

**MASON CONSOLIDATED SCHOOLS**  
Erie, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2014

MASON CONSOLIDATED SCHOOLS

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June 30, 2014

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**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, 2014, 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, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 15 and 35 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

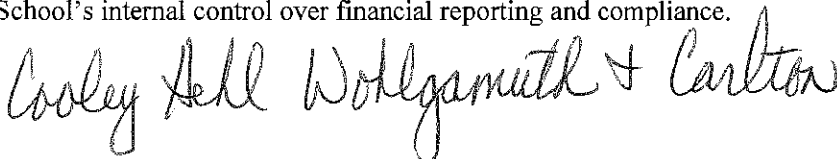
### *Other information*

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 October 6, 2014, 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.



October 6, 2014



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

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, 2014, 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 October 6, 2014.

**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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated School's internal control. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated School's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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.

A handwritten signature in cursive script that reads "Cosley Hehl Wohlgamuth & Carlton".

October 6, 2014



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**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 requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Mason Consolidated Schools' major federal programs for the year ended June 30, 2014. 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



## Report on 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*

October 6, 2014

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2014*

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This section of Mason Consolidated Schools annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2014. 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 and Special Revenue Funds.

### **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, 2014*

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

The Statement of Net Position and the Statement of Activities (pages 16-17), 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 18-22) 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 19 and 21.

**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, 2014

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, 2014 and 2013.

Table 1

Comparative Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Current and other assets	\$3,305,994	\$3,873,835
Capital assets	<u>2,322,975</u>	<u>2,338,285</u>
<b>Total Assets</b>	5,628,969	6,212,120
Current and other liabilities	2,121,114	2,793,686
Long-term liabilities	<u>41,586</u>	<u>73,711</u>
<b>Total Liabilities</b>	<u>2,162,700</u>	<u>2,867,397</u>
Net Position		
Net investment in capital assets	2,322,975	2,338,285
Restricted for technology enhancement	113,602	84,930
Restricted for food service	137,668	140,035
Unrestricted	<u>892,024</u>	<u>781,473</u>
<b>Total Net Position</b>	<u>\$3,466,269</u>	<u>\$3,344,723</u>

As depicted in Table 1, the School District's net position was \$3,466,269 at June 30, 2014. Of this amount, \$892,024 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net position 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 \$892,024 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, 2014 and 2013.

MASON CONSOLIDATED SCHOOLS

Management's Discussion and Analysis  
Year Ended June 30, 2014

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Activities

	June 30, 2014	June 30, 2013
<b>Revenues</b>		
Program revenues:		
Charges for services	\$1,071,389	\$1,322,512
State grants and other revenue	1,360,100	1,554,684
Federal grants	524,125	529,915
	<u>2,955,614</u>	<u>3,407,111</u>
General revenues:		
Property taxes	1,633,991	1,762,851
State foundation allowance	6,921,470	6,624,114
Other general revenues	245,971	145,020
	<u>8,801,432</u>	<u>8,531,985</u>
Total Revenues	11,757,046	11,939,096
<b>Functions/Program Expenses</b>		
Instruction	6,853,499	7,333,626
Support services	3,944,999	4,286,493
Community services	41,224	36,095
Food services	512,437	515,059
Interdistrict and other uses	37,870	45,649
Interest on long-term debt	3,695	10,874
Debt service - pass through commitment	145,000	140,000
Depreciation	96,777	90,955
Total Expenses	<u>11,635,501</u>	<u>12,458,751</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$121,545</u>	<u>(\$519,655)</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$11,635,501. Of this amount, \$2,955,614 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 an increase in net position this year of \$121,546. Revenues decreased by \$182,050. Expenses decreased by \$823,250 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 21.

**MASON CONSOLIDATED SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2014*

**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 \$1,184,880 which is an increase of \$104,731 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Adult/Alternative Education</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances - Beginning of year</b>	\$831,410	\$23,774	\$224,965	\$1,080,149
Increase (decrease)	<u>102,200</u>	<u>(23,774)</u>	<u>26,305</u>	<u>104,731</u>
<b>Fund balances – End of year</b>	<u>\$933,610</u>	<u>\$0</u>	<u>\$251,270</u>	<u>\$1,184,880</u>

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

<b>Revenues</b>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percent Change</u>
Local sources	\$1,482,659	\$1,605,825	(7.7)%
State sources	7,797,915	7,476,623	4.3%
Federal sources	220,245	232,416	(5.2)%
Interdistrict and other sources	<u>499,483</u>	<u>515,048</u>	(3.0)%
	<u>\$10,000,302</u>	<u>\$9,829,912</u>	1.7%

