debt applicable to limit:									
	Debt applicable to limit(2)				26,700,000				26,700,000	
	Less: applicable debt service fund amounts(3)				(899,380)				(899,380)	
	Total net debt applicable to limit				25,800,620				25,800,620	
	Legal debt margin				\$88,470,185				\$34,055,516	

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, 2015
Table 18

Year	Area (Square Miles)	Population (1)	Estimated Personal Income(2)	Per Capita Personal Income(3)	Median Age(4)	School Enrollment(5)	Unemployment Rates (6)		
							Warren County	Ohio	United States
2006	18.0	29,041	\$1,087,033,671	\$37,431	34.5	10,269	4.2%	5.4%	4.3%
2007	18.4	29,446	1,131,727,564	38,434	34.5	10,681	4.7%	5.8%	4.8%
2008	18.6	29,723	1,161,158,718	39,066	34.5	10,752	6.2%	7.6%	7.1%
2009	18.6	29,995	1,144,849,160	38,168	34.5	11,038	8.8%	10.2%	9.3%
2010	18.6	30,712	1,172,215,616	38,168	38.4	10,747	8.4%	9.3%	9.1%
2011	18.6	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%

Sources:

- (1) U.S. Census Bureau 2014 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

Fiscal Year 2015				Fiscal Year 2005			
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (1)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (1)</u>	<u>Income Tax Withholding Ranking (2)</u>	<u>Business Activity</u>
Procter & Gamble Company	Healthcare research	1,943	Procter & Gamble Company	Healthcare research	2,590		
Luxottica (Lenscrafters)	Eyewear and lens	1,913	Cintas Corporation	Professional uniforms	1,397		
Cintas Corporation	Professional uniforms	1,339	Luxottica (Lenscrafters)	Eyewear and lens	1,166		
Mason City Schools	Local school district	1,184	Mason City Schools	Local school district	919		
L3 Cincinnati Electronics	Aerospace and defense industry electronics	712	Blackhawk Automotive	Plastic molding	584		
Mitsubishi Electric	Automotive electrical components	628	H.J. Heinz/Portion Pac	Portion-controlled condiments	519		
Intelligent Systems LLC	Material handling solutions	618	Mitsubishi Electric	Automotive electrical components	403		
Great Wolf Lodge	Resort/ Indoor Waterpark	346	L3 Cincinnati Electronics	Aerospace and defense industry electronics	371		
H.J. Heinz/Portion Pac	Portion-controlled condiments	325	J.W. Harris	Brazing, soldering and welding alloys	252		
Lindner Center of Hope	Mental health treatment center	273	W/S Packaging-Superior Label	Print pressured sensitive labels	215		
<u>Employer</u>	<u>Business Activity</u>	<u>Income Tax Withholding Ranking (2)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Income Tax Withholding Ranking (2)</u>		
Procter & Gamble Company	Healthcare research	1	Procter & Gamble Company	Healthcare research	1		
Luxottica (Lenscrafters)	Eyewear and lens	2	Luxottica (Lenscrafters)	Eyewear and lens	2		
Cintas Corporation	Professional uniforms	3	Cintas Corporation	Professional uniforms	3		
Mason City Schools	Local school district	4	Mason City Schools	Local school district	4		
L3 Cincinnati Electronics	Aerospace and defense industry electronics	5	Paramount Kings Island	Amusement Park	5		
Intelligent Systems LLC	Material handling solutions	6	L3 Cincinnati Electronics	Aerospace and defense industry electronics	6		
Kings Island	Amusement park	7	H.J. Heinz/Portion Pac	Portion-controlled condiments	7		
Mitsubishi Electric	Automotive electrical components	8	UBE Automotive	Manufacture aluminum wheels	8		
Makino	Machining manufacturer	9	Mitsubishi Electric	Automotive electrical components	9		
Rhine Stahl Corporation	Tooling equipment	10	Blackhawk Automotive	Plastic molding	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 20

Full-time position at December 31	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
City Administration	10	10	10	10	10	10	10	10	10	10
Council	1	1	1	1	1	1	1	1	1	1
Engineering	11	11	11	11	11	11	11	11	11	11
Facility	1	1	1	1	1	1	1	1	3	3
Finance	10	10	10	10	10	10	10	10	10	10
Municipal Court	22	22	22	22	20	20	20	20	20	20
Public Safety										
Police										
Officers	39	41	43	43	43	43	43	43	43	43
Non-sworn	6	7	7	7	7	7	7	7	7	7
Fire	32	32	33	33	33	33	36	42	42	42
Park Maintenance	20	21	22	22	22	22	22	22	16	16
Community Development										
Planning	1	1	2	2	2	2	2	2	2	2
Building Inspection	5	5	5	5	5	5	5	5	5	5
Economic Development	3	4	3	3	3	3	3	3	3	3
Basic Utility Service	15	15	15	15	15	15	15	15	15	15
Billing	1	1	1	1	1	1	1	1	1	1
Stormwater	1	1	1	1	1	1	1	1	1	1
Transportation and Street Repair	21	21	21	21	21	21	21	21	20	20
Total Full-Time Positions	198	204	208	208	206	206	209	215	215	215
Total Part-Time Positions	287	265	209	217	188	188	182	203	208	210

Source: City of Mason Annual Budget for full-time positions and City of Mason payroll for part-time positions

City of Mason, Ohio
Operating Indicators and Capital Position Statistics
Last Ten Fiscal Years
Table 21

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	19	21	17	20	20	21	21	19	19	19
Calls for Service	14,804	19,878	26,087	24,810	33,735	27,448	31,545	36,635	41,193	41,267
Moving Violation Citations	2,779	3,742	3,426	3,175	3,797	2,460	2,638	2,502	2,226	2,579
Arrests	739	851	822	785	899	843	536	910	908	961
Fire & Emergency Medical(1):										
Fire Responses	992	1,003	1,206	1,184	1,013	886	1,118	978	1,229	974
Emergency Medical Responses	2,257	2,704	2,611	2,431	2,570	2,516	2,601	2,477	2,767	2,823
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	17	19	19	20	19	20	20	19	19	20
Leisure Time Activities										
Parks	6	6	7	7	7	7	7	7	7	7
Park acreage (developed)	279	279	296	296	296	296	296	296	296	296
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Community Center (opened in 2002)	1	1	1	1	1	1	1	1	1	1
Community Development										
Building Permits Issued	97	77	52	35	54	49	54	92	192	153
Utility Services										
Sanitary sewers (miles)	129	132	133	134	135	136	137	137	138	141
Storm sewers (miles)	87	91	92	92	93	94	95	95	96	98
Sewage Treatment capacity per day (million gallons)	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67
Transportation & Street Repair										
Number of Streets (dedicated)	420	433	440	445	446	448	452	452	454	459
Lane Miles	343	351	354	355	355	356	357	357	359	360
Traffic Signals	40	40	40	40	40	40	40	40	40	40
Bike Paths (miles)	12	14	17	17	19	19	19	19	19	20

Source: City of Mason, Ohio, Department of Finance

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