

**MASON CONSOLIDATED SCHOOLS**  
Erie, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2011

# MASON CONSOLIDATED SCHOOLS

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MASON CONSOLIDATED SCHOOLS

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### Independent Auditor's Report

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mason Consolidated Schools' management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2011 on our consideration of Mason Consolidated School District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Education  
Mason Consolidated Schools

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 35 through 43 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mason Consolidated Schools' financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



September 26, 2011



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Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 26, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mason Consolidated Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated School's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of management, the School Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cooley Hill Wohlgamuth & Carlton".

September 26, 2011



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Independent Auditor's Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

Compliance

We have audited Mason Consolidated Schools' compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Mason Consolidated Schools' major federal programs for the year ended June 30, 2011. Mason Consolidated Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mason Consolidated Schools' management. Our responsibility is to express an opinion on Mason Consolidated Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mason Consolidated Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Mason Consolidated Schools' compliance with those requirements.

In our opinion, Mason Consolidated Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



Internal Control Over Compliance

The management of Mason Consolidated Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mason Consolidated Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated Schools' internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the School Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



September 26, 2011

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2011*

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This section of Mason Consolidated Schools annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mason Consolidated Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant funds - the General Fund and the Adult/Alternative Education Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The following summary illustrates how the various parts of this annual report are arranged:

#### *Management's Discussion and Analysis (MD&A) (Required Supplemental Information)*

#### Basic Financial Statements

*District-Wide Financial Statements*      *Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds  
(Required Supplemental Information)*

*Other Supplemental Information*

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis* *Year Ended June 30, 2011*

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### **District-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities (pages 15-16), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Assets and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, childcare and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

### **Fund Financial Statements**

The School District's Fund Financial Statements (pages 17-21) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

**Governmental funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 18 and 20.

**Fiduciary funds** - The School District is the trustee, or fiduciary for its student activity funds. All of the School District's fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# MASON CONSOLIDATED SCHOOLS

## Management's Discussion and Analysis Year Ended June 30, 2011

### District-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2011 and 2010.

**Table 1**

#### Comparative Statement of Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current and other assets	\$5,646,723	\$6,830,475
Capital assets	<u>2,343,508</u>	<u>2,465,192</u>
<b>Total Assets</b>	7,990,231	9,295,667
Current and other liabilities	2,865,252	3,190,689
Long-term liabilities	<u>137,016</u>	<u>137,933</u>
<b>Total Liabilities</b>	<u>3,002,268</u>	<u>3,328,622</u>
Net Assets		
Invested in capital assets, net of related debt	2,316,879	2,426,149
Restricted for technology enhancement	86,642	135,177
Restricted for food service	112,016	106,112
Restricted for capital projects	63,271	79,002
Unrestricted	<u>2,409,155</u>	<u>3,220,605</u>
<b>Total Net Assets</b>	<u><u>\$4,987,963</u></u>	<u><u>\$5,967,045</u></u>

As depicted in Table 1, the School District's net assets were \$4,987,963 at June 30, 2011. Of this amount, \$2,409,155 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$2,409,155 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

MASON CONSOLIDATED SCHOOLS

Management's Discussion and Analysis  
Year Ended June 30, 2011

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$1,306,202	\$2,020,251
State grants and other revenue	1,161,502	1,312,270
Federal grants	889,485	1,008,798
	<u>3,357,189</u>	<u>4,341,319</u>
General revenues:		
Property taxes	2,510,157	2,603,612
State foundation allowance	6,275,108	6,456,543
Other general revenues	146,207	165,264
	<u>8,931,472</u>	<u>9,225,419</u>
Total Revenues	12,288,661	13,566,738
<b>Functions/Program Expenses</b>		
Instruction	7,897,055	7,662,056
Support services	4,556,412	4,646,581
Community services	50,869	38,500
Food services	492,818	471,488
Interest on long-term debt	1,775	2,339
Debt service - pass through commitment	147,130	147,460
Depreciation	121,684	119,935
	<u>13,267,743</u>	<u>13,088,359</u>
Total Expenses	13,267,743	13,088,359
<b>Increase (Decrease) in Net Assets</b>	<u><u>(\$979,082)</u></u>	<u><u>\$478,379</u></u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$13,267,744. Of this amount, \$3,357,189 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net assets this year of \$979,082. Revenues decreased by \$1,278,077. Expenses increased by \$179,384 from the prior year. The decrease in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 20.

**MASON CONSOLIDATED SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2011*

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**Fund Financial Analysis**

As noted earlier, the School District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Mason Consolidated Schools is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,781,629 which is a decrease of \$858,388 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Adult/Alternative Education</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances - Beginning of year</b>	\$2,296,042	\$1,023,684	\$320,291	\$3,640,017
Increase (decrease)	<u>(345,098)</u>	<u>(454,928)</u>	<u>(58,362)</u>	<u>(858,388)</u>
<b>Fund balances – End of year</b>	<u>\$1,950,944</u>	<u>\$ 568,756</u>	<u>\$261,929</u>	<u>\$2,781,629</u>

The School District's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

<b>Revenues</b>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percent Change</u>
Local sources	\$ 2,363,866	\$ 2,412,877	(2.0)%
State sources	6,793,099	7,099,417	(4.3)%
Federal sources	591,714	728,740	(18.8)%
Interdistrict and other sources	<u>478,890</u>	<u>571,110</u>	(16.2)%
	<u>\$10,277,569</u>	<u>\$10,812,144</u>	(4.9)%

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2011*

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## Fund Financial Analysis – Concluded

<b>Expenditures</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>Percent Change</b>
Instruction	\$ 6,673,773	\$ 6,510,379	2.5 %
Support services	3,848,025	3,887,811	(1.0)%
Community services	50,869	38,500	32.1 %
Operating transfers out	0	198,471	(100.0)%
	<u>\$10,572,667</u>	<u>\$ 10,635,161</u>	(0.6)%

## General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Board of Education to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

### Beginning Budget versus Ending Budget:

**Revenues:** The original budget for revenues was \$9,864,558 versus the final budget of \$10,221,088; an increase of \$356,530. The majority of the changes are adjustments totaling approximately \$145,000 made to grant allocations to reflect actual award notifications and grant carryover from the prior year. Other adjustments were made to state and federal revenues due to state aid prorations and receipt of ARRA stimulus funds and Ed Jobs fund. There also was adjustment for athletics income that was not included in the original budget.

**Expenses:** The original budget for expenditures was \$11,021,394 versus the final budget of \$10,933,221; this was a decrease of \$88,173. The budget was decreased for various school and business administration expenses; there was movement among many of the budget expenditure lines, however most were not significant overall.

## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis*  
*Year Ended June 30, 2011*

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### **General Fund Budgetary Highlights - Concluded**

#### **Final Budget versus Actual Figures:**

Revenues: General Fund actual revenue was \$10,227,569 versus a budget of \$10,221,088; a difference of \$6,481.

Expenditures: Actual expenditures were \$10,572,667 versus a budget of \$10,933,221; a difference of \$360,554. Major components of final budget versus final actual expenditures are discussed below:

- Support Services Business was \$20,800 less than budgeted including expenses relating to state aid note borrowing.
- Operation and maintenance (building and grounds) again was an area that reflected actual expenditures, approximately \$98,000 less than budgeted. The expenditures for utilities (phone, electric, gas, water/sewer, wastewater treatment) was approximately \$12,000 under budget. Other repair parts, labor, purchased service, etc reflect expenditures of \$80,000 less than budgeted. Unspent major project budget of \$66,161 accounts for most of the unspent funds and will be carried over to the new fiscal year.
- Pupil transportation was approximately \$34,000 under budget due to the following: salaries & benefits, fuel costs, repair parts and contracted repairs less than anticipated.
- Expenditures were budgeted in grants and not fully expended for the year. Professional development for instructional staff covered by the Title II grant reflected actual expenditures less than budget in the amount of \$32,000.