MASON CONSOLIDATED SCHOOLS

Management's Discussion and Analysis  
Year Ended June 30, 2014

Fund Financial Analysis – Concluded

Expenditures	June 30, 2014	June 30, 2013	Percent Change
Instruction	\$6,257,105	\$6,359,382	(1.6)%
Support services	3,571,497	3,770,977	(5.3)%
Community services	41,224	36,095	14.2%
Other financing uses	28,276	0	100.0%
	<u>\$9,898,102</u>	<u>\$10,587,410</u>	(6.5)%

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 \$9,595,848 versus the final budget of \$10,123,465; an increase of \$527,617. Adjustments were as follows:

- An adjustment was made for the actual blended pupil count; 1,113.20 students were budgeted, actual blended count was 1,156.78. The net effect of changes to property taxes and the foundation amounted to an increase of approximately \$266,000.
- Special Education Headlee revenues decreased \$45,323; the Great Start Readiness Program allocation was increased by \$12,400 due to additional participants.
- At Risk grant revenues were increased in the amount of \$104,165 to account for carryover and change in new year allocation, Title II increased by \$31,113 for carryover.
- Other adjustments were as follows: sale of North School \$96,721, MPSERS Cost Offset and UAAL Rate Stabilization increased \$25,685 to reflect updated allocation.

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2014*

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### **General Fund Budgetary Highlights - Continued**

Expenditures: The original budget for expenditures and transfers was \$10,220,127 versus the final budget of \$10,247,504; this was an increase of \$27,377. Major components of the final budget versus the final actual expenditures are as discussed below:

- The budget was adjusted for the corresponding increases relating to the grant awards mentioned above.
- The Instructional Programs budget was decreased approximately \$200,000 for the MPSERS UAAL Rate Stabilization which was allocated to the remaining line items of the budget. The textbook budget was increased by \$16,000, budgets for tuition charges for middle college, seat time waiver programs, etc. were increased by \$31,000.
- The Operation and Maintenance budget was adjusted as follows: decreased \$20,000 for miscellaneous supplies, increased utilities by \$30,000; the budget for special projects was decreased by \$84,000 which was carried over to FY 15. The General Administration budget was increased \$26,000 for legal fees, the Support Services Business budget was decreased by \$32,000 for interest expense for state aid borrowing; the Pupil Transportation (regular and special ed) budget was decreased by \$36,400. There was movement among many of the budget expenditure lines, however most were not significant overall.

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

Revenues: General Fund actual revenue was \$10,000,302 versus a budget of \$10,123,465; a difference of \$123,163. All grants are budgeted at the full grant award amount; funds amounting to \$117,488 for At Risk, and \$18,618 for Great Start Readiness Program were not expended and were unearned and carried over to FY 15. Title I and II were budgeted in full, \$65,426 was not expended and will be budgeted as carryover in FY 15. The budget for property taxes was \$15,764 in excess of actual due to chargebacks from the county. Additional funds amounting to \$15,533 for the general fund were received after June 30<sup>th</sup> pertaining to the Adult Education program and were not included in the budget due to the timing of the receipt. A donation of property was recorded in the amount of \$26,500 for the athletics department.

Expenditures: Actual expenditures and transfers were \$9,898,102 versus a budget of \$10,247,504; a difference of \$349,402. Major components of final budget versus final actual expenditures are discussed below:

- Instruction expenditures related to Basic Programs were under budget \$66,441 due mostly to FICA and retirement expenditures being less than budget; unsettled contracts, numerous retirement rates and employee contributions for benefits were contributing factors.
- Expenditures for Added Needs were under budget by \$152,666. The At Risk grant was budgeted in full leaving a carryover balance of \$116,935; Title I was budgeted in full leaving carryover of \$27,790.
- Support Services Instructional staff expenditures were \$34,988 less than budget; Title II Professional Development was budgeted in full leaving a carryover balance of \$29,680.
- Business Administration expenditures were \$23,296 less than budget; this decrease was related to the interest expense for the state aid note borrowing.



## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis* *Year Ended June 30, 2014*

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

- Operation and Maintenance was an area that reflected actual expenditures \$31,903 less than budgeted. Utilities (heating, electricity, water and telephone) were approximately \$13,600 less than budget, contracted custodial services were \$7,400 less than budget, the expenditures for repair parts, various supply accounts, and purchased services were approximately \$5,800 less than budgeted.
- Athletics was over budget by \$22,663 due to the donation of a scoreboard with an approximate value of \$26,500 that was not included in the budget.
- Operating transfers were \$18,907 less than budget due to the additional Adult Education funds received that pertain to the Adult/Alternative Education fund which reduced the amount of deficit for that fund thus reducing the transfer needed from the general fund.

