

MASON CONSOLIDATED SCHOOLS
Erie, Michigan

ANNUAL FINANCIAL REPORT
June 30, 2013

MASON CONSOLIDATED SCHOOLS

Table of Contents
June 30, 2013

Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	5-6
Management's Discussion and Analysis	7-14
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Fiduciary Funds - Statement of Fiduciary Net Position	21
Notes to Financial Statements	22-33
Required Supplemental Information:	
General Fund:	
Budgetary Comparison Schedule	34
Schedule of Revenues - Budget and Actual	35
Schedule of Expenditures - Budget and Actual.....	36-39
Adult/Alternative Education:	
Budgetary Comparison Schedule	40
Schedule of Expenditures - Budget and Actual.....	41-42
Other Supplemental Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	44

MASON CONSOLIDATED SCHOOLS

Table of Contents (Concluded)
June 30, 2013

Other Supplemental Information (Concluded):

Food Service Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual45

Technology Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual46

Durant Debt Service Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual47

Agency Funds:

Statement of Changes in Assets and Liabilities48
Student Activities Agency Fund-
Summary of Receipts and Disbursements49-52

Schedule of Athletics – Budget and Actual53

Federal Financial Assistance Programs:

Schedule of Expenditures of Federal Awards.....54-57
Notes to Schedule of Expenditures of Federal Awards58
Schedule of Findings and Questioned Costs.....59



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report

Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

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 34 through 42 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.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mason Consolidated Schools' basic financial statements. 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 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 basic 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2013, on our consideration of the Mason Consolidated School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mason Consolidated School's internal control over financial reporting and compliance.



September 23, 2013



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

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

Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mason Consolidated Schools' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



September 23, 2013



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance required by OMB Circular A-133**

Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

Report on Compliance for Each Major Federal Program

We have audited Mason Consolidated Schools' compliance with the types of compliance 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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Mason Consolidated Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Internal Control Over Compliance

Management of Mason Consolidated Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mason Consolidated Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance 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 in a timely manner. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cooley Hill Wohlgamuth & Carlton
September 23, 2013

MASON CONSOLIDATED SCHOOLS

Management's Discussion and Analysis Year Ended June 30, 2013

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, 2013. 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, and Debt Service 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 Position 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 Position, 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, 2013*

District-Wide Financial Statements

The Statement of Net Position 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 position and changes in them. The change in net position 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 Position 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 Position 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 Position. 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, 2013

District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2013 and 2012.

Table 1

Comparative Statement of Net Position

	June 30, 2013	June 30, 2012
Current and other assets	\$3,873,835	\$5,118,315
Capital assets	2,338,285	2,332,609
Total Assets	6,212,120	7,450,924
Current and other liabilities	2,793,686	3,489,360
Long-term liabilities	73,711	97,186
Total Liabilities	2,867,397	3,586,546
Net Assets		
Invested in capital assets, net of related debt	2,338,285	2,318,985
Restricted for technology enhancement	84,930	114,908
Restricted for food service	140,035	118,377
Unrestricted	781,473	1,312,108
Total Net Assets	\$3,344,723	\$3,864,378

As depicted in Table 1, the School District's net position was \$3,344,723 at June 30, 2013. Of this amount, \$781,473 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 \$781,473 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net position 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 position for the fiscal years ended June 30, 2013 and 2012.

MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2013*

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2013	June 30, 2012
Revenues		
Program revenues:		
Charges for services	\$1,322,512	\$1,190,548
State grants and other revenue	1,554,684	1,384,864
Federal grants	529,915	710,973
	3,407,111	3,286,385
General revenues:		
Property taxes	1,762,851	2,321,577
State foundation allowance	6,624,114	6,095,347
Other general revenues	145,020	130,151
	8,531,985	8,547,075
 Total Revenues	 11,939,096	 11,833,460
Functions/Program Expenses		
Instruction	7,333,626	7,787,222
Support services	4,332,142	4,360,186
Community services	36,095	38,784
Food services	515,059	511,622
Interest on long-term debt	10,874	1,183
Debt service - pass through commitment	140,000	146,455
Depreciation	90,955	111,593
	12,458,751	12,957,045
 Total Expenses	 12,458,751	 12,957,045
 Increase (Decrease) in Net Assets	 (\$519,655)	 (\$1,123,585)

As indicated in Table 2, the cost of *all governmental* activities this year was \$12,458,751. Of this amount, \$3,407,111 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 position this year of \$519,655. Revenues increased by \$105,636. Expenses decreased by \$498,294 from the prior year. The decrease in net position differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net position appears on page 20.

MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2013*

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 \$1,080,149 which is a decrease of \$548,887 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>
Fund balances - Beginning of year	\$1,167,952	\$227,799	\$233,285	\$1,629,036
Increase (decrease)	<u>(336,542)</u>	<u>(204,025)</u>	<u>(8,320)</u>	<u>(548,887)</u>
Fund balances - End of year	<u>\$831,410</u>	<u>\$23,774</u>	<u>\$224,965</u>	<u>\$1,080,149</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.

Revenues	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percent Change</u>
Local sources	\$1,605,825	\$2,168,351	(25.9)%
State sources	7,476,623	6,663,615	12.2%
Federal sources	232,416	418,299	(44.4)%
Interdistrict and other sources	<u>515,048</u>	<u>554,153</u>	(7.1)%
	<u>\$9,829,912</u>	<u>\$9,804,418</u>	0.3%

MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2013*

Fund Financial Analysis – Concluded

Expenditures	June 30, 2013	June 30, 2012	Percent Change
Instruction	\$6,359,382	\$6,742,461	(5.7)%
Support services	3,770,977	3,806,165	(0.9)%
Community services	36,095	38,784	(6.9)%
	<u>\$10,166,454</u>	<u>\$10,587,410</u>	(4.0)%

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 \$9,676,582 versus the final budget of \$9,947,138; an increase of \$270,556. Adjustments were made to the At Risk grant in the amount of \$136,652, Title I in the amount of \$39,748, Title II in the amount of \$15,025, and MPSERS UAAL Rate Stabilization of \$109,671 to reflect actual award notifications. Other adjustments were as follows: Preschool tuition was increased by \$18,200, Sec 61 Vocational Education funds added in the amount of \$15,951. The net effect of changes to property taxes and the foundation amounted to a decrease of \$51,135.

Expenses: The original budget for expenditures was \$10,424,586 versus the final budget of \$10,401,751; this was a decrease of \$22,835. The budget was adjusted for the corresponding increase relating to the grant awards mentioned above. The operations and maintenance budget was decreased \$11,300 for utilities, \$16,000 for miscellaneous supplies and contracted service accounts, and \$76,000 for special projects which was carried over to FY 14; the Support Services Business budget was decreased by \$50,000 for interest expense for state aid borrowing. The budget was decreased for various instructional and 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, 2013*

General Fund Budgetary Highlights - Concluded

Final Budget versus Actual Figures:

Revenues: General Fund actual revenue was \$9,829,912 versus a budget of \$9,947,138; a difference of \$117,226. All grants are budgeted at the full grant award amount; funds amounting to \$122,680 for At Risk were not expended and were deferred and carried over to FY 14.