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

#### **Capital Assets**

At June 30, 2011, the School District had \$8,114,984 invested in a broad range of capital assets, including land, land improvements, buildings and building improvements, machinery and equipment, buses, and other vehicles. Depreciation for this year totaled \$121,684. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

#### **Debt Administration**

At June 30, 2011, the School District had \$26,471 in outstanding bonds payable. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation and sick pay of \$110,545. More detailed information about long-term liabilities is presented in Note 10 to the Financial Statements.



# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2011*

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## **Development of the 2011-12 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2011-12 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2012 fiscal year is 10 percent of the February 2011 and 90 percent of the September 2011 student counts. The District projected a blended pupil count of 1,202 for budgeting purposes. Approximately 88% of total revenue is from the foundation allowance and property tax levy. Due to the uncertainty of the State of Michigan's economic condition, the budget included the same foundation allowance per pupil as was received the prior year.

The School District has been actively scrutinizing processes and procedures in an attempt to control costs and keep the budget in line with projected revenues. Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriations to school districts.

The budget for the 2011-12 school year was adopted on June 20, 2011. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

## **Contacting Mason Consolidated Schools Business Office**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 2400 Lakeside, Erie, MI 48133.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Statement of Net Assets  
June 30, 2011*

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$3,769,031
Accounts/taxes receivable	38,605
Due from other governmental units	1,833,764
Inventory	2,418
Prepaid	2,905
Capital assets less accumulated depreciation	2,343,508
Total Assets	7,990,231
<b>Liabilities</b>	
Accounts payable	137,256
Note payable	1,401,142
Salaries payable	775,008
Due to other governmental units	89
Other liabilities	514,246
Accrued interest payable	158
Deferred revenue	37,353
Long-term liabilities:	
Bonds payable, due in one year	12,928
Bonds payable, due in more than one year	13,543
Compensated absences, due in more than one year	110,545
Total Liabilities	3,002,268
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,316,879
Restricted for technology enhancement	86,642
Restricted for food service	112,016
Restricted for capital projects	63,271
Unrestricted	2,409,155
Total Net Assets	\$4,987,963

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Statement of Activities  
Year Ended June 30, 2011*

<b>Functions/Programs</b>	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$7,897,055	\$1,034,062	1,959,564	(\$4,903,429)
Support services	4,556,412	74,198	58,424	(4,423,790)
Community services	50,869	0	24,283	(26,586)
Food services	492,818	197,942	0	(294,876)
Interdistrict uses	0	0	6,868	6,868
Interest on long-term debt	1,775	0	1,848	73
Debt service - pass through commitment	147,130	0	0	(147,130)
Depreciation (Unallocated)	121,684	0	0	(121,684)
 Total Governmental Activities	<b>\$13,267,743</b>	<b>\$1,306,202</b>	<b>\$2,050,987</b>	<b>(9,910,554)</b>
 General Revenues:				
Taxes:				
Property taxes, levied for general operations				2,194,672
Property taxes, levied for technology				315,471
Property taxes, levied for sinking fund				14
State of Michigan aid, unrestricted				6,275,108
Interest income				9,348
Other				136,859
			Total General Revenues	8,931,472
 <b>Change in Net Assets</b>				<b>(979,082)</b>
 Net Assets - Beginning of year				5,967,045
 Net Assets - End of year				<b>\$4,987,963</b>

See accompanying notes to the basic financial statements.

## FUND FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2011*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$3,195,095	\$505,529	\$68,407	\$3,769,031
Accounts/taxes receivable	9,745	0	28,860	38,605
Due from other governmental units	1,539,897	287,572	6,295	1,833,764
Due from other funds	0	29,192	183,097	212,289
Inventory	0	0	2,418	2,418
Prepaid	700	207	1,998	2,905
<b>Total Assets</b>	<b>\$4,745,437</b>	<b>\$822,500</b>	<b>\$291,075</b>	<b>\$5,859,012</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$59,678	\$65,646	\$11,932	\$137,256
Note payable	1,401,142	0	0	1,401,142
Salaries payable	670,297	103,096	1,615	775,008
Other liabilities	428,834	84,989	423	514,246
Deferred revenue	37,340	13	0	37,353
Due to other funds	197,202	0	15,087	212,289
Due to other governmental units	0	0	89	89
<b>Total Liabilities</b>	<b>2,794,493</b>	<b>253,744</b>	<b>29,146</b>	<b>3,077,383</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	0	0	2,418	2,418
Prepaid	700	0	1,998	2,698
Restricted for:				
Technology enhancement	0	0	86,642	86,642
Committed to:				
Building and grounds	66,161	0	0	66,161
Assigned to:				
Adult/alternative education fund	0	568,756	0	568,756
Food service	0	0	107,600	107,600
Capital projects	0	0	63,271	63,271
Unassigned	1,884,083	0	0	1,884,083
<b>Total Fund Balances</b>	<b>1,950,944</b>	<b>568,756</b>	<b>261,929</b>	<b>2,781,629</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,745,437</b>	<b>\$822,500</b>	<b>\$291,075</b>	<b>\$5,859,012</b>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
Year Ended June 30, 2011*

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<b>Total Fund Balances - Governmental Funds</b>			\$2,781,629
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
Cost of the capital assets		\$8,114,984	
Accumulated depreciation		<u>(5,771,476)</u>	
			2,343,508
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
General obligation bonds		(26,471)	
Accrued interest		(158)	
Compensated absences		<u>(110,545)</u>	
			<u>(137,174)</u>
<b>Total Net Assets - Governmental Activities</b>			<u><u>\$4,987,963</u></u>

See accompanying notes to the basic financial statements.



**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2011*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$2,363,866	\$27,085	\$515,641	\$2,906,592
State sources	6,793,099	211,498	37,747	7,042,344
Federal sources	591,714	22,722	275,049	889,485
Interdistrict and other sources	478,890	971,350	0	1,450,240
<b>Total Revenues</b>	<b>10,227,569</b>	<b>1,232,655</b>	<b>828,437</b>	<b>12,288,661</b>
<b>Expenditures</b>				
Current:				
Instruction	6,673,773	988,964	236,920	7,899,657
Support services	3,848,025	551,489	142,872	4,542,386
Community service	50,869	0	0	50,869
Food service	0	0	492,818	492,818
Interdistrict and other uses	0	0	0	0
Debt Service	0	147,130	14,189	161,319
<b>Total Expenditures</b>	<b>10,572,667</b>	<b>1,687,583</b>	<b>886,799</b>	<b>13,147,049</b>
<b>Net Change in Fund Balances</b>	<b>(345,098)</b>	<b>(454,928)</b>	<b>(58,362)</b>	<b>(858,388)</b>
Fund Balances - Beginning of year	2,296,042	1,023,684	320,291	3,640,017
Fund Balances - End of year	<u>\$1,950,944</u>	<u>\$568,756</u>	<u>\$261,929</u>	<u>\$2,781,629</u>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2011*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	(\$858,388)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:	
Depreciation expense	(\$121,684)
Repayments of bonds are expenditures in the governmental funds but are a reduction to long-term debt in the statement of activities.	12,341
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.	(11,424)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.	73
<b>Change in Net Assets of Governmental Activities</b>	<hr/> <u><u>(\$979,082)</u></u>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

*Fiduciary Funds*  
*Statement of Fiduciary Net Assets*  
*June 30, 2011*

	Agency Funds		Total
	Student Activities	Flexible Spending	
<b>Assets</b>			
Cash	\$164,892	\$11,260	\$176,152
Total assets	<u>\$164,892</u>	<u>\$11,260</u>	<u>\$176,152</u>
<b>Liabilities</b>			
Due to student groups	\$156,387	\$0	\$156,387
Other liabilities	8,505	11,260	19,765
Total liabilities	<u>\$164,892</u>	<u>\$11,260</u>	<u>\$176,152</u>

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2011*

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Note 1      Description of the School District and Reporting Entity

The School District operates under a locally elected seven member Board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mason Consolidated Schools, this includes general operations, athletics, food service, debt, sinking, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

Note 2      Summary of Significant Accounting Policies

The financial statements of Mason Consolidated Schools have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

# MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2011*

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## Note 2 Summary of Significant Accounting Policies (Continued)

### Basis of Presentation (Continued)

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. The General Fund accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The Adult Education Fund accounts for the financial resources of the Monroe County Adult and Alternative Education Consortium.