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

##### **Capital Assets**

At June 30, 2014, the School District had \$8,145,383 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 \$81,467 consisted of ceiling work, air conditioning in the server room, servers, and a scoreboard. The deletion of \$248,393 was for the sale of North Elementary. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

##### **Debt Administration**

At June 30, 2014, the School District had other obligations which include accrued vacation and sick pay of \$41,586. More detailed information about long-term liabilities is presented in Note 10 to the Financial Statements.

#### **Development of the 2014-15 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2014-15 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2015 fiscal year is 90 percent of the October 2014 student count and 10 percent of the following February's count. The District projected a blended pupil count of 1,126.10 for budgeting purposes. Approximately 80% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a \$50/pupil equity payment plus \$125/pupil foundation increase to reflect the new minimum foundation of \$7,250/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.

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis*  
*Year Ended June 30, 2014*

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## **Development of the 2014-15 Fiscal Year Budget - Concluded**

The budget for the 2014-15 fiscal year was adopted on June 23, 2014. 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, 2014

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$1,402,873
Accounts/taxes receivable	3,760
Due from other governmental units	1,884,988
Inventory	3,779
Deposits	9,000
Prepaid	1,594
Capital assets less accumulated depreciation	2,322,975
<b>Total Assets</b>	<b>5,628,969</b>
<b>Liabilities</b>	
Accounts payable	245,223
Note payable	642,857
Salaries payable	631,356
Due to other governmental units	56,283
Other liabilities	386,373
Unearned revenue	159,022
Long-term liabilities:	
Compensated absences, due in more than one year	41,586
<b>Total Liabilities</b>	<b>2,162,700</b>
<b>Net Position</b>	
Net investment in capital assets	2,322,975
Restricted for technology enhancement	113,602
Restricted for food service	137,668
Unrestricted	892,024
<b>Total Net Position</b>	<b>\$3,466,269</b>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Assets
Primary government -				
Governmental activities:				
Instruction	\$6,853,499	\$836,693	1,859,314	(\$4,157,492)
Support services	3,944,999	59,431	24,493	(3,861,075)
Community services	41,224	0	418	(40,806)
Food services	512,437	175,265	0	(337,172)
Interdistrict and other uses	37,870	0	0	(37,870)
Interest on long-term debt	3,695	0	0	(3,695)
Debt service - pass through commitment	145,000	0	0	(145,000)
Depreciation (Unallocated)	96,777	0	0	(96,777)
Total Governmental Activities	<u>\$11,635,501</u>	<u>\$1,071,389</u>	<u>\$1,884,225</u>	<u>(8,679,887)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general operations				1,342,915
Property taxes, levied for technology				291,076
State of Michigan aid, unrestricted				6,921,471
Interest income				1,481
Other				244,490
Total General Revenues				<u>8,801,433</u>
Change in Net Position				121,546
Net Position - Beginning of year				<u>3,344,723</u>
Net Position - End of year				<u><u>\$3,466,269</u></u>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2014*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$1,390,112	\$566	\$12,195	\$1,402,873
Accounts/taxes receivable	3,730	0	30	3,760
Due from other governmental units	1,497,076	382,690	5,222	1,884,988
Due from other funds	379,864	0	293,297	673,161
Inventory	0	0	3,779	3,779
Deposits	9,000	0	0	9,000
Prepaid	992	0	602	1,594
<b>Total Assets</b>	<b>\$3,280,774</b>	<b>\$383,256</b>	<b>\$315,125</b>	<b>\$3,979,155</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$204,908	\$38	\$40,277	\$245,223
Note payable	642,857	0	0	642,857
Salaries payable	625,745	0	5,611	631,356
Other liabilities	371,178	13,354	1,841	386,373
Unearned revenue	152,896	0	6,126	159,022
Due to other governmental units	56,283	0	0	56,283
Due to other funds	293,297	369,864	10,000	673,161
<b>Total Liabilities</b>	<b>2,347,164</b>	<b>383,256</b>	<b>63,855</b>	<b>2,794,275</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	0	0	3,779	3,779
Prepaid	992	0	602	1,594
Restricted for:				
Technology enhancement	0	0	113,602	113,602
Committed to:				
Building and grounds	63,992	0	0	63,992
Assigned to:				
Food service	0	0	133,287	133,287
Unassigned	868,626	0	0	868,626
<b>Total Fund Balances</b>	<b>933,610</b>	<b>0</b>	<b>251,270</b>	<b>1,184,880</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,280,774</b>	<b>\$383,256</b>	<b>\$315,125</b>	<b>\$3,979,155</b>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2014*