Expenditures: Actual expenditures were \$10,166,454 versus a budget of \$10,401,751; a difference of \$235,297. Major components of final budget versus final actual expenditures are discussed below:

- Instruction expenditures related to Basic Programs were under budget \$67,414 due mainly to insurance benefits and retirement expenditures being less than budgeted in a few areas.
- Instructional expenditures for Added Needs were under budget by \$150,438. The At Risk grant was budgeted in full but only \$93,143 was expended, leaving a carryover balance of \$122,680. There was carryover for the Title II grant that was originally budgeted for salary and benefits in the amount of \$26,196.
- Support Services Business exceeded budget due a request for payment from Monroe County for interest expenses related to a tax tribunal that had been repaid earlier in the year.
- Operation and Maintenance (building and grounds) was an area that reflected actual expenditures, \$22,613 less than budgeted. The expenditures for repair parts, various supply accounts, and purchased services were approximately \$10,000 less than budgeted. An unspent roof project budget of \$10,000 accounts for the remainder of the unspent funds and will be carried over to the new fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the School District had \$8,312,309 invested in a broad range of capital assets, including land, land improvements, buildings and building improvements, machinery and equipment, buses, and other vehicles. Capital asset additions of \$96,631 consisted of carpeting, ceiling work, playground equipment, and a wireless network. Depreciation for this year totaled \$90,955. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt Administration

At June 30, 2013, the School District had other obligations which include accrued vacation and sick pay of \$73,711. 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, 2013*

Development of the 2013-14 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2013-14 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 method for determining the blended count has changed effective in fiscal 2014. The blended count for the 2014 fiscal year is 90 percent of the October 2013 student count and 10 percent of the following February's count. The District projected a blended pupil count of 1,113.20 for budgeting purposes. Approximately 81% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a \$60/pupil increase to reflect an increase to the new minimum foundation of \$7,026/pupil.

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 2013-14 fiscal year was adopted on June 25, 2013. 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.

MASON CONSOLIDATED SCHOOLS

Statement of Net Position June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$1,954,667
Accounts/taxes receivable	83,060
Due from other governmental units	1,811,431
Inventory	2,302
Deposits	9,000
Prepaid	13,375
Capital assets less accumulated depreciation	<u>2,338,285</u>
Total Assets	<u>6,212,120</u>
Liabilities	
Accounts payable	47,254
Note payable	155,621
Salaries payable	1,106,008
Due to other governmental units	195,006
Other liabilities	692,638
Unearned revenue	597,159
Long-term liabilities:	
Compensated absences, due in more than one year	<u>73,711</u>
Total Liabilities	<u>2,867,397</u>
Net Position	
Invested in capital assets, net of related debt	2,338,285
Restricted for technology enhancement	84,930
Restricted for food service	140,035
Unrestricted	<u>781,473</u>
Total Net Position	<u>\$3,344,723</u>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

*Statement of Activities
Year Ended June 30, 2013*

Functions/Programs	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Primary government -				
Governmental activities:				
Instruction	\$7,333,626	\$1,045,547	2,046,037	(\$4,242,042)
Support services	4,332,142	61,531	36,946	(4,233,665)
Community services	36,095	0	0	(36,095)
Food services	515,059	215,434	0	(299,625)
Interdistrict uses	0	0	971	971
Interest on long-term debt	10,874	0	645	(10,229)
Debt service - pass through commitment	140,000	0	0	(140,000)
Depreciation (Unallocated)	90,955	0	0	(90,955)
Total Governmental Activities	\$12,458,751	\$1,322,512	\$2,084,599	(9,051,640)
		General Revenues:		
		Taxes:		
				1,479,170
				283,681
				6,624,114
				2,751
				142,269
				8,531,985
		Total General Revenues		8,531,985
				(519,655)
				3,864,378
				\$3,344,723

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

*Governmental Funds
Balance Sheet
June 30, 2013*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$1,736,957	\$168,621	\$49,089	\$1,954,667
Accounts/taxes receivable	14,859	0	39,742	54,601
Due from other governmental units	1,540,065	266,652	4,714	1,811,431
Due from other funds	269,766	25,672	195,006	490,444
Inventory	0	0	2,302	2,302
Deposits	9,000	0	0	9,000
Prepaid	3,113	0	10,262	13,375
	<u>\$3,573,760</u>	<u>\$460,945</u>	<u>\$301,115</u>	<u>\$4,335,820</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$150,598	\$5,023	\$47,254	\$202,875
Note payable	1,103,571	0	0	1,103,571
Salaries payable	613,089	78,762	2,437	694,288
Other liabilities	513,539	83,620	787	597,946
Unearned revenue	166,547	0	0	166,547
Due to other funds	195,006	269,766	25,672	490,444
	<u>2,742,350</u>	<u>437,171</u>	<u>76,150</u>	<u>3,255,671</u>
Fund Balances				
Nonspendable:				
Inventory	0	0	2,302	2,302
Prepaid	3,113	0	10,262	13,375
Restricted for:				
Technology enhancement	0	0	76,668	76,668
Committed to:				
Building and grounds	75,601	0	0	75,601
Assigned to:				
Adult/alternative education fund	0	23,774	0	23,774
Food service	0	0	135,733	135,733
Unassigned	752,696	0	0	752,696
	<u>831,410</u>	<u>23,774</u>	<u>224,965</u>	<u>1,080,149</u>
Total Liabilities and Fund Balances	<u>\$3,573,760</u>	<u>\$460,945</u>	<u>\$301,115</u>	<u>\$4,335,820</u>

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, 2013*

Total Fund Balances - Governmental Funds		\$1,080,149
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	\$8,312,309	
Accumulated depreciation	<u>(5,974,024)</u>	2,338,285
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:		
Compensated absences	<u>(73,711)</u>	<u>(73,711)</u>
Total Net Assets - Governmental Activities		<u><u>\$3,344,723</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, 2013*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$1,605,825	\$19,408	\$499,115	\$2,124,348
State sources	7,476,623	240,636	37,972	7,755,231
Federal sources	232,416	0	297,499	529,915
Interdistrict and other sources	515,048	1,014,554	0	1,529,602
Total Revenues	9,829,912	1,274,598	834,586	11,939,096
Expenditures				
Current:				
Instruction	6,359,382	848,689	126,837	7,334,908
Support services	3,770,977	479,624	141,173	4,391,774
Community service	36,095	0	0	36,095
Food service	0	0	515,059	515,059
Interdistrict and other uses	0	0	45,649	45,649
Debt Service	0	150,310	14,188	164,498
Total Expenditures	10,166,454	1,478,623	842,906	12,487,983
Net Change in Fund Balances	(336,542)	(204,025)	(8,320)	(548,887)
Fund Balances - Beginning of year	1,167,952	227,799	233,285	1,629,036
Fund Balances - End of year	<u>\$831,410</u>	<u>\$23,774</u>	<u>\$224,965</u>	<u>\$1,080,149</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, 2013*