The School District reports the following nonmajor governmental funds:

The Food Service Fund, Technology Fund, Durant Debt Service Fund, and Sinking Capital Projects Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

#### C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Additionally, the School District's external investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice and penalty.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2011

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## Note 2 Summary of Significant Accounting Policies (Continued)

### Basis of Presentation (Continued)

#### C. Assets, Liabilities, and Net Assets or Equity

##### Deposits and Investments – (Concluded)

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. A portion of property taxes assessed are received by the School District from the State of Michigan in the form of a Foundation Allowance. The Foundation Allowance represents the difference between an amount guaranteed by the state and the per pupil tax revenue generated from an 18 mill levy (subject to Headlee rollback) on all non-homestead property. To meet the district per pupil guarantee, the state levies 6 mills on all taxable property on a statewide basis.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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.

Inventory - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. 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 capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2011*

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### Note 2      Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

#### C. Assets, Liabilities, and Net Assets or Equity (Continued)

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from." These amounts are eliminated in the governmental activities column of the statement of net assets.

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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's employment contracts.

The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is to be paid using expendable available financial resources. These amounts are recorded in the account "other liabilities" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the district-wide 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, compensated absences, special termination benefits and contractually required pension contributions 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. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. 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 borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2011*

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### Note 2      Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

#### C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned – For years beginning after June 15, 2010, Governmental Accounting Standards Board issued Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under this statement, the fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 10% of the District General Fund annual operating expenditures.

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

E. 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 School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

G. Subsequent Events – The School District’s management evaluated subsequent events from June 30, 2011 through September 26, 2011, the date the financial statements were available to be issued.



## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2011*

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### Note 3      Stewardship, Accountability and Compliance

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2011, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

### Note 4      Deposits and Investments

As of June 30, 2011, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Michigan Liquid Asset Fund, Flagstar Bank, and Huntington Bank.

*Interest rate risk.* In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

*Credit risk.* The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.

*Concentration of credit risk.* The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School district's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$4,025,574 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$740,841. In addition, all funds in noninterest-bearing transaction accounts are insured in full by the FDIC. At June 30, 2011, the School District has an additional \$353,513 in deposits insured through this program. Uninsured deposits are \$2,931,058.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2011

Note 4 Deposits and Investments (Concluded)

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Schools District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2011, the fair value of the School District's investments is the same as the value of the pool shares. As of June 30, 2011, \$72,606 was held with MILAF.

*Foreign currency risk.* The School District is not authorized to invest in investments which have this type of risk.

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Capital assets being depreciated:				
Land improvements	1,131,567	0	0	1,131,567
Buildings and building improvements	6,122,746	0	0	6,122,746
Machinery and equipment	555,303	0	0	555,303
Buses	203,444	0	0	203,444
Vehicles	93,440	0	0	93,440
	<u>8,106,500</u>	<u>0</u>	<u>0</u>	<u>8,106,500</u>
Total capital assets	8,114,984	0	0	8,114,984
Less accumulated depreciation:				
Land improvements	(706,377)	(27,238)	0	(733,615)
Buildings and building improvements	(4,251,811)	(46,494)	0	(4,298,305)
Machinery and equipment	(442,594)	(22,327)	0	(464,921)
Buses	(155,763)	(25,432)	0	(181,195)
Vehicles	(93,247)	(193)	0	(93,440)
	<u>(5,649,792)</u>	<u>(121,684)</u>	<u>0</u>	<u>(5,771,476)</u>
Total accumulated depreciation	(5,649,792)	(121,684)	0	(5,771,476)
Net capital assets	<u>\$2,465,192</u>	<u>(\$121,684)</u>	<u>\$0</u>	<u>\$2,343,508</u>

Depreciation expense was charged to governmental functions as an unallocated expense.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2011*

**Note 6**      Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2011, consisted of the following individual fund receivables and payables:

	Due From		
Due To:	General Fund	Technology Fund	Total
Adult/Alternative			
Education Fund	\$14,105	\$15,087	\$29,192
Food Service Fund	67,560	0	67,560
Sinking Capital			
Projects Fund	14	0	14
Technology Fund	115,523	0	115,523
	\$197,202	\$15,087	\$212,289

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Note 7**      Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

The School participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909-7671 or online at [www.michigan.gov/documents/orsschools/CAFR](http://www.michigan.gov/documents/orsschools/CAFR).

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 16.94 percent for the period July 1, 2010 through September 30, 2010, 19.41 percent for the period October 1, 2010 through October 31, 2010, and 20.66 percent for the period November 1, 2010 through June 30, 2011 of the covered payroll to the plan. New employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus hybrid plan was 15.44% for the period July 1, 2010 through September 30, 2010, 17.91% for the period October 1, 2010 through October 31, 2010, and 19.16% for the period November 1, 2010 through June 30, 2011 of the covered payroll for the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2011, 2010, and 2009 were \$1,752,796, \$1,434,459, and \$1,421,857, respectively.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2011*

Note 7     Defined Benefit Pension Plans and Postemployment Benefits (Concluded)

C. Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees electing continuing coverage contribute a monthly portion of the premium based on various factors specified by the retirement system for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School's total contribution to the MPSERS pension plan discussed above.

Note 8     Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 2, 2006, at 0.9866 mill for an additional five years, 2007 to 2011. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

Note 9     Short-Term Debt Activity

The School District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. The School District entered into a short-term financing arrangement during the fiscal year ended June 30, 2011. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
State aid anticipation note	\$1,705,000	\$2,800,000	\$3,103,858	\$1,401,142

The short-term financing was utilized for cash-flow purposes based on the timing of School District revenues through state aid allowances.

Note 10     Long-Term Debt

Following is a summary of changes in long-term debt:

	Balance July 1, 2010	Additions	Payments	Balance June 30, 2011	Amounts Due in One Year
General Obligation Bonds:					
School Improvement Bonds, Series 1998	\$38,812	\$0	\$12,341	\$26,471	\$12,928
Other Liabilities:					
Compensated absences	99,121	11,424	0	110,545	0
	\$137,933	\$11,424	\$12,341	\$137,016	\$12,928

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2011*

**Note 10**    Long-Term Debt (Concluded)

Principal and interest requirements to retire School Improvement Bonds, Series 1998:

Year Ending June 30	<u>Interest Requirements</u> May 15	<u>Principal Requirements</u> May 15	Total Requirements
2012	\$1,260	\$12,928	\$14,188
2013	645	13,543	14,188
	<u>\$1,905</u>	<u>\$26,471</u>	<u>\$28,376</u>

Compensated absences payable represents vested benefits for unused vacation and sick pay under formulas and conditions specified in various employment contracts. The amounts in the "payments" column represent the net change during the year.

**Note 11**    Lease Commitments - Operating Leases

The School District entered into an operating lease agreement with Delange Laden for the use of three (3) Imagistics copiers. The lease term is thirty-six (36) months, ending October 2012, with payments of \$2,088 per month.

The School District entered into an operating lease agreement with MT Business Leasing for a copier. The lease is sixty (60) months, ending December 2012, with payments of \$565 per month.

The School District entered into an operating lease agreement with Midwest Transit for two (2) buses. The lease term is 36 months, with the first annual payment totaling \$28,596, and the second and third payments of \$29,011, beginning August 2009.

The School District entered into a new operating lease agreement with Midwest Transit for three (3) buses. The lease term is thirty-six (36) months, with three annual payments of \$39,699 beginning July 2010.

The School District entered into a new operating lease agreement with GMAC, for a 2011 Chevrolet Malibu for a driver's education vehicle. The lease is thirty-eight (39) months, ending July 2014, with payments of \$235 per month.