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<b>Total Fund Balances - Governmental Funds</b>		<b>\$1,184,880</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$8,145,383	
Accumulated depreciation	<u>(5,822,408)</u>	
		2,322,975
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>(41,586)</u>	
		<u>(41,586)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u><u>\$3,466,269</u></u></b>

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, 2014*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$1,482,659	\$4,778	\$466,341	\$1,953,778
State sources	7,797,915	148,999	66,373	8,013,287
Federal sources	220,245	0	303,880	524,125
Interdistrict and other sources	499,483	766,374	0	1,265,857
<b>Total Revenues</b>	<b>10,000,302</b>	<b>920,151</b>	<b>836,594</b>	<b>11,757,047</b>
<b>Expenditures</b>				
Current:				
Instruction	6,257,105	455,105	163,777	6,875,987
Support services	3,571,497	368,401	96,205	4,036,103
Community service	41,224	0	0	41,224
Food service	0	0	512,437	512,437
Interdistrict and other uses	0	0	37,870	37,870
Debt Service	0	148,695	0	148,695
<b>Total Expenditures</b>	<b>9,869,826</b>	<b>972,201</b>	<b>810,289</b>	<b>11,652,316</b>
Excess (Deficiency) of Revenues Over Expenditures	130,476	(52,050)	26,305	104,731
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	0	28,276	0	28,276
Operating transfers out	(28,276)	0	0	(28,276)
<b>Total Other Financing Sources (Uses)</b>	<b>(28,276)</b>	<b>28,276</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>102,200</b>	<b>(23,774)</b>	<b>26,305</b>	<b>104,731</b>
Fund Balances - Beginning of year	831,410	23,774	224,965	1,080,149
Fund Balances - End of year	\$933,610	\$0	\$251,270	\$1,184,880

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, 2014*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>		\$104,731
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	(\$96,777)	
Capital outlay	81,467	
		(15,310)
Decreases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		32,125
<b>Change in Net Position of Governmental Activities</b>		<u>\$121,546</u>

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See accompanying notes to the basic financial statements.



MASON CONSOLIDATED SCHOOLS

*Fiduciary Funds*  
*Statement of Fiduciary Net Position*  
*June 30, 2014*

	Agency Funds		Total
	Student Activities	Flexible Spending	
<b>Assets</b>			
Cash	\$138,464	\$10,311	\$148,775
Accounts receivable	40	0	40
Total assets	<u>\$138,504</u>	<u>\$10,311</u>	<u>\$148,815</u>
<b>Liabilities</b>			
Due to student groups	\$137,317	\$0	\$137,317
Due to School District	1,187	0	1,187
Other liabilities	0	10,311	10,311
Total liabilities	<u>\$138,504</u>	<u>\$10,311</u>	<u>\$148,815</u>

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2014*

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Note 1      Description of the School District and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mason Consolidated Schools, this includes general operations, athletics, food service, debt, 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, 2014*

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Note 2      Summary of Significant Accounting Policies (Continued)  
Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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 and the Technology 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, 2014

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, 2014, 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, 2014*

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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.

Unavailable/Unearned Revenue - Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned.

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets 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. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

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, 2014*

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## 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. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

E. 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.

F. 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 2014.

G. 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.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2014

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Note 2      Summary of Significant Accounting Policies (Concluded)

Basis of Presentation (Concluded)

H. Restricted Assets

The cash and investments for technology enhancement and food service are restricted for the specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash that can only be used for the purpose for which the revenue was received.

- I. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2014 through October 6, 2014, the date the financial statements were available to be issued.

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, 2014, 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, 2014, 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 \$1,557,708 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,230,956. Uninsured deposits are \$326,752.

## MASON CONSOLIDATED SCHOOLS

### Notes to Financial Statements

Year Ended June 30, 2014

**Note 4**     Deposits and Investments (Concluded)

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

*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, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
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	6,153,940	39,213	248,393	5,944,760
Machinery and equipment	634,890	42,254	0	677,144
Buses	203,444	0	0	203,444
Vehicles	93,440	0	0	93,440
	8,303,825	81,467	248,393	8,136,899
Total capital assets	8,312,309	81,467	248,393	8,145,383
Less accumulated depreciation:				
Land improvements	(792,418)	(31,565)	0	(823,983)
Buildings and building improvements	(4,391,292)	(48,928)	(248,393)	(4,191,827)
Machinery and equipment	(493,432)	(16,284)	0	(509,716)
Buses	(203,442)	0	0	(203,442)
Vehicles	(93,440)	0	0	(93,440)
	(5,974,024)	(96,777)	(248,393)	(5,822,408)
Total accumulated depreciation	(5,974,024)	(96,777)	(248,393)	(5,822,408)
Net capital assets	\$2,338,285	(\$15,310)	\$496,786	\$2,322,975

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



**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2014*

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

Interfund balances at June 30, 2014, consisted of the following individual fund receivables and payables:

	Due From			
	General Fund	Adult/Alternative Education Fund	Food Service Fund	Total
<u>Due To:</u>				
General Fund	\$0	\$369,864	\$10,000	\$379,864
Food Service Fund	167,369	0	0	167,369
Technology Fund	125,928	0	0	125,928
	\$293,297	\$369,864	\$10,000	\$673,161

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.