Total Net Change in Fund Balances - Governmental Funds			(\$548,887)
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		(\$90,955)	
Capital outlay		96,631	
		<hr/>	5,676
Repayments of bonds are expenditures in the governmental funds but are a reduction to long-term debt in the statement of activities.			13,543
Decreases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.			9,932
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.			81
Change in Net Assets of Governmental Activities			<hr/>
			(\$519,655)

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2013

	Agency Funds		Total
	Student Activities	Flexible Spending	
Assets			
Cash	\$157,975	\$9,501	\$167,476
Total assets	<u>\$157,975</u>	<u>\$9,501</u>	<u>\$167,476</u>
Liabilities			
Due to student groups	\$142,933	\$0	\$142,933
Due to School District	15,042	0	15,042
Other liabilities	<u>0</u>	<u>9,501</u>	<u>9,501</u>
Total liabilities	<u>\$157,975</u>	<u>\$9,501</u>	<u>\$167,476</u>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

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. 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 position 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.

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.

MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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, the Technology Fund, and the Durant Debt Service 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 Position 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.

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.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Position or Equity

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, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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 position 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 capital 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:

Table with 2 columns: Description and Estimated Lives. Rows include Land improvements (20 years), Buildings and building improvements (50 years), Machinery and equipment (5-20 years), and Vehicles (8 years).

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 position.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

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 Position - Net position represents the difference between assets and liabilities. Net position 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 position is 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, 2013*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned - 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 2013.

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, 2013 through September 23, 2013, the date the financial statements were available to be issued.

MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2013*

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, 2013, 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, 2013, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, JP Morgan Chase Bank, Comerica Bank, 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 \$2,208,055 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,466,970. Uninsured deposits are \$741,085.

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.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

Note 4 Deposits and Investments (Concluded)
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, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Capital assets being depreciated:				
Land improvements	1,218,111	0	0	1,218,111
Buildings and building improvements	6,122,746	31,194	0	6,153,940
Machinery and equipment	569,453	65,437	0	634,890
Buses	203,444	0	0	203,444
Vehicles	93,440	0	0	93,440
	<u>8,207,194</u>	<u>96,631</u>	<u>0</u>	<u>8,303,825</u>
Total capital assets	8,215,678	96,631	0	8,312,309
Less accumulated depreciation:				
Land improvements	(760,853)	(31,565)	0	(792,418)
Buildings and building improvements	(4,344,799)	(46,493)	0	(4,391,292)
Machinery and equipment	(480,535)	(12,897)	0	(493,432)
Buses	(203,442)	0	0	(203,442)
Vehicles	(93,440)	0	0	(93,440)
	<u>(5,883,069)</u>	<u>(90,955)</u>	<u>0</u>	<u>(5,974,024)</u>
Total accumulated depreciation	(5,883,069)	(90,955)	0	(5,974,024)
Net capital assets	<u>\$2,332,609</u>	<u>\$5,676</u>	<u>\$0</u>	<u>\$2,338,285</u>

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

Note 6 Interfund Payables, Receivables, and Transfers
Interfund balances at June 30, 2013, consisted of the following individual fund receivables and payables:

	Due From			
	General Fund	Adult/Alternative Education Fund	Technology Fund	Total
<u>Due To:</u>				
General Fund	\$0	\$269,766	\$0	\$269,766
Adult/Alternative Education Fund	0	0	25,672	25,672
Food Service Fund	43,635	0	0	43,635
Technology Fund	151,371	0	0	151,371
	<u>\$195,006</u>	<u>\$269,766</u>	<u>\$25,672</u>	<u>\$490,444</u>

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

Note 6 Interfund Payables, Receivables, and Transfers (Concluded)

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.

B. Funding Policy

Employer contributions to the MPSERS result from the effects of implementing 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 24.46 percent for the period July 1, 2012 through September 30, 2012 and 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll to the plan. Beginning February 1, 2013 through June 30, 2013 the pension rate (including defined contributions) for the basic MIP employees ranged from 24.32 percent to 26.96 percent.

Employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus plan members was 23.23 percent for the period July 1, 2012 through September 30, 2012.

Beginning October 1, 2012, the pension rate for the Pension Plus plan members who were hired between July 1, 2010 and September 3, 2012 ranged from 24.13 percent to 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll. Beginning February 1, 2013 through June 30, 2013 the pension rate for these pension plus members ranged from 24.13 percent to 25.13 percent.

The pension rate for the Pension Plus plan members who were hired after September 3, 2012 ranged from 20.96 percent to 23.2 percent for the period October 1, 2012 through January 31, 2013 and 25.96 percent to 26.2 percent for the period February 1, 2013 to June 30, 2013.

Basic plan members have not been required to make contributions to the retirement system and Member Investment Plan (MIP) members have contributed with rates ranging from 3 percent to 6.4 percent of their gross wages. As of February 1, 2013, the Basic and MIP members had four options where they can choose to increase, maintain, or stop contributions to the pension fund. Employee contributions as of February 1, 2013 range from zero percent to 7 percent, depending on the option the member chooses.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

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

B. Funding Policy (Concluded)

Pension Plus plan members contribute 3 percent of compensation to the retiree healthcare fund. These members may keep the graded premium subsidy they currently have at a 3 percent rate, or as of February 1, 2013 they could choose the personal healthcare fund which can be used to pay healthcare expenses in retirement. If members choose the personal healthcare fund, they will opt-out of the premium subsidy benefit and be enrolled in a 2 percent employee contribution into a state-sponsored 457 account.

The School's contributions to the MPSERS pension plan for the years ended June 30, 2013, 2012, and 2011 were \$1,662,994, \$1,565,659, and \$1,363,006, respectively.

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, 2013. 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, 2013, was as follows:

Table with 5 columns: Description, Beginning Balance, Issued, Redeemed, Ending Balance. Row: State aid anticipation note, \$1,814,286, \$1,725,000, \$2,435,715, \$1,103,571

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

MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 10 Long-Term Debt

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

	Balance July 1, 2012	Additions	Payments	Balance June 30, 2013	Amounts Due in One Year
General Obligation Bonds:					
School Improvement Bonds, Series 1998	\$13,543	\$0	\$13,543	\$0	\$0
Other Liabilities:					
Compensated absences	83,643	0	9,932	73,711	0
	\$97,186	\$0	\$23,475	\$73,711	\$0

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 MT Business Leasing for the use of three (3) Imagistics copiers. The lease term is thirty-six (36) months, ending October 2017, with payments of \$1,693 for nine (9) months per year.