Obligations of governmental activities under operating leases at June 30, 2011 were as follows:

Year Ended June 30,	Delange Laden	MT Business Leasing	Midwest Transit	Midwest Transit	GMAC	Total
2012	\$25,058	\$6,778	\$29,011	\$39,699	\$2,818	\$103,364
2013	8,353	3,389	0	39,699	2,818	54,259
2014	0	0	0	0	2,818	2,818
2015	0	0	0	0	235	235
	<u>\$33,411</u>	<u>\$10,167</u>	<u>\$29,011</u>	<u>\$79,398</u>	<u>\$8,689</u>	<u>\$160,676</u>

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2011*

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Note 12     Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2010 property taxes were levied on December 1, 2010 on assessed valuations as of December 31, 2009. Taxes were collected beginning December 1, 2010 and payments were due by February 14, 2011. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2010 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$121,492,062	18.0000	\$2,186,857
Commercial Personal Property	3,881,678	6.0000	23,290
			<u>\$2,210,147</u>

Note 13     Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2011, the School District incurred claims of \$22,409.

Note 14     Cafeteria Contract

During the fiscal year ended June 30, 2011, the School District contracted with Sodexo Inc. to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo, Inc. manages the food service operations of the School District. All costs of Sodexo, Inc. have been reflected in the financial statements of the Food Service Fund.

Note 15     Long-Term Debt Commitment

Under an agreement with Mason Consolidated Schools, Mason Consolidated Schools pays the annual principal and interest payments on the following bond issue:

	<u>Total Due</u>
<u>2001 Limited Tax School Building and Site Bonds</u>	
On May 1, 2001, Monroe Public Schools issued Limited Tax School Building and Site Bonds in the amount of \$1,400,000 to finance building improvements. The principal and interest amounts are due over 13 years starting January 1, 2002 through January 1, 2014. The interest rates range from 4.0% to 4.7%.	<u>\$415,000</u>

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2011*

**Note 15**     Long-Term Debt Commitment (Concluded)

The annual requirements to pay principal and interest on this long-term debt commitment outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Requirements		Bond Maturities	Total
	July 1	January 1	January 1	Requirements
2012	\$9,552	\$9,552	\$130,000	\$149,104
2013	6,628	6,628	140,000	153,256
2014	3,407	3,407	145,000	151,814
	\$19,587	\$19,587	\$415,000	\$454,174

**Note 16**     Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

**Note 17**     Risk Management and Insurance Pool

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 18**     Governmental Regulation

Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2011*

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Note 19     Sinking Fund

The Sinking Fund records capital project activities funded with Debt/Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.



REQUIRED SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$2,301,209	\$2,322,310	\$2,363,866	\$41,556
State sources	6,871,477	6,793,617	6,793,099	(518)
Federal sources	207,672	624,738	591,714	(33,024)
Interdistrict and other sources	484,200	480,423	478,890	(1,533)
<b>Total Revenues</b>	<b>9,864,558</b>	<b>10,221,088</b>	<b>10,227,569</b>	<b>6,481</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	5,664,321	5,528,460	5,500,936	27,524
Added needs	1,067,870	1,262,166	1,172,837	89,329
Support services:				
Pupil	493,987	513,968	491,838	22,130
Instructional staff	68,052	108,903	86,103	22,800
General administration	324,988	323,836	312,283	11,553
School administration	703,525	682,626	674,365	8,261
Business administration	423,020	311,164	290,352	20,812
Operation and maintenance	1,255,877	1,185,043	1,086,963	98,080
Pupil transportation	677,667	650,478	616,899	33,579
Athletics	246,504	256,799	242,744	14,055
Central services	44,720	54,700	46,478	8,222
Community service:				
Community recreation	8,484	5,999	4,578	1,421
Non-public school pupils	42,379	49,079	46,291	2,788
<b>Total Expenditures</b>	<b>11,021,394</b>	<b>10,933,221</b>	<b>10,572,667</b>	<b>360,554</b>
<b>Net Change in Fund Balances</b>	<b>(1,156,836)</b>	<b>(712,133)</b>	<b>(345,098)</b>	<b>367,035</b>
Fund Balances - Beginning of year	1,896,862	2,296,042	2,296,042	0
Fund Balances - End of year	<u>\$740,026</u>	<u>\$1,583,909</u>	<u>\$1,950,944</u>	<u>\$367,035</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2011*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$2,177,860	\$2,194,672	\$16,812
Tuition	44,040	62,712	18,672
Athletics	74,610	74,616	6
Interest income	6,400	7,827	1,427
Reimbursements and donations	6,575	10,510	3,935
Other revenue	12,825	13,529	704
Total Local Sources	2,322,310	2,363,866	41,556
<b>State Sources</b>			
Unrestricted grants:			
State school aid	6,084,195	6,138,473	54,278
Restricted grants:			
Special education-Headlee obligation	395,157	395,156	(1)
At Risk	206,325	151,478	(54,847)
Michigan school readiness	74,800	74,800	0
Headlee obligation for data collection	19,390	19,379	(11)
CEPI Teacher student data link	6,542	6,539	(3)
Adult Education	7,208	7,274	66
Total State Sources	6,793,617	6,793,099	(518)
<b>Federal Sources</b>			
Title I	175,271	175,271	0
Title II	142,701	110,291	(32,410)
ARRA State fiscal stabilization fund	147,474	147,474	0
Education jobs fund	139,363	139,363	0
Indian education	18,929	18,113	(816)
Transfer from intermediate school district:			
Medicaid outreach	1,000	1,202	202
Total Federal Sources	624,738	591,714	(33,024)
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	406,607	406,607	0
Insurance reimbursements	19,616	19,616	0
Other revenue	54,200	52,667	(1,533)
Total Interdistrict and Other Sources	480,423	478,890	(1,533)
<b>Total Revenues</b>	<b>\$10,221,088</b>	<b>\$10,227,569</b>	<b>\$6,481</b>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2011*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,252,540	\$723,609	\$77,286
Middle School	779,574	428,144	23,955
High School	1,223,638	668,559	110,972
Pre-School	59,067	28,218	338
Summer school	8,450	2,102	175
	<u>3,323,269</u>	<u>1,850,632</u>	<u>212,726</u>
Added Needs:			
Special education	575,528	299,550	8,330
Compensatory education	194,066	82,719	11,278
	<u>769,594</u>	<u>382,269</u>	<u>19,608</u>
Total Instruction	4,092,863	2,232,901	232,334
<b>Support Services</b>			
Pupil:			
Guidance	206,791	101,513	492
Health	0	0	448
Speech	92,800	43,971	0
Social work services	0	0	0
Other pupil services	33,963	10,182	0
	<u>333,554</u>	<u>155,666</u>	<u>940</u>
Instructional Staff:			
Improvement of instruction	15,325	4,289	33,120
Educational media services	22,906	6,453	5
Technology assisted instruction	0	0	2,798
	<u>38,231</u>	<u>10,742</u>	<u>35,923</u>
General Administration:			
Board of education	4,320	340	50,965
Executive administration	159,024	85,660	3,073
	<u>163,344</u>	<u>86,000</u>	<u>54,038</u>
School Administration:			
Office of the principal	416,893	245,782	2,941
Other school administration	0	0	295
	<u>416,893</u>	<u>245,782</u>	<u>3,236</u>
Business Administration:			
Fiscal services	153,491	77,316	1,841
Other business services	0	0	6,335
	<u>153,491</u>	<u>77,316</u>	<u>8,176</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$25,362	\$0	\$0	\$2,078,797	\$2,095,469	\$16,672
10,422	0	0	1,242,095	1,248,179	6,084
53,745	0	24,478	2,081,392	2,083,940	2,548
0	0	302	87,925	90,092	2,167
0	0	0	10,727	10,780	53
<u>89,529</u>	<u>0</u>	<u>24,780</u>	<u>5,500,936</u>	<u>5,528,460</u>	<u>27,524</u>
739	0	0	884,147	899,096	14,949
627	0	0	288,690	363,070	74,380
<u>1,366</u>	<u>0</u>	<u>0</u>	<u>1,172,837</u>	<u>1,262,166</u>	<u>89,329</u>
90,895	0	24,780	6,673,773	6,790,626	116,853
521	0	0	309,317	322,529	13,212
0	0	0	448	450	2
441	0	0	137,212	137,899	687
0	0	716	716	5,000	4,284
0	0	0	44,145	48,090	3,945
<u>962</u>	<u>0</u>	<u>716</u>	<u>491,838</u>	<u>513,968</u>	<u>22,130</u>
0	0	0	52,734	60,182	7,448
0	0	0	29,364	30,721	1,357
0	0	1,207	4,005	18,000	13,995
<u>0</u>	<u>0</u>	<u>1,207</u>	<u>86,103</u>	<u>108,903</u>	<u>22,800</u>
1,099	0	4,256	60,980	64,729	3,749
2,354	317	875	251,303	259,107	7,804
<u>3,453</u>	<u>317</u>	<u>5,131</u>	<u>312,283</u>	<u>323,836</u>	<u>11,553</u>
1,817	2,455	1,449	671,337	679,516	8,179
2,733	0	0	3,028	3,110	82
<u>4,550</u>	<u>2,455</u>	<u>1,449</u>	<u>674,365</u>	<u>682,626</u>	<u>8,261</u>
2,174	369	4,027	239,218	252,345	13,127
0	0	44,799	51,134	58,819	7,685
<u>2,174</u>	<u>369</u>	<u>48,826</u>	<u>290,352</u>	<u>311,164</u>	<u>20,812</u>