	<u>Transfer Out:</u>
	<u>General Fund</u>
<u>Transfer In:</u>	
Adult/Alternative Educations	\$28,276

The transfer from the General Fund to the Adult/Alternative Education Fund was for education expenditures.

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

**A. Plan Description**

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

**B. Funding Policy**

Employer contributions to the MPSERS result from the 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. For the period from July 1, 2013 through September 30, 2013, employees could transition to a defined contribution plan (DC) and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2014*

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

**B. Funding Policy (Concluded)**

Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP						
				Pension Plus DB to DC		Basic MIP	
	Basic	Pension	Pension	to DC with	with DB	DB to DC	Basic MIP
	MIP	Plus	Plus PHF	PHF	Health	with PHF	with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

For the period from October 1, 2013 through June 30, 2014, employees could transition to a defined contribution plan (DC) and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP						
				Pension Plus DB to DC		Basic MIP	
	Basic	Pension	Pension	to DC with	with DB	DB to DC	Basic MIP
	MIP	Plus	Plus PHF	PHF	Health	with PHF	with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

Depending on the plan selected, plan member contributions range from 0% up to 7.0% of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School's required and actual contributions to the MPSERS pension plan for the years ended June 30, 2014, 2013, and 2012 were \$1,726,833, \$1,662,994, and \$1,565,659, 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.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2014*

**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, 2014. 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, 2014, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
State aid anticipation note	\$1,103,571	\$1,500,000	\$1,960,714	\$642,857

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

**Note 10**      Long-Term Debt

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

	Balance July 1, 2013	Additions	Payments	Balance June 30, 2014	Amounts Due in One Year
Other Liabilities:					
Compensated absences	\$73,711	\$0	\$32,125	\$41,586	\$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 \$1,802 for nine (9) months per year.

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.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2014*

Note 11     Lease Commitments - Operating Leases (Concluded)  
Obligations of governmental activities under operating leases at June 30, 2014 were as follows:

Year Ended June 30,	MT Business Leasing	Midwest Transit	GMAC	Total
2015	\$16,220	\$39,699	\$235	\$56,154
2016	16,220	39,699	0	55,919
2017	3,604	0	0	3,604
	<u>\$36,044</u>	<u>\$79,398</u>	<u>\$235</u>	<u>\$115,677</u>

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 2013 property taxes were levied on December 1, 2013 on assessed valuations as of December 31, 2012. Taxes were collected beginning December 1, 2013 and payments were due by February 14, 2014. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2013 property tax levy:

	Taxable Value	Mills Levied	Taxes Levied
General Fund:			
Non-Homestead	\$93,321,600	18.0000	\$1,679,789
Commercial Personal Property	3,180,113	6.0000	19,081
			<u>\$1,698,870</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, 2014, the School District incurred claims of \$35,074.

Note 14     Cafeteria Contract  
During the fiscal year ended June 30, 2014, 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     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, 2014.

# MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2014*

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Note 15    Contingencies (Concluded)