The School District entered into an operating lease agreement with Midwest Transit for five (5) buses. The lease term is 36 months, with the first annual payment totaling \$65,955, and the second and third payments of \$65,955, beginning July 2011.

The School District entered into an 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 2013.

The School District entered into an 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, 2013 were as follows:

Year Ended June 30,	MT Business Leasing	Midwest Transit	Midwest Transit	GMAC	Total
2014	\$15,241	\$65,955	\$39,699	\$2,818	\$123,713
2015	15,241	0	39,699	235	55,175
2016	15,241	0	39,699	0	54,940
2017	3,387	0	0	0	3,387
	\$49,110	\$65,955	\$119,097	\$3,053	\$237,215

MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2013*

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 2012 property taxes were levied on December 1, 2012 on assessed valuations as of December 31, 2011. Taxes were collected beginning December 1, 2012 and payments were due by February 14, 2013. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2012 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$105,091,702	18.0000	\$1,891,651
Commercial Personal Property	2,678,574	6.0000	<u>16,071</u>
			<u><u>\$1,907,722</u></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, 2013, the School District incurred claims of \$9,180.

Note 14 Cafeteria Contract

During the fiscal year ended June 30, 2013, 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>\$145,000</u>

The annual requirements to pay principal and interest on this long-term debt commitment outstanding at June 30, 2013 are as follows:

<u>Fiscal Year</u>	<u>Interest Requirements</u>	<u>Bond Maturities</u>	<u>Total Requirements</u>
	<u>July 1</u>	<u>January 1</u>	
2014	<u>\$ 3,407</u>	<u>\$ 3,407</u>	<u>\$ 151,814</u>
		<u>\$ 145,000</u>	

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2013

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, 2013.

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$2,128,133	\$1,591,267	\$1,605,825	\$14,558
State sources	6,799,598	7,575,570	7,476,623	(98,947)
Federal sources	212,831	266,556	232,416	(34,140)
Interdistrict and other sources	536,020	513,745	515,048	1,303
Total Revenues	9,676,582	9,947,138	9,829,912	(117,226)
Expenditures				
Instruction:				
Basic programs	5,202,195	5,247,992	5,180,578	67,414
Added needs	1,206,229	1,329,242	1,178,804	150,438
Support services:				
Pupil	477,347	461,158	453,821	7,337
Instructional staff	59,384	66,464	64,581	1,883
General administration	306,092	301,964	298,800	3,164
School administration	708,958	711,823	709,110	2,713
Business administration	359,644	280,878	314,956	(34,078)
Operation and maintenance	1,117,731	1,078,667	1,056,054	22,613
Pupil transportation	596,955	559,665	551,561	8,104
Athletics	271,626	257,274	255,847	1,427
Central services	77,350	69,538	66,247	3,291
Community service:				
Community recreation	5,560	3,053	3,299	(246)
Community activities	0	0	180	(180)
Non-public school pupils	35,515	34,033	32,616	1,417
Total Expenditures	10,424,586	10,401,751	10,166,454	235,297
Net Change in Fund Balances	(748,004)	(454,613)	(336,542)	118,071
Fund Balances - Beginning of year	858,273	1,167,953	1,167,952	(1)
Fund Balances - End of year	<u>\$110,269</u>	<u>\$713,340</u>	<u>\$831,410</u>	<u>\$118,070</u>

MASON CONSOLIDATED SCHOOLS

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2013*

	Final Budget	Actual	Positive (Negative) Budget
Local Sources			
Property taxes	\$1,473,488	\$1,479,170	\$5,682
Tuition	28,046	30,993	2,947
Athletics	63,628	63,665	37
Interest income	2,400	2,708	308
Reimbursements and donations	10,020	13,260	3,240
Other revenue	13,685	16,029	2,344
Total Local Sources	<u>1,591,267</u>	<u>1,605,825</u>	<u>14,558</u>
State Sources			
Unrestricted grants:			
State school aid	6,442,335	6,467,069	24,734
Restricted grants:			
Special education-Headlee obligation	414,319	414,319	0
At Risk	348,236	225,556	(122,680)
Michigan school readiness	93,000	90,000	(3,000)
Career and technical	15,951	15,951	0
Headlee obligation for data collection	28,373	28,383	10
MPERS rate offset	115,805	121,069	5,264
MPERS UAAL	109,671	109,702	31
Adult Education	7,880	4,574	(3,306)
Total State Sources	<u>7,575,570</u>	<u>7,476,623</u>	<u>(98,947)</u>
Federal Sources			
Title I	180,955	180,955	0
Title II	71,249	38,904	(32,345)
Indian education	13,652	12,034	(1,618)
Transfer from intermediate school district:			
Medicaid outreach	700	523	(177)
Total Federal Sources	<u>266,556</u>	<u>232,416</u>	<u>(34,140)</u>
Interdistrict and Other Sources			
Transfer from intermediate school district:			
County special education tax	437,111	437,110	(1)
Insurance reimbursements	19,381	19,381	0
Other revenue	57,253	58,557	1,304
Total Interdistrict and Other Sources	<u>513,745</u>	<u>515,048</u>	<u>1,303</u>
 Total Revenues	 <u>\$9,947,138</u>	 <u>\$9,829,912</u>	 <u>(\$117,226)</u>