MASON CONSOLIDATED SCHOOLS

General Fund  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2011

<b>(Concluded)</b>	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$367,256	\$244,143	\$191,188
Security services	0	0	3,143
	<u>367,256</u>	<u>244,143</u>	<u>194,331</u>
Pupil Transportation	249,880	131,658	157,876
Athletics	82,073	33,182	102,832
Central Services:			
Communication services	0	0	10,669
Staff services	3,000	849	14,689
Technology	5,096	1,443	600
	<u>8,096</u>	<u>2,292</u>	<u>25,958</u>
Total Support Services	1,812,818	986,781	583,310
<b>Community Service</b>			
Community recreation	3,943	635	0
Non-public school pupils	25,178	15,690	5,423
	<u>29,121</u>	<u>16,325</u>	<u>5,423</u>
Total Community Service	29,121	16,325	5,423
<b>Total Expenditures</b>	<u><u>\$5,934,802</u></u>	<u><u>\$3,236,007</u></u>	<u><u>\$821,067</u></u>

<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Positive (Negative) Budget</u>
\$279,013	\$0	\$2,220	\$1,083,820	\$1,181,516	\$97,696
0	0	0	3,143	3,527	384
<u>279,013</u>	<u>0</u>	<u>2,220</u>	<u>1,086,963</u>	<u>1,185,043</u>	<u>98,080</u>
75,879	0	1,606	616,899	650,478	33,579
16,073	450	8,134	242,744	256,799	14,055
0	0	0	10,669	11,175	506
347	0	0	18,885	26,284	7,399
1,336	0	8,449	16,924	17,241	317
<u>1,683</u>	<u>0</u>	<u>8,449</u>	<u>46,478</u>	<u>54,700</u>	<u>8,222</u>
383,787	3,591	77,738	3,848,025	4,087,517	239,492
0	0	0	4,578	5,999	1,421
0	0	0	46,291	49,079	2,788
0	0	0	50,869	55,078	4,209
<u>\$474,682</u>	<u>\$3,591</u>	<u>\$102,518</u>	<u>\$10,572,667</u>	<u>\$10,933,221</u>	<u>\$360,554</u>

**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Budgetary Comparison Schedule  
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources:				
Interest income	\$2,000	\$1,350	\$1,480	\$130
Other revenue	15,000	23,050	25,605	2,555
	<u>17,000</u>	<u>24,400</u>	<u>27,085</u>	<u>2,685</u>
State sources:				
School state aid	85,240	136,311	136,635	324
Special education	73,829	74,272	74,863	591
	<u>159,069</u>	<u>210,583</u>	<u>211,498</u>	<u>915</u>
Federal Sources:				
Restricted grants	19,159	21,391	22,722	1,331
Interdistrict and other sources:				
Tuition from other schools	1,152,937	963,665	959,278	(4,387)
County special education	11,540	12,072	12,072	0
	<u>1,164,477</u>	<u>975,737</u>	<u>971,350</u>	<u>(4,387)</u>
<b>Total Revenues</b>	<b>1,359,705</b>	<b>1,232,111</b>	<b>1,232,655</b>	<b>544</b>
<b>Expenditures</b>				
Instruction:				
Adult and continuing education	1,131,406	1,011,868	988,964	22,904
Support services:				
Pupil	102,327	108,810	113,337	(4,527)
Instructional staff	12,112	34,282	31,487	2,795
General administration	2,400	2,797	2,797	0
School administration	285,233	306,793	302,905	3,888
Business administration	17,910	18,565	18,679	(114)
Operation and maintenance	84,736	65,088	65,018	70
Pupil transportation	0	7,068	14,561	(7,493)
Central	1,300	2,826	2,705	121
Debt service - pass through commitment	149,906	147,487	147,130	357
	<u>1,787,330</u>	<u>1,705,584</u>	<u>1,687,583</u>	<u>18,001</u>
<b>Total Expenditures</b>	<b>1,787,330</b>	<b>1,705,584</b>	<b>1,687,583</b>	<b>18,001</b>
<b>Net Change in Fund Balances</b>	<b>(427,625)</b>	<b>(473,473)</b>	<b>(454,928)</b>	<b>18,545</b>
Fund Balances - Beginning of year	<u>973,289</u>	<u>1,023,684</u>	<u>1,023,684</u>	<u>0</u>
Fund Balances - End of year	<u>\$545,664</u>	<u>\$550,211</u>	<u>\$568,756</u>	<u>\$18,545</u>



MASON CONSOLIDATED SCHOOLS

*Adult/Alternative Education  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2011*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Adult and Continuing Education:			
Special Education	\$10,032	\$2,836	\$0
Secondary	559,791	373,801	34,780
Total Instruction	569,823	376,637	34,780
<b>Support Services</b>			
Pupil:			
Guidance	47,224	33,214	8
Health services	0	0	0
Teacher consultant	29,573	2,296	0
Other pupil services	600	180	0
	77,397	35,690	8
Instructional Staff:			
Improvement of Instruction	0	0	971
Technology	0	0	1,094
Supervision and direction of staff	2,509	9,607	13
Student assessment	7,923	2,198	1,892
	10,432	11,805	3,970
General Administration:			
Board of Education	0	0	2,797
School Administration:			
Office of the principal	186,694	110,897	2,009
Graduation	0	0	125
	186,694	110,897	2,134
Business Administration:			
Fiscal services	10,448	8,169	9
Operation and Maintenance:			
Building services	0	0	2,166
Security services	0	0	214
	0	0	2,380
Pupil Transportation	5,289	1,521	0
Central:			
Staff/personnel services	0	0	2,705
Total Support Services	290,260	168,082	14,003
<b>Debt Service - pass through commitment</b>			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	0	0	0
<b>Total Expenditures</b>	<b>\$860,083</b>	<b>\$544,719</b>	<b>\$48,783</b>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$0	\$0	\$0	\$12,868	\$12,283	(\$585)
7,097	627	0	976,096	999,585	23,489
7,097	627	0	988,964	1,011,868	22,904
33	0	0	80,479	81,638	1,159
209	0	0	209	210	1
0	0	0	31,869	26,118	(5,751)
0	0	0	780	844	64
242	0	0	113,337	108,810	(4,527)
0	0	0	971	1,450	479
0	0	0	1,094	1,304	210
0	0	0	12,129	12,138	9
5,280	0	0	17,293	19,390	2,097
5,280	0	0	31,487	34,282	2,795
0	0	0	2,797	2,797	0
1,353	260	47	301,260	304,643	3,383
1,520	0	0	1,645	2,150	505
2,873	260	47	302,905	306,793	3,888
53	0	0	18,679	18,565	(114)
0	0	62,638	64,804	64,838	34
0	0	0	214	250	36
0	0	62,638	65,018	65,088	70
7,751	0	0	14,561	7,068	(7,493)
0	0	0	2,705	2,826	121
16,199	260	62,685	551,489	546,229	(5,260)
0	0	125,000	125,000	125,000	0
0	0	22,130	22,130	22,487	357
0	0	147,130	147,130	147,487	357
<u>\$23,296</u>	<u>\$887</u>	<u>\$209,815</u>	<u>\$1,687,583</u>	<u>\$1,705,584</u>	<u>\$18,001</u>