B. Litigation

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

Note 16    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 17    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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$1,583,881	\$1,464,073	\$1,482,659	\$18,586
State sources	7,347,672	7,879,805	7,797,915	(81,890)
Federal sources	247,700	285,594	220,245	(65,349)
Interdistrict and other sources	416,595	493,993	499,483	5,490
<b>Total Revenues</b>	<b>9,595,848</b>	<b>10,123,465</b>	<b>10,000,302</b>	<b>(123,163)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	5,276,730	5,073,954	5,007,513	66,441
Added needs	1,187,873	1,402,258	1,249,592	152,666
Support services:				
Pupil	468,199	468,517	456,656	11,861
Instructional staff	40,946	81,581	46,593	34,988
General administration	304,942	338,341	330,320	8,021
School administration	687,093	702,780	698,387	4,393
Business administration	337,640	305,830	282,534	23,296
Operation and maintenance	943,572	916,475	884,572	31,903
Pupil transportation	575,408	554,668	541,138	13,530
Athletics	274,074	239,615	262,278	(22,663)
Central services	76,171	71,427	69,019	2,408
Community service:				
Community recreation	4,001	2,420	2,182	238
Non-public school pupils	43,478	42,455	39,042	3,413
<b>Total Expenditures</b>	<b>10,220,127</b>	<b>10,200,321</b>	<b>9,869,826</b>	<b>330,495</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(624,279)</b>	<b>(76,856)</b>	<b>130,476</b>	<b>207,332</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	0	(47,183)	(28,276)	18,907
<b>Net Change in Fund Balances</b>	<b>(624,279)</b>	<b>(124,039)</b>	<b>102,200</b>	<b>226,239</b>
Fund Balances - Beginning of year	713,340	831,410	831,410	0
Fund Balances - End of year	<u>\$89,061</u>	<u>\$707,371</u>	<u>\$933,610</u>	<u>\$226,239</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2014*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$1,358,679	\$1,342,915	(\$15,764)
Tuition	20,308	22,896	2,588
Athletics	63,480	90,213	26,733
Interest income	1,200	1,451	251
Reimbursements and donations	10,450	12,378	1,928
Other revenue	9,956	12,806	2,850
Total Local Sources	<u>1,464,073</u>	<u>1,482,659</u>	<u>18,586</u>
<b>State Sources</b>			
Unrestricted grants:			
State school aid	6,796,350	6,834,863	38,513
Restricted grants:			
Special education-Headlee obligation	227,711	227,712	1
At Risk	324,951	207,463	(117,488)
Great Start Readiness Preschool	102,400	83,782	(18,618)
Career and technical	17,670	17,670	0
Headlee obligation for data collection	28,938	28,937	(1)
MPERS rate offset	82,578	82,578	0
MPERS UAAL	276,823	276,993	170
Adult education	22,384	37,917	15,533
Total State Sources	<u>7,879,805</u>	<u>7,797,915</u>	<u>(81,890)</u>
<b>Federal Sources</b>			
Title I	180,093	153,143	(26,950)
Title II	90,113	51,637	(38,476)
Indian education	14,021	14,021	0
Transfer from intermediate school district:			
Homeless students' assistance	367	367	0
Medicaid outreach	1,000	1,077	77
Total Federal Sources	<u>285,594</u>	<u>220,245</u>	<u>(65,349)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	315,707	315,707	0
Insurance reimbursements	21,438	21,438	0
Other revenue	156,848	162,338	5,490
Total Interdistrict and Other Sources	<u>493,993</u>	<u>499,483</u>	<u>5,490</u>
 Total Revenues	 <u>\$10,123,465</u>	 <u>\$10,000,302</u>	 <u>(\$123,163)</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2014*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,356,966	\$830,899	\$27,382
Middle School	643,889	369,305	50,115
High School	844,161	495,165	68,874
Pre-School	40,247	21,788	15,941
Summer School	1,000	372	0
	<u>2,886,263</u>	<u>1,717,529</u>	<u>162,312</u>
Added Needs:			
Special education	470,779	259,617	6,244
Compensatory education	238,872	140,966	16,795
Career and technical education	48,834	31,095	132
Secondary	0	0	0
	<u>758,485</u>	<u>431,678</u>	<u>23,171</u>
 Total Instruction	 3,644,748	 2,149,207	 185,483
<b>Support Services</b>			
Pupil:			
Guidance	185,316	121,665	116
Health	0	0	382
Speech	67,332	37,882	13
Social work services	0	0	0
Other pupil services	26,555	10,468	0
	<u>279,203</u>	<u>170,015</u>	<u>511</u>
Instructional Staff:			
Improvement of instruction	831	327	19,273
Educational media services	14,938	5,682	0
Technology assisted instruction	0	0	4,067
	<u>15,769</u>	<u>6,009</u>	<u>23,340</u>
General Administration:			
Board of education	4,320	341	85,765
Executive administration	142,333	86,967	3,755
	<u>146,653</u>	<u>87,308</u>	<u>89,520</u>
School Administration:			
Office of the principal	427,654	260,610	3,111
Other school administration	0	0	375
	<u>427,654</u>	<u>260,610</u>	<u>3,486</u>
Business Administration:			
Fiscal services	169,700	83,958	1,433
Internal services	0	0	287
Other business services	0	0	6,935
	<u>169,700</u>	<u>83,958</u>	<u>8,655</u>



Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$25,003	\$0	\$0	\$2,240,250	\$2,280,708	\$40,458
26,328	0	0	1,089,637	1,102,221	12,584
38,231	0	148,968	1,595,399	1,603,500	8,101
2,629	0	250	80,855	85,698	4,843
0	0	0	1,372	1,827	455
92,191	0	149,218	5,007,513	5,073,954	66,441
1,011	0	0	737,651	745,498	7,847
317	0	0	396,950	539,869	142,919
15,208	500	0	95,769	97,669	1,900
0	0	19,222	19,222	19,222	0
16,536	500	19,222	1,249,592	1,402,258	152,666
108,727	500	168,440	6,257,105	6,476,212	219,107
112	0	0	307,209	315,014	7,805
416	1,684	0	2,482	2,555	73
8	0	0	105,235	106,697	1,462
0	0	4,707	4,707	4,707	0
0	0	0	37,023	39,544	2,521
536	1,684	4,707	456,656	468,517	11,861
0	0	0	20,431	55,295	34,864
302	0	0	20,922	21,679	757
0	0	1,173	5,240	4,607	(633)
302	0	1,173	46,593	81,581	34,988
674	0	4,601	95,701	97,051	1,350
1,114	0	450	234,619	241,290	6,671
1,788	0	5,051	330,320	338,341	8,021
1,748	0	2,325	695,448	699,815	4,367
2,564	0	0	2,939	2,965	26
4,312	0	2,325	698,387	702,780	4,393
1,069	1,824	5,061	263,045	273,608	10,563
0	0	0	287	287	0
0	0	12,267	19,202	31,935	12,733
1,069	1,824	17,328	282,534	305,830	23,296

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2014*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$117,196	\$92,597	\$342,357
Security services	0	0	3,580
	<u>117,196</u>	<u>92,597</u>	<u>345,937</u>
Pupil Transportation	208,779	103,793	131,996
Athletics	63,962	29,862	116,329
Central Services:			
Communication services	0	0	2,249
Staff services	10,866	3,602	18,050
Technology	0	0	0
Pupil accounting	16,677	9,361	0
	<u>27,543</u>	<u>12,963</u>	<u>20,299</u>
Total Support Services	1,456,459	847,115	740,073
<b>Community Service</b>			
Community recreation	1,816	366	0
Non-public school pupils	21,998	16,482	562
	<u>23,814</u>	<u>16,848</u>	<u>562</u>
Total Community Service	23,814	16,848	562
Total Expenditures	5,125,021	3,013,170	926,118
<b>Other Financing Uses</b>			
Fund modifications:			
Operating transfer to Alternative Education	0	0	0
Total Expenditures	<u>\$5,125,021</u>	<u>\$3,013,170</u>	<u>\$926,118</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$309,921	\$16,880	\$1,850	\$880,801	\$912,748	\$31,947
0	191	0	3,771	3,727	(44)
<u>309,921</u>	<u>17,071</u>	<u>1,850</u>	<u>884,572</u>	<u>916,475</u>	<u>31,903</u>
84,653	0	11,917	541,138	554,668	13,530
16,074	28,458	7,593	262,278	239,615	(22,663)
0	0	0	2,249	2,249	0
0	0	0	32,518	34,727	2,209
0	0	8,214	8,214	8,226	12
0	0	0	26,038	26,225	187
<u>0</u>	<u>0</u>	<u>8,214</u>	<u>69,019</u>	<u>71,427</u>	<u>2,408</u>
418,655	49,037	60,158	3,571,497	3,679,234	107,737
0	0	0	2,182	2,420	238
<u>0</u>	<u>0</u>	<u>0</u>	<u>39,042</u>	<u>42,455</u>	<u>3,413</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>41,224</u>	<u>44,875</u>	<u>3,651</u>
527,382	49,537	228,598	9,869,826	10,200,321	330,495
0	0	28,276	28,276	47,183	18,907
<u>\$527,382</u>	<u>\$49,537</u>	<u>\$256,874</u>	<u>\$9,898,102</u>	<u>\$10,247,504</u>	<u>\$349,402</u>