MASON CONSOLIDATED SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Instruction			
Basic Programs:			
Elementary	\$1,307,025	\$866,108	\$77,678
Middle School	673,161	417,568	35,420
High School	934,409	568,375	77,773
Pre-School	61,700	33,644	912
Summer School	1,450	465	0
	<u>2,977,745</u>	<u>1,886,160</u>	<u>191,783</u>
Added Needs:			
Special education	466,548	238,937	5,167
Compensatory education	257,460	141,748	13,869
Career and technical education	23,626	15,300	0
	<u>747,634</u>	<u>395,985</u>	<u>19,036</u>
Total Instruction	3,725,379	2,282,145	210,819
Support Services			
Pupil:			
Guidance	185,874	120,089	195
Health	0	0	413
Speech	61,929	37,217	0
Social work services	0	0	0
Other pupil services	31,404	10,677	0
	<u>279,207</u>	<u>167,983</u>	<u>608</u>
Instructional Staff:			
Improvement of instruction	4,750	1,519	24,377
Educational media services	22,017	7,194	117
Technology assisted instruction	0	0	3,417
	<u>26,767</u>	<u>8,713</u>	<u>27,911</u>
General Administration:			
Board of education	4,320	336	52,943
Executive administration	144,597	85,509	4,351
	<u>148,917</u>	<u>85,845</u>	<u>57,294</u>
School Administration:			
Office of the principal	431,991	266,460	3,301
Other school administration	0	0	305
	<u>431,991</u>	<u>266,460</u>	<u>3,606</u>
Business Administration:			
Fiscal services	152,412	68,088	2,332
Internal services	0	0	287
Other business services	0	0	7,950
	<u>152,412</u>	<u>68,088</u>	<u>10,569</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$22,857	\$0	\$0	\$2,273,668	\$2,315,342	\$41,674
12,949	0	0	1,139,098	1,144,429	5,331
27,500	0	60,054	1,668,111	1,686,760	18,649
1,530	0	0	97,786	98,567	781
0	0	0	1,915	2,894	979
<u>64,836</u>	<u>0</u>	<u>60,054</u>	<u>5,180,578</u>	<u>5,247,992</u>	<u>67,414</u>
1,258	0	0	711,910	716,806	4,896
546	0	0	413,623	558,659	145,036
8,475	5,870	0	53,271	53,777	506
<u>10,279</u>	<u>5,870</u>	<u>0</u>	<u>1,178,804</u>	<u>1,329,242</u>	<u>150,438</u>
75,115	5,870	60,054	6,359,382	6,577,234	217,852
443	0	0	306,601	312,267	5,666
316	0	0	729	770	41
582	0	0	99,728	99,913	185
0	0	4,682	4,682	5,000	318
0	0	0	42,081	43,208	1,127
<u>1,341</u>	<u>0</u>	<u>4,682</u>	<u>453,821</u>	<u>461,158</u>	<u>7,337</u>
0	0	0	30,646	32,103	1,457
34	0	0	29,362	29,777	415
0	0	1,156	4,573	4,584	11
<u>34</u>	<u>0</u>	<u>1,156</u>	<u>64,581</u>	<u>66,464</u>	<u>1,883</u>
266	0	4,671	62,536	61,250	(1,286)
1,098	239	470	236,264	240,714	4,450
<u>1,364</u>	<u>239</u>	<u>5,141</u>	<u>298,800</u>	<u>301,964</u>	<u>3,164</u>
2,667	359	2,325	707,103	709,618	2,515
1,702	0	0	2,007	2,205	198
<u>4,369</u>	<u>359</u>	<u>2,325</u>	<u>709,110</u>	<u>711,823</u>	<u>2,713</u>
1,660	874	6,613	231,979	242,126	10,147
0	0	0	287	287	0
0	0	74,740	82,690	38,465	(44,225)
<u>1,660</u>	<u>874</u>	<u>81,353</u>	<u>314,956</u>	<u>280,878</u>	<u>(34,078)</u>

MASON CONSOLIDATED SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013*

(Concluded)	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services			
Operation and Maintenance:			
Buildings and grounds	\$348,380	\$259,032	\$164,596
Security services	0	0	3,982
	<u>348,380</u>	<u>259,032</u>	<u>168,578</u>
Pupil Transportation	202,909	125,192	130,486
Athletics	80,848	34,328	116,104
Central Services:			
Communication services	0	0	3,736
Staff services	10,662	3,519	14,350
Technology	0	0	0
Pupil accounting	16,608	9,177	0
	<u>27,270</u>	<u>12,696</u>	<u>18,086</u>
Total Support Services	1,698,701	1,028,337	533,242
Community Service			
Community recreation	2,785	514	0
Community activities	0	0	180
Non-public school pupils	13,883	7,452	11,281
	<u>16,668</u>	<u>7,966</u>	<u>11,461</u>
Total Community Service	16,668	7,966	11,461
Total Expenditures	<u><u>\$5,440,748</u></u>	<u><u>\$3,318,448</u></u>	<u><u>\$755,522</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>
\$265,215	\$12,143	\$2,706	\$1,052,072	\$1,075,139	\$23,067
0	0	0	3,982	3,528	(454)
<u>265,215</u>	<u>12,143</u>	<u>2,706</u>	<u>1,056,054</u>	<u>1,078,667</u>	<u>22,613</u>
92,428	42	504	551,561	559,665	8,104
15,478	60	9,029	255,847	257,274	1,427
0	0	0	3,736	4,087	351
100	0	0	28,631	31,373	2,742
0	0	8,095	8,095	8,101	6
0	0	0	25,785	25,977	192
<u>100</u>	<u>0</u>	<u>8,095</u>	<u>66,247</u>	<u>69,538</u>	<u>3,291</u>
381,989	13,717	114,991	3,770,977	3,787,431	16,454
0	0	0	3,299	3,053	(246)
0	0	0	180	0	(180)
0	0	0	32,616	34,033	1,417
<u>0</u>	<u>0</u>	<u>0</u>	<u>36,095</u>	<u>37,086</u>	<u>991</u>
<u>\$457,104</u>	<u>\$19,587</u>	<u>\$175,045</u>	<u>\$10,166,454</u>	<u>\$10,401,751</u>	<u>\$235,297</u>

MASON CONSOLIDATED SCHOOLS

*Adult/Alternative Education
Budgetary Comparison Schedule
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources:				
Interest income	\$0	\$40	\$43	\$3
Other revenue	15,000	15,390	19,365	3,975
	<u>15,000</u>	<u>15,430</u>	<u>19,408</u>	<u>3,978</u>
State sources:				
School state aid	205,096	157,825	157,045	(780)
MPSERS rate offset	17,150	16,543	11,292	(5,251)
MPSERS UAAL	0	15,667	15,667	0
Adult education	72,000	70,922	41,168	(29,754)
Special education	15,074	15,464	15,464	0
	<u>309,320</u>	<u>276,421</u>	<u>240,636</u>	<u>(35,785)</u>
Interdistrict and other sources:				
Tuition from other schools	1,003,104	993,285	993,327	42
County special education	22,087	21,227	21,227	0
	<u>1,025,191</u>	<u>1,014,512</u>	<u>1,014,554</u>	<u>42</u>
Total Revenues	1,349,511	1,306,363	1,274,598	(31,765)
Expenditures				
Instruction:				
Adult and continuing education	926,917	851,771	848,689	3,082
Support services:				
Pupil	84,815	103,604	104,494	(890)
Instructional staff	21,677	16,710	15,478	1,232
General administration	2,550	8,578	8,572	6
School administration	252,719	246,596	250,524	(3,928)
Business administration	19,216	18,906	18,893	13
Operation and maintenance	67,402	71,300	70,173	1,127
Pupil transportation	9,324	8,575	8,555	20
Central	1,050	2,825	2,935	(110)
Debt service - pass through commitment	150,535	150,535	150,310	225
	<u>1,536,205</u>	<u>1,479,400</u>	<u>1,478,623</u>	<u>777</u>
Net Change in Fund Balances	(186,694)	(173,037)	(204,025)	(30,988)
Fund Balances - Beginning of year	198,351	227,799	227,799	0
Fund Balances - End of year	<u>\$11,657</u>	<u>\$54,762</u>	<u>\$23,774</u>	<u>(\$30,988)</u>