OTHER SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2011*

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>
	<u>Food Service</u>	<u>Technology</u>	<u>Durant</u>
<b>Assets</b>			
Cash and cash equivalents	\$4,974	\$0	\$0
Accounts receivable	28,860	0	0
Due from other governmental units	6,295	0	0
Due from other funds	67,560	115,523	0
Inventory	2,418	0	0
Prepaid	1,998	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$112,105</u>	<u>\$115,523</u>	<u>\$0</u>
<b>Liabilities</b>			
Accounts payable	\$0	\$11,756	\$0
Salaries payable	0	1,615	0
Other liabilities	0	423	0
Due to other funds	0	15,087	0
Due to other governmental units	89	0	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	89	28,881	0
<b>Fund Balances</b>			
Nonspendable:			
Inventory	2,418	0	0
Prepaid	1,998	0	0
Committed to:			
Technology enhancement	0	86,642	0
Assigned to:			
Food service	107,600	0	0
Capital projects	0	0	0
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>112,016</u>	<u>86,642</u>	<u>0</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$112,105</u>	<u>\$115,523</u>	<u>\$0</u>

<u>Capital Projects Fund</u>	
<u>Sinking</u>	<u>Total Nonmajor Governmental Funds</u>
\$63,433	\$68,407
0	28,860
0	6,295
14	183,097
0	2,418
0	1,998
<u>\$63,447</u>	<u>\$291,075</u>
\$176	\$11,932
0	1,615
0	423
0	15,087
0	89
176	29,146
0	2,418
0	1,998
0	86,642
0	107,600
<u>63,271</u>	<u>63,271</u>
<u>63,271</u>	<u>261,929</u>
<u>\$63,447</u>	<u>\$291,075</u>

MASON CONSOLIDATED SCHOOLS

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2011*

	Special Revenue Funds		Debt Service Fund
	Food Service	Technology	Durant
<b>Revenues</b>			
Local sources	\$200,115	\$315,471	\$0
State sources	23,558	0	14,189
Federal sources	275,049	0	0
<b>Total Revenues</b>	<b>498,722</b>	<b>315,471</b>	<b>14,189</b>
<b>Expenditures</b>			
Food service	492,818	0	0
Technology	0	364,006	0
Operation and maintenance	0	0	0
Debt service	0	0	14,189
<b>Total Expenditures</b>	<b>492,818</b>	<b>364,006</b>	<b>14,189</b>
<b>Net Change in Fund Balances</b>	<b>5,904</b>	<b>(48,535)</b>	<b>0</b>
Fund Balances - Beginning of year	106,112	135,177	0
Fund Balances - End of year	\$112,016	\$86,642	\$0

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2011*

	Special Revenue Funds		Debt Service Fund
	Food Service	Technology	Durant
<b>Assets</b>			
Cash and cash equivalents	\$4,974	\$0	\$0
Accounts receivable	28,860	0	0
Due from other governmental units	6,295	0	0
Due from other funds	67,560	115,523	0
Inventory	2,418	0	0
Prepaid	1,998	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$112,105</u>	<u>\$115,523</u>	<u>\$0</u>
<b>Liabilities</b>			
Accounts payable	\$0	\$11,756	\$0
Salaries payable	0	1,615	0
Other liabilities	0	423	0
Due to other funds	0	15,087	0
Due to other governmental units	89	0	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	89	28,881	0
<b>Fund Balances</b>			
Nonspendable:			
Inventory	2,418	0	0
Prepaid	1,998	0	0
Committed to:			
Technology enhancement	0	86,642	0
Assigned to:			
Food service	107,600	0	0
Capital projects	0	0	0
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>112,016</u>	<u>86,642</u>	<u>0</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$112,105</u>	<u>\$115,523</u>	<u>\$0</u>

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Sinking</u>	
\$63,433	\$68,407
0	28,860
0	6,295
14	183,097
0	2,418
0	1,998
<u>\$63,447</u>	<u>\$291,075</u>
\$176	\$11,932
0	1,615
0	423
0	15,087
0	89
176	29,146
0	2,418
0	1,998
0	86,642
0	107,600
<u>63,271</u>	<u>63,271</u>
<u>63,271</u>	<u>261,929</u>
<u>\$63,447</u>	<u>\$291,075</u>



MASON CONSOLIDATED SCHOOLS

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2011*

	Special Revenue Funds		Debt Service Fund
	Food Service	Technology	Durant
<b>Revenues</b>			
Local sources	\$200,115	\$315,471	\$0
State sources	23,558	0	14,189
Federal sources	275,049	0	0
Total Revenues	498,722	315,471	14,189
<b>Expenditures</b>			
Food service	492,818	0	0
Technology	0	364,006	0
Operation and maintenance	0	0	0
Debt service	0	0	14,189
Total Expenditures	492,818	364,006	14,189
<b>Net Change in Fund Balances</b>	5,904	(48,535)	0
Fund Balances - Beginning of year	106,112	135,177	0
Fund Balances - End of year	\$112,016	\$86,642	\$0

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Sinking</u>	
\$55	\$515,641
0	37,747
0	275,049
55	828,437
0	492,818
0	364,006
15,786	15,786
0	14,189
15,786	886,799
(15,731)	(58,362)
79,002	320,291
<u>\$63,271</u>	<u>\$261,929</u>

**MASON CONSOLIDATED SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$210,004	\$197,365	\$197,942	\$577
Interest income	75	0	0	0
Other	0	2,173	2,173	0
	<u>210,079</u>	<u>199,538</u>	<u>200,115</u>	<u>577</u>
State Sources:				
Restricted grants	31,497	23,558	23,558	0
Federal Sources:				
Restricted grants	209,980	248,096	248,096	0
Commodities	25,000	19,000	26,953	7,953
	<u>234,980</u>	<u>267,096</u>	<u>275,049</u>	<u>7,953</u>
 Total Revenues	 476,556	 490,192	 498,722	 8,530
<b>Expenditures</b>				
Salaries	113,818	119,295	118,649	646
Employee benefits	59,537	53,046	51,151	1,895
Contracted services	57,967	112,902	97,001	15,901
Supplies and materials	247,064	219,791	221,059	(1,268)
Capital outlay	1,000	0	0	0
Other	4,530	4,960	4,958	2
	<u>483,916</u>	<u>509,994</u>	<u>492,818</u>	<u>17,176</u>
 Total Expenditures	 483,916	 509,994	 492,818	 17,176
 <b>Net Change in Fund Balances</b>	 (7,360)	 (19,802)	 5,904	 25,706
 Fund Balance - Beginning of year	 63,519	 106,112	 106,112	 0
 Fund Balance - End of year	 <u>\$56,159</u>	 <u>\$86,310</u>	 <u>\$112,016</u>	 <u>\$25,706</u>

**MASON CONSOLIDATED SCHOOLS**

*Technology Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$303,022	\$310,000	\$315,471	\$5,471
Total Revenues	303,022	310,000	315,471	5,471
<b>Expenditures</b>				
Instruction:				
Purchased services	24,136	37,137	37,036	101
Supplies and materials	13,022	13,900	12,679	1,221
Capital outlay	141,888	183,810	187,205	(3,395)
	179,046	234,847	236,920	(2,073)
Support services:				
Salaries	40,732	41,672	39,751	1,921
Employee benefits	11,179	11,718	10,884	834
Purchased services	48,500	59,320	59,542	(222)
Supplies and materials	2,000	3,870	3,738	132
Capital outlay	29,562	6,802	7,865	(1,063)
Other expenses	4,500	5,350	5,306	44
	136,473	128,732	127,086	1,646
Total Expenditures	315,519	363,579	364,006	(427)
<b>Net Change in Fund Balances</b>	(12,497)	(53,579)	(48,535)	5,044
Fund Balance - Beginning of year	1,009,099	135,177	135,177	0
Fuud Balance - End of year	\$996,602	\$81,598	\$86,642	\$5,044