**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Budgetary Comparison Schedule  
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources:				
Interest income	\$40	\$30	\$30	\$0
Other revenue	15,000	4,350	4,748	398
	<u>15,040</u>	<u>4,380</u>	<u>4,778</u>	<u>398</u>
State sources:				
School state aid	149,586	65,000	65,001	1
MPSERS rate offset	16,000	1,048	1,048	0
MPSERS UAAL	39,883	21,666	21,607	(59)
Adult education	67,500	28,461	54,016	25,555
Special education	13,838	7,328	7,327	(1)
	<u>286,807</u>	<u>123,503</u>	<u>148,999</u>	<u>25,496</u>
Interdistrict and other sources:				
Tuition from other schools	1,061,700	819,951	759,781	(60,170)
County special education	21,425	6,593	6,593	0
	<u>1,083,125</u>	<u>826,544</u>	<u>766,374</u>	<u>(60,170)</u>
 Total Revenues	 <u>1,384,972</u>	 <u>954,427</u>	 <u>920,151</u>	 <u>(34,276)</u>
<b>Expenditures</b>				
Instruction:				
Adult and continuing education	794,109	458,360	455,105	3,255
Support services:				
Pupil	106,088	56,839	54,833	2,006
Instructional staff	16,834	33,677	33,641	36
General administration	2,550	2,430	2,425	5
School administration	239,456	217,501	216,813	688
Business administration	19,294	14,957	14,993	(36)
Operation and maintenance	76,011	38,961	38,962	(1)
Pupil transportation	8,301	2,368	2,328	40
Central	2,050	4,413	4,406	7
Debt service - pass through commitment	152,314	148,695	148,695	0
	<u>1,417,007</u>	<u>978,201</u>	<u>972,201</u>	<u>6,000</u>
 Excess (Deficiency) of Revenue Over Expenditures	 <u>(32,035)</u>	 <u>(23,774)</u>	 <u>(52,050)</u>	 <u>(28,276)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	<u>0</u>	<u>0</u>	<u>28,276</u>	<u>28,276</u>
 <b>Net Change in Fund Balances</b>	 <u>(32,035)</u>	 <u>(23,774)</u>	 <u>(23,774)</u>	 <u>0</u>
 Fund Balances - Beginning of year	 <u>54,762</u>	 <u>23,774</u>	 <u>23,774</u>	 <u>0</u>
 Fund Balances - End of year	 <u>\$22,727</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>

**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2014*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Instruction</b>			
Adult and Continuing Education:			
Special Education	\$4,674	\$1,815	\$0
Secondary	262,251	164,694	20,831
Total Instruction	266,925	166,509	20,831
<b>Support Services</b>			
Pupil:			
Guidance	18,370	12,407	0
Teacher consultant	15,646	1,214	0
Other pupil services	5,248	1,903	0
	<u>39,264</u>	<u>15,524</u>	<u>0</u>
Instructional Staff:			
Improvement of Instruction	300	110	804
Supervision and direction of staff	18,613	6,896	0
Student assessment	2,880	1,066	1,252
	<u>21,793</u>	<u>8,072</u>	<u>2,056</u>
General Administration:			
Board of Education	0	0	2,425
School Administration:			
Office of the principal	142,098	73,428	405
Business Administration:			
Fiscal services	7,090	6,155	8
Operation and Maintenance:			
Building services	0	0	820
Security services	0	0	4,901
	<u>0</u>	<u>0</u>	<u>5,721</u>
Pupil Transportation	1,151	427	0
Central:			
Staff/personnel services	0	0	4,406
Total Support Services	211,396	103,606	15,021
<b>Debt Service - pass through commitment</b>			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$478,321</u>	<u>\$270,115</u>	<u>\$35,852</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>
\$0	\$0	\$0	\$6,489	\$6,498	\$9
840	0	0	448,616	451,862	3,246
840	0	0	455,105	458,360	3,255
45	0	0	30,822	32,809	1,987
0	0	0	16,860	16,864	4
0	0	0	7,151	7,166	15
45	0	0	54,833	56,839	2,006
0	0	0	1,214	1,224	10
0	0	0	25,509	25,510	1
1,720	0	0	6,918	6,943	25
1,720	0	0	33,641	33,677	36
0	0	0	2,425	2,430	5
432	238	212	216,813	217,501	688
0	0	1,740	14,993	14,957	(36)
0	663	32,578	34,061	34,061	0
0	0	0	4,901	4,900	(1)
0	663	32,578	38,962	38,961	(1)
750	0	0	2,328	2,368	40
0	0	0	4,406	4,413	7
2,947	901	34,530	368,401	371,146	2,745
0	0	145,000	145,000	145,000	0
0	0	3,695	3,695	3,695	0
0	0	148,695	148,695	148,695	0
<u>\$3,787</u>	<u>\$901</u>	<u>\$183,225</u>	<u>\$972,201</u>	<u>\$978,201</u>	<u>\$6,000</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2014*

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Technology	
<b>Assets</b>			
Cash and cash equivalents	\$12,195	\$0	\$12,195
Accounts receivable	30	0	30
Due from other governmental units	3,082	2,140	5,222
Due from other funds	167,369	125,928	293,297
Inventory	3,779	0	3,779
Prepaid	602	0	602
	<u>\$187,057</u>	<u>\$128,068</u>	<u>\$315,125</u>
<b>Liabilities</b