MASON CONSOLIDATED SCHOOLS

*Adult/Alternative Education
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Adult and Continuing Education:			
Special Education	\$11,797	\$3,876	\$0
Secondary	437,173	365,385	28,412
Total Instruction	448,970	369,261	28,412
Support Services			
Pupil:			
Guidance	38,887	22,385	82
Teacher consultant	26,354	2,041	0
Other pupil services	11,095	3,605	0
	76,336	28,031	82
Instructional Staff:			
Improvement of Instruction	0	0	226
Technology	0	0	0
Supervision and direction of staff	1,000	320	0
Student assessment	4,768	1,547	1,950
	5,768	1,867	2,176
General Administration:			
Board of Education	0	0	8,572
School Administration:			
Office of the principal	152,359	94,942	1,065
Graduation	0	0	0
	152,359	94,942	1,065
Business Administration:			
Fiscal services	10,076	6,459	39
Operation and Maintenance:			
Building services	0	0	924
Security services	0	0	4,683
	0	0	5,607
Pupil Transportation	4,155	2,407	0
Central:			
Staff/personnel services	0	0	2,935
Total Support Services	248,694	133,706	20,476
Debt Service - pass through commitment			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	0	0	0
Total Expenditures	\$697,664	\$502,967	\$48,888

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$0	\$0	\$0	\$15,673	\$15,688	\$15
2,046	0	0	833,016	836,083	3,067
2,046	0	0	848,689	851,771	3,082
45	0	0	61,399	60,519	(880)
0	0	0	28,395	28,409	14
0	0	0	14,700	14,676	(24)
45	0	0	104,494	103,604	(890)
0	0	0	226	325	99
0	0	0	0	100	100
0	0	0	1,320	1,323	3
5,667	0	0	13,932	14,962	1,030
5,667	0	0	15,478	16,710	1,232
0	0	0	8,572	8,578	6
425	0	459	249,250	245,196	(4,054)
1,274	0	0	1,274	1,400	126
1,699	0	459	250,524	246,596	(3,928)
0	0	2,319	18,893	18,906	13
0	0	64,566	65,490	65,800	310
0	0	0	4,683	5,500	817
0	0	64,566	70,173	71,300	1,127
1,993	0	0	8,555	8,575	20
0	0	0	2,935	2,825	(110)
9,404	0	67,344	479,624	477,094	(2,530)
0	0	140,000	140,000	140,000	0
0	0	10,310	10,310	10,535	225
0	0	150,310	150,310	150,535	225
\$11,450	\$0	\$217,654	\$1,478,623	\$1,479,400	\$777

MASON CONSOLIDATED SCHOOLS

Nonmajor Governmental Funds
 Combining Balance Sheet
 Year Ended June 30, 2013

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Food Service	Technology	Durant	
Assets				
Cash and cash equivalents	\$49,089	\$0	\$0	\$49,089
Accounts receivable	39,742	0	0	39,742
Due from other governmental units	4,714	0	0	4,714
Due from other funds	43,635	151,371	0	195,006
Inventory	2,302	0	0	2,302
Prepaid	2,000	8,262	0	10,262
Total Assets	<u>\$141,482</u>	<u>\$159,633</u>	<u>\$0</u>	<u>\$301,115</u>
Liabilities				
Accounts payable	\$58	\$47,196	\$0	\$47,254
Salaries payable	1,047	1,390	0	2,437
Other liabilities	342	445	0	787
Due to other funds	0	25,672	0	25,672
Due to other governmental units	0	0	0	0
Total Liabilities	1,447	74,703	0	76,150
Fund Balances				
Nonspendable:				
Inventory	2,302	0	0	2,302
Prepaid	2,000	8,262	0	10,262
Restricted for:				
Technology enhancement	0	76,668	0	76,668
Assigned to:				
Food service	135,733	0	0	135,733
Capital projects	0	0	0	0
Total Fund Balances	<u>140,035</u>	<u>84,930</u>	<u>0</u>	<u>224,965</u>
Total Liabilities and Fund Balances	<u>\$141,482</u>	<u>\$159,633</u>	<u>\$0</u>	<u>\$301,115</u>

MASON CONSOLIDATED SCHOOLS

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2013*

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Technology</u>	<u>Durant</u>	
Revenues				
Local sources	\$215,434	\$283,681	\$0	\$499,115
State sources	23,784	0	14,188	37,972
Federal sources	297,499	0	0	297,499
	<u>536,717</u>	<u>283,681</u>	<u>14,188</u>	<u>834,586</u>
Total Revenues				
	536,717	283,681	14,188	834,586
Expenditures				
Food service	515,059	0	0	515,059
Technology	0	313,659	0	313,659
Debt service	0	0	14,188	14,188
	<u>515,059</u>	<u>313,659</u>	<u>14,188</u>	<u>842,906</u>
Total Expenditures				
	515,059	313,659	14,188	842,906
Net Change in Fund Balances	21,658	(29,978)	0	(8,320)
Fund Balances - Beginning of year	<u>118,377</u>	<u>114,908</u>	<u>0</u>	<u>233,285</u>
Fund Balances - End of year	<u>\$140,035</u>	<u>\$84,930</u>	<u>\$0</u>	<u>\$224,965</u>

MASON CONSOLIDATED SCHOOLS

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Food sales	\$208,827	\$215,427	\$215,434	\$7
State Sources:				
Restricted grants	25,454	23,784	23,784	0
Federal Sources:				
Restricted grants	270,587	273,410	273,408	(2)
Commodities	19,000	24,000	24,091	91
	<u>289,587</u>	<u>297,410</u>	<u>297,499</u>	<u>89</u>
 Total Revenues	 523,868	 536,621	 536,717	 96
Expenditures				
Salaries	110,741	106,548	106,502	46
Employee benefits	53,887	53,815	53,440	375
Contracted services	136,687	126,885	125,999	886
Supplies and materials	230,952	232,466	224,038	8,428
Capital outlay	1,000	0	0	0
Other	5,400	5,080	5,080	0
	<u>538,667</u>	<u>524,794</u>	<u>515,059</u>	<u>9,735</u>
 Total Expenditures	 538,667	 524,794	 515,059	 9,735
 Net Change in Fund Balances	 (14,799)	 11,827	 21,658	 9,831
 Fund Balance - Beginning of year	 <u>106,660</u>	 <u>118,377</u>	 <u>118,377</u>	 <u>0</u>
 Fund Balance - End of year	 <u><u>\$91,861</u></u>	 <u><u>\$130,204</u></u>	 <u><u>\$140,035</u></u>	 <u><u>\$9,831</u></u>

MASON CONSOLIDATED SCHOOLS

*Technology Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
Local sources:				
Property taxes	<u>\$297,200</u>	<u>\$283,681</u>	<u>\$283,681</u>	<u>\$0</u>
Total Revenues	297,200	283,681	283,681	0
Expenditures				
Instruction:				
Purchased services	48,150	48,882	47,336	1,546
Supplies and materials	6,100	7,440	7,346	94
Capital outlay	<u>97,900</u>	<u>72,210</u>	<u>72,155</u>	<u>55</u>
	152,150	128,532	126,837	1,695
Support services:				
Salaries	42,186	42,892	41,828	1,064
Employee benefits	14,564	13,940	13,446	494
Purchased services	15,075	20,258	20,917	(659)
Supplies and materials	3,400	3,550	3,392	158
Capital outlay	84,300	61,672	61,590	82
Payments to other governmental units	<u>56,000</u>	<u>46,087</u>	<u>45,649</u>	<u>438</u>
	215,525	188,399	186,822	1,577
Total expenditures	<u>367,675</u>	<u>316,931</u>	<u>313,659</u>	<u>3,272</u>
Net Change in Fund Balances	(70,475)	(33,250)	(29,978)	6,544
Fund Balance - Beginning of year	<u>111,256</u>	<u>114,908</u>	<u>114,908</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$40,781</u></u>	<u><u>\$81,658</u></u>	<u><u>\$84,930</u></u>	<u><u>\$6,544</u></u>

MASON CONSOLIDATED SCHOOLS

*Durant Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
State Sources:				
Durant settlement	<u>\$14,188</u>	<u>\$14,188</u>	<u>\$14,188</u>	<u>\$0</u>
Total Revenues	14,188	14,188	14,188	0
Expenditures				
Debt Service:				
Principal	13,543	13,543	13,543	0
Interest	<u>645</u>	<u>645</u>	<u>645</u>	<u>0</u>
Total Expenditures	<u>14,188</u>	<u>14,188</u>	<u>14,188</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

MASON CONSOLIDATED SCHOOLS

*Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2013*

	Student Activities Agency Fund			Balance July 1, 2013
	Balance July 1, 2012	Additions	Deductions	
Assets				
Cash	\$159,373	\$240,983	\$242,381	\$157,975
Liabilities				
Due to student groups	\$158,863	\$225,941	\$241,871	\$142,933
Due to School District	510	15,042	510	15,042
	<u>\$159,373</u>	<u>\$240,983</u>	<u>\$242,381</u>	<u>\$157,975</u>
	Flexible Spending Agency Fund			Balance July 1, 2013
	Balance July 1, 2012	Additions	Deductions	
Assets				
Cash	\$7,784	\$18,118	\$16,401	\$9,501
Liabilities				
Other liabilities	\$7,784	\$18,118	\$16,401	\$9,501

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2013*

	Due to (From) Student Groups July 1, 2012	Receipts	Disbursements	Due to (From) Student Groups July 1, 2013
Art	\$3,102	\$0	\$651	\$2,451
Eagle's Eye	68	100	0	168
Robotics Team	0	3,011	2,949	62
Reighard Scholarship	601	520	600	521
Dawn Schmidt Scholarship	0	1,000	0	1,000
Building	158	0	0	158
Media Center-High School	128	0	0	128
Miscellaneous-High School	379	917	772	524
Yearbook	8,566	5,007	12,981	592
Security	706	0	706	0
Football	618	121	0	739
MS Football	85	56	0	141
Counseling Department	12	0	0	12
Spanish Club	11	0	0	11
Board of Education	308	0	0	308
Lumber	4,947	17,215	16,380	5,782
Student Pop Commission	278	5,167	3,445	2,000
Planetarium	234	0	0	234
Band	5,628	1,558	6,777	409
Dramatics	5,966	6,320	5,976	6,310
Art Scholarship	225	0	0	225
Athletic Activity	531	500	413	618
Student Council	3,129	4,450	3,632	3,947
High School Parent Group	282	0	0	282
Steingass Scholarship	9,946	0	1,004	8,942
After Prom Party	7,004	2,856	4,859	5,001
Youth-in-Government	17	14,036	12,872	1,181
Flag Corp	105	0	0	105
National Honor Society	311	210	201	320
Pop Machine	54	379	245	188
Volleyball	4,958	1,969	4,406	2,521
Softball	3,760	6,585	2,569	7,776
Wrestling	37	94	0	131
Girls Swimming	1,042	2,314	3,018	338
Cheerleading	1,754	9,434	6,861	4,327
Boys Basketball	152	974	794	332
Baseball	3,210	3,889	6,000	1,099
Girls Basketball	1,684	1,313	1	2,996
MS Wrestling	107	0	0	107
Boys Cross Country	2,245	4,510	3,921	2,834
Boys Swimming	8,048	2,483	8,190	2,341

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2013*

(Continued)	Due to (From) Student Groups July 1, 2012	Receipts	Disbursements	Due to (From) Student Groups July 1, 2013
Physical Education	\$349	\$0	\$0	\$349
Weightlifting	479	1,415	1,751	143
Golf	509	0	0	509
Class of 65 Sign	4,833	0	1	4,832
Boys Varsity Track	2,706	4,864	3,651	3,919
Student Workers	113	0	0	113
Choir	3,398	740	3,857	281
Science Olympiad	27	0	0	27
Culture Club	835	0	835	0
Sales Tax	383	2,275	2,278	380
Class of 2013	3,758	3,610	6,514	854
Class of 2014	1,711	6,197	5,734	2,174
Class of 2015	564	2,399	1,301	1,662
Class of 2016	0	1,519	929	590
Orchard Center High School	1,185	1,912	1,553	1,544
Art - Orchard Center	523	0	0	523
Athletics - Orchard Center	136	0	0	136
Renaissance - Orchard Center	1,752	306	188	1,870
Student Council - Orchard Center	2,611	89	839	1,861
Yearbook - Orchard Center	7	20	0	27
Art Club - Orchard Center	1,007	575	1	1,581
MS Texas Hold'em Fundraiser	907	2,551	2,825	633
MS Science Olympiad	1,043	1,293	865	1,471
Library	56	100	107	49
N.J.H.S	1,707	166	576	1,297
Principal Acct - Middle School	4,275	13,143	12,921	4,497
Student Council	1,910	0	38	1,872
PE	2,290	0	190	2,100
Yearbook	1,235	5,406	5,318	1,323
Youth to Youth	849	1,986	1,855	980
Youth in Government	240	11,943	11,790	393
Art	447	0	0	447
7th Grade	227	0	0	227
Girls Basketball	1,233	0	1,233	0
Costello, Susan	165	0	0	165

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2013*

	Due to (From) Student Groups July 1, 2012	Receipts	Disbursements	Due to (From) Student Groups July 1, 2013
(Continued)				
8th Grade	\$3,208	\$25,413	\$26,734	\$1,887
6th Grade	176	1,131	1,306	1
Student Enrichment	13,398	3,014	2,998	13,414
Student Pop	528	504	212	820
Staff Pop	596	319	566	349
Central - Counselor	88	0	0	88
Kindergarten Field Trips	180	1,112	1,124	168
Central - 2nd Grade Ice Cream	656	3,416	3,122	950
Central - Office	6,638	10,531	9,417	7,752
Central - Coke	986	1,317	726	1,577
Central - Bennet, Jill	11	0	0	11
1st Grade Field Trips	543	1,539	1,290	792
Central - Student council	1,585	2,986	3,563	1,008
Central - Scarbough	79	0	0	79
Central - T-Shirts	0	2,160	820	1,340
Central - Hagan, Jennifer	16	0	0	16
Central - Jenkins, Megan	127	0	0	127
Central - Library Fines	806	322	246	882
Central - Beczynski, Michelle	81	0	0	81
Central - Lennard, Stephanie	99	0	0	99
Central - Gallaher, Julie	141	32	0	173
Central - Stiegel, Linda	327	0	0	327
Central - Geddes, Jean	144	90	124	110
Central - Bowman, April	50	0	0	50
Central - Herman, Jay	144	0	144	0
Central - Conway, Lisa	142	0	0	142
Central - Kline, Deanna	0	179	127	52
Central - Swartz, Karen	74	0	0	74
Central - Manley, Lori	740	32	0	772
Central - Oberski, Brooke	65	0	0	65
Central - Lietaert, Adele	406	0	0	406
Central - Roberts, Lauren	49	0	0	49
Central - Sorter, Stephanie	61	0	0	61
Central - Goliver, Sue	65	0	0	65
Central - Keane, Megan	118	0	0	118
Central - Sweigert, Josh	144	0	0	144
Central - Bondy, Jane	329	0	193	136
Central - Samoray, Pat	54	32	0	86
Central - Finley, Jeannie	359	0	0	359
Central - Martin, Floyd	36	0	17	19

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2013*

	Due to (From) Student Groups July 1, 2012	Receipts	Disbursements	Due to (From) Student Groups July 1, 2013
(Continued)				
3rd Grade Field Trips	\$112	\$964	\$917	\$159
Central - Speech	93	0	0	93
Central - Mazur, Maureen	73	25	90	8
Central - Camp Storer	433	10,194	9,494	1,133
Central - Pagel, Angie	53	0	0	53
4th Grade Field Trips	752	1,132	1,136	748
Central - Pelham, Sarah	100	0	0	100
Central - Bemus, Brittany	132	0	132	0
Total Due to Student Groups	\$158,863	\$225,941	\$241,871	\$142,933

MASON CONSOLIDATED SCHOOLS

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Admissions	\$33,600	\$38,552	\$38,590	\$38
Participation fees	19,100	22,941	22,941	0
Other revenue	0	2,135	2,134	(1)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$52,700</u>	<u>\$63,628</u>	<u>\$63,665</u>	<u>\$37</u>
Expenditures				
Pupil Transportation:				
Salaries	\$12,500	\$9,300	\$9,115	\$185
Employee benefits	4,621	3,336	3,152	184
Other expenses	1,155	824	781	43
Athletics:				
Salaries	73,062	71,922	71,733	189
Employee benefits	34,001	31,944	31,176	768
Purchased services	121,087	116,057	116,104	(47)
Supplies and materials	12,550	15,881	15,478	403
Capital outlay	1,500	0	60	(60)
Other expenses	11,150	8,010	8,248	(238)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$271,626</u>	<u>\$257,274</u>	<u>\$255,847</u>	<u>\$1,015</u>

MASON CONSOLIDATED SCHOOLS

Schedule of Expenditures of Federal Awards

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	S060A110275	\$17,438
Indian Education	S060A120275	13,652
		31,090
Passed Through State Department of Education:		
Title I, Part A - Improving Basic Programs	121530-1112	159,414
Title I, Part A - Improving Basic Programs	131530-1213	180,955
		340,369
Title II, Part A - Teacher/Principal Training & Recruiting	120520-1112	92,523
Title II, Part A - Teacher/Principal Training & Recruiting	130520-1213	71,249
		163,772
Total Passed Through State Dept. of Education		504,141
Total U.S. Department of Education		535,231
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	523

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2012	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2013
\$3,286	\$15,593	\$0	\$3,286	\$0
0	0	12,034	12,034	0
<u>3,286</u>	<u>15,593</u>	<u>12,034</u>	<u>15,320</u>	<u>0</u>
16,339	159,414	0	16,339	0
0	0	180,955	171,695	9,260
<u>16,339</u>	<u>159,414</u>	<u>180,955</u>	<u>188,034</u>	<u>9,260</u>
1,362	81,983	0	1,362	0
0	0	38,904	35,467	3,437
<u>1,362</u>	<u>81,983</u>	<u>38,904</u>	<u>36,829</u>	<u>3,437</u>
<u>17,701</u>	<u>241,397</u>	<u>219,859</u>	<u>224,863</u>	<u>12,697</u>
<u>\$20,987</u>	<u>\$256,990</u>	<u>231,893</u>	<u>\$240,183</u>	<u>\$12,697</u>
<u>\$0</u>	<u>\$740</u>	523	<u>\$523</u>	<u>\$0</u>

MASON CONSOLIDATED SCHOOLS

Schedule of Expenditures of Federal Awards

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		
121960 All Lunches	10.555	\$193,075
131960 All Lunches	10.555	182,576
		<u>375,651</u>
121970 Breakfast	10.553	68,694
131970 Breakfast	10.553	63,156
		<u>131,850</u>
		507,501
U.S.D.A. Donated Commodities Entitlements	10.555	<u>24,091</u>
Total U.S. Department of Agriculture		<u>531,592</u>
Total Federal Financial Assistance		<u><u>\$1,067,346</u></u>

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2012	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2013
\$0	\$171,803	\$21,272	\$21,272	\$0
0	0	182,576	182,576	0
0	171,803	203,848	203,848	0
0	62,290	6,404	6,404	0
0	0	63,156	63,156	0
0	62,290	69,560	69,560	0
0	234,093	273,408	273,408	0
0	0	24,091	24,091	0
\$0	\$234,093	297,499	\$297,499	\$0
		<u>\$529,915</u>		

MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013*

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, 2013*

SUMMARY OF AUDIT RESULTS:

1. The auditors report expresses an unmodified opinion on the financial statements of Mason Consolidated Schools.
2. No 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 considered to be material weaknesses 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 the Nutrition Cluster expresses an unmodified 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 National School Breakfast Program (CFDA #10.553), the National School Lunch Program (CFDA #10.555), and the U.S.D.A. Donated Commodities (CFDA #10.555).
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



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

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, 2013, 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 that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, weaknesses may exist that were not identified.

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,

September 23, 2013



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

September 23, 2013

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, 2013, and have issued our report thereon dated September 23, 2013. 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 June 17, 2013. 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 2013, Mason Consolidated Schools implemented Governmental Accounting Standard Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board issued Statement Number 65, *Items Previously Reported as Assets and Liabilities*. 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

-2-

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 23, 2013.

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

-3-

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 Neil Wohlgenuth + Carlton