**MASON CONSOLIDATED SCHOOLS**

*Durant Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
State Sources:				
Durant settlement	\$14,189	\$14,189	\$14,189	\$0
Total Revenues	14,189	14,189	14,189	0
<b>Expenditures</b>				
Debt Service:				
Principal	12,341	12,341	12,341	0
Interest	1,848	1,848	1,848	0
Total Expenditures	14,189	14,189	14,189	0
<b>Net Change in Fund Balances</b>	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

MASON CONSOLIDATED SCHOOLS

*Sinking Capital Projects Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Property taxes	\$0	\$0	\$14	\$14
Interest income	75	40	41	1
Total Revenues	75	40	55	15
<b>Expenditures</b>				
Operations and maintenance:				
Purchased services	78,918	19,900	15,786	4,114
Other	0	100	0	100
Total Expenditures	78,918	20,000	15,786	4,214
<b>Net Change in Fund Balances</b>	(78,843)	(19,960)	(15,731)	4,229
Fund Balance - Beginning of year	78,843	79,002	79,002	0
Fund Balance - End of year	\$0	\$59,042	\$63,271	\$4,229

MASON CONSOLIDATED SCHOOLS

*Agency Funds*  
*Statement of Changes in Assets and Liabilities*  
*Year Ended June 30, 2011*

	Student Activities Agency Fund			
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Assets</b>				
Cash	\$172,746	\$311,883	\$319,737	\$164,892
<b>Liabilities</b>				
Due to student groups	\$166,813	\$303,378	\$313,804	\$156,387
Due to School District	5,933	8,505	5,933	8,505
	<u>\$172,746</u>	<u>\$311,883</u>	<u>\$319,737</u>	<u>\$164,892</u>
	Flexible Spending Agency Fund			
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Assets</b>				
Cash	\$12,405	\$15,291	\$16,436	\$11,260
<b>Liabilities</b>				
Other liabilities	\$12,405	\$15,291	\$16,436	\$11,260

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2011*

	Due to (From) Student Groups July 1, 2010	Receipts	Disbursements	Due to (From) Student Groups June 30, 2011
Art	\$2,021	\$1,340	\$330	\$3,031
Hall of Fame-Meeker	13,817	0	13,817	0
Reighard Scholarship	598	105	601	102
Dawn Schmidt Scholarship	0	500	500	0
Building	158	0	0	158
Media Center-High School	486	0	1	485
Miscellaneous-High School	4,350	3,544	7,703	191
Yearbook	262	13,250	13,506	6
Security	708	0	2	706
Football	1,078	363	85	1,356
MS Football	548	394	942	0
MS Baseball	0	3,369	3,265	104
Counseling Department	12	0	0	12
Spanish Club	43	0	32	11
Board of Education	395	13,867	13,933	329
Lumber	3,510	4,448	4,498	3,460
Student Pop Commission	3,060	1,736	3,578	1,218
Planetarium	235	288	289	234
Band	5,676	2,662	1,810	6,528
Dramatics	3,472	6,628	3,859	6,241
Art Scholarship	226	0	1	225
Athletic Activity	198	2,620	1,684	1,134
Student Council	0	4,384	2,350	2,034
High School Parent Group	520	1,074	1,312	282
Steingass	11,925	150	1,182	10,893
After Prom Party	12,390	6,906	9,628	9,668
Youth-in-Government	310	16,915	16,083	1,142
Flag Corp	105	0	0	105
National Honor Society	541	242	440	343
Pop Machine	4,796	1,039	4,727	1,108
Volleyball	4,947	11,629	10,762	5,814
Softball	1,489	11,578	7,953	5,114
Wrestling	3	52	55	0
Girls Swimming	710	1,043	868	885
Cheerleading	2,440	2,727	1,525	3,642
Boys Basketball	4,094	4,065	6,826	1,333
Baseball	714	14,737	9,162	6,289
Girls Basketball	2,274	77	1,297	1,054
MS Wrestling	861	0	826	35
Boys Cross Country	1,892	2,437	1,339	2,990
Boys Swimming	7,041	4,490	1,312	10,219



MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2011*

(Continued)	Due to (From) Student Groups July 1, 2010	Receipts	Disbursements	Due to (From) Student Groups June 30, 2011
Physical Education	\$394	\$0	\$45	\$349
Weightlifting	0	480	1	479
State Events	29	0	29	0
Golf	(209)	964	256	499
Transportation	3,020	155	3,175	0
Interest	0	5	5	0
Bank Fees	0	820	820	0
Class of 65 Sign	1,787	0	5	1,782
Boys Varsity Track	4,012	3,918	5,784	2,146
Checking Interest	0	12	12	0
Student Workers	114	0	0	114
Choir	648	5,554	4,002	2,200
Science Olympiad	2	200	0	202
Culture Club	837	0	2	835
Sales Tax	30	2,287	1,947	370
Class of 2010	620	0	16	604
Class of 2011	1,303	1,879	3,182	0
Class of 2012	2,107	5,820	6,622	1,305
Class of 2013	2,103	3,510	2,577	3,036
Class of 2014	0	698	289	409
Orchard Center High School	87	2,520	700	1,907
Art - Orchard Center	503	22	1	524
Athletics - Orchard Center	1,689	0	1,553	136
Renaissance - Orchard Center	3,568	388	2,168	1,788
Student Council - Orchard Center	2,800	510	297	3,013
Art Club - Orchard Center	977	1,249	892	1,334
MS Texas Hold'em Fundraiser	0	25,846	23,748	2,098
MS Science Olympiad	496	1,080	752	824
Library	51	5	0	56
N.J.H.S	2,102	296	341	2,057
Principal Acct - Middle School	7,729	7,658	11,667	3,720
Student Council	1,960	0	5	1,955
PE	3,047	0	9	3,038
Yearbook	169	8,604	8,767	6
Youth to Youth	852	0	2	850
Youth in Government	80	12,137	11,655	562
Art	417	10	99	328
7th Grade	729	0	2	727
Girls Basketball	1,238	0	3	1,235

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2011*

(Continued)	Due to (From)			Due to (From)
	Student Groups July 1, 2010	Receipts	Disbursements	Student Groups June 30, 2011
8th Grade	\$673	\$20,917	\$20,196	\$1,394
6th Grade	151	1,048	1,161	38
Student Enrichment	8,349	6,820	4,226	10,943
Student Pop	936	389	644	681
Staff Pop	181	446	177	450
Central - Counselor	0	1,604	1,515	89
Kindergarten Field Trips	16	2,523	2,326	213
Central - 2nd Grade Ice Cream	458	3,016	3,031	443
Central - Office	2,665	11,244	12,013	1,896
Central - Coke	372	1,188	671	889
Central - Bennet, Jill	2	257	248	11
1st Grade Field Trips	571	3,345	3,495	421
Central - Student council	597	626	40	1,183
Central - Scarborough	221	129	154	196
Central - T-Shirts	489	1,872	2,361	0
Central - Hagan, Jennifer	0	16	0	16
Central - Jenkins, Megan	100	32	5	127
Central - Library Fines	749	313	249	813
Central - Beczynski, Michelle	136	0	0	136
Central - Lennard, Stephanie	104	48	5	147
Central - Gallaher, Julie	0	146	5	141
Central - Stiegel, Linda	187	146	6	327
Central - Geddes, Jean	189	180	129	240
Central - Bowman, April	8	0	8	0
Central - Herman, Jay	45	194	162	77
Central - Conway, Lisa	200	47	106	141
Central - Kline, Deanna	90	235	96	229
Central - Swartz, Karen	58	16	0	74
Central - Manley, Lori	1,269	306	834	741
Central - Oberski, Brooke	22	66	23	65
Central - Lietaert, Adele	266	146	6	406
Central - Roberts, Lauren	8	147	5	150
Central - Sorter, Stephanie	18	48	5	61
Central - Goliver, Sue	150	47	36	161
Central - Keane, Megan	448	48	378	118
Central - Sweigert, Josh	303	47	206	144
Central - Bondy, Jane	288	47	6	329
Central - Samoray, Pat	13	46	5	54
Central - Finley, Jeannie	360	0	1	359
Central - Martin, Floyd	3	48	15	36
Riser Account	1,371	1,097	2,459	9

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2011*

(Continued)	Due to (From) Student Groups July 1, 2010	Receipts	Disbursements	Due to (From) Student Groups June 30, 2011
2nd Grade Field Trips	\$39	\$1,747	\$1,754	\$32
3rd Grade Field Trips	1	279	238	42
Central - Speech	93	0	0	93
Central - Mazur, Maureen	31	47	5	73
Central - Camp Storer	510	15,458	13,891	2,077
Central - Costello, Susan	219	146	62	303
Central - Pagel, Angie	146	247	153	240
4th Grade Field Trips	412	1,278	1,180	510
Central - Topoleski, May	100	0	0	100
<b>Total Due to Student Groups</b>	<b>\$166,813</b>	<b>\$303,378</b>	<b>\$313,804</b>	<b>\$156,387</b>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$0	\$42,241	\$42,240	(\$1)
Participation fees	0	31,958	31,958	0
Other	0	411	418	7
<b>Total Revenues</b>	<b>0</b>	<b>74,610</b>	<b>74,616</b>	<b>6</b>
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	16,500	9,934	9,823	111
Employee benefits	4,581	3,405	2,977	428
Other expenses	1,100	1,046	951	95
Athletics:				
Salaries	83,872	82,813	82,073	740
Employee benefits	31,409	37,615	33,182	4,433
Purchased services	107,048	110,801	102,832	7,969
Supplies and materials	11,700	16,753	16,073	680
Capital outlay	1,500	500	450	50
Other	10,975	8,317	8,134	183
Central Services:				
Staff services:				
Purchased services	1,000	2,568	3,383	(815)
<b>Total Expenditures</b>	<b>269,685</b>	<b>273,752</b>	<b>259,878</b>	<b>14,055</b>

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

MASON CONSOLIDATED SCHOOLS

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

	Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>			
Indian Education	S060A100275	84.060A	\$18,929
Passed Through State Department of Education:			
Title I	101530-0910	84.010	175,254
Title I	111530-1011	84.010	175,271
			<u>350,525</u>
Title I ARRA	101535-0910	84.389	72,669
Title II Part A - Improving Teacher Quality	100520-0910	84.367	106,407
Title II Part A - Improving Teacher Quality	110520-1011	84.367	138,774
Title II Part D ARRA	114295-1011	84.386	2,930
			<u>248,111</u>
ARRA State fiscal stabilization fund	102525-0910	84.394	376,804
ARRA State fiscal stabilization fund	112525-1011	84.394	0
			<u>376,804</u>
Education Jobs Fund	112545-1011	84.410A	<u>278,726</u>
Total Passed Through State Dept. of Education			1,326,835
Passed Through Intermediate School District:			
Safe and Drug Free Schools	102860-0910	84.186A	<u>0</u>
Total U.S. Department of Education			1,345,764
<u>U.S. Department of Health and Human Services</u>			
Passed Through Intermediate School District:			
Medicaid Outreach		93.778	1,202
<u>U.S. Department of Labor</u>			
Passed Through Community College:			
No Worker Left Behind		17.260	22,722

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2010	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2011
\$0	\$0	\$18,113	\$4,951	\$13,162
2,005	174,238	0	2,005	0
0	0	175,271	160,318	14,953
<u>2,005</u>	<u>174,238</u>	<u>175,271</u>	<u>162,323</u>	<u>14,953</u>
19,071	72,669	0	19,071	0
40	31,061	997	1,037	0
0	0	106,364	21,883	84,481
0	0	2,930	2,930	0
<u>40</u>	<u>31,061</u>	<u>110,291</u>	<u>25,850</u>	<u>84,481</u>
39,425	376,804	0	39,425	0
0	0	147,474	76,457	71,017
<u>39,425</u>	<u>376,804</u>	<u>147,474</u>	<u>115,882</u>	<u>71,017</u>
0	0	139,363	68,884	70,479
60,541	654,772	572,399	392,010	240,930
1,866	1,866	0	1,866	0
<u>\$62,407</u>	<u>\$656,638</u>	<u>590,512</u>	<u>\$398,827</u>	<u>\$254,092</u>
<u>\$325</u>	<u>\$17,879</u>	1,202	<u>\$325</u>	<u>\$1,202</u>
<u>\$0</u>	<u>\$0</u>	22,722	<u>\$10,610</u>	<u>\$12,112</u>

MASON CONSOLIDATED SCHOOLS

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
101950 All Lunches	10.555	\$28,740
111950 All Lunches	10.555	25,301
101960 Free & Reduced	10.555	160,148
111960 Free & Reduced	10.555	141,996
		356,185
101970 Breakfast	10.553	55,872
111970 Breakfast	10.553	54,246
		110,118
		466,303
U.S.D.A. Donated Commodities		
Entitlements	10.555	26,176
Bonus	10.555	777
		26,953
Total U.S. Department of Agriculture		493,256
Total Federal Financial Assistance		\$1,862,944

See accompanying notes to this schedule.



Accrued (Deferred) Revenue July 1, 2010	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2011
\$0	\$25,604	\$3,136	\$3,136	\$0
0	0	25,301	25,301	0
0	142,251	17,897	17,897	0
0	0	141,996	141,996	0
<u>0</u>	<u>167,855</u>	<u>188,330</u>	<u>188,330</u>	<u>0</u>
0	50,352	5,520	5,520	0
0	0	54,246	54,246	0
<u>0</u>	<u>50,352</u>	<u>59,766</u>	<u>59,766</u>	<u>0</u>
0	218,207	248,096	248,096	0
0	0	26,176	26,176	0
0	0	777	777	0
<u>0</u>	<u>0</u>	<u>26,953</u>	<u>26,953</u>	<u>0</u>
<u>\$0</u>	<u>\$218,207</u>	<u>275,049</u>	<u>\$275,049</u>	<u>\$0</u>
		<u>\$889,485</u>		

## MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards*  
*Year Ended June 30, 2011*

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1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mason Consolidated Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The amounts reported on the Grant Auditors Report reconcile with this schedule.
3. Certain federal programs require that the School contribute non-federal funds (matching funds) to support the federally-funded programs. The School has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011*

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**SUMMARY OF AUDIT RESULTS:**

1. The auditors report expresses an unqualified opinion on the financial statements of Mason Consolidated Schools.
2. No significant deficiencies or significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Mason Consolidated Schools were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors report on compliance for ARRA State Fiscal Stabilization Fund, and Education Jobs Fund expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Mason Consolidated Schools.
7. The programs tested as major programs include ARRA State Fiscal Stabilization Fund (CFDA #84.394), and Education Jobs Fund (CFDA #84.410A).
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. Mason Consolidated Schools was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT:**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:**

None



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September 26, 2011

To the Board of Directors  
Mason Consolidated Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools for the year ended June 30, 2011, and have issued our report thereon dated September 26, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mason Consolidated Schools are described in Note 2 to the financial statements. During 2011, Mason Consolidated Schools implemented Governmental Accounting Standard Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance of doubtful accounts is based on confirmation of the state aid status report. We evaluated the key factors and assumptions used to develop the estimate of a zero percent for the allowance of doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of depreciable capital assets is based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on formulas and conditions specified in various contracts regarding vacation and sick leave benefits.

To the Board of Directors  
Mason Consolidated Schools

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#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 26, 2011.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### *Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Directors  
Mason Consolidated Schools

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This information is intended solely for the Board of Directors and management of Mason Consolidated Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Cooley Hehl Wohlgamuth & Carlton*



**COOLEY HEHL  
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Board of Education  
Mason Consolidated Schools  
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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

This communication is intended solely for the information and use of the Board of Education, management, others within the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Cooley Hehl Wohlgamuth & Carlton*

September 26, 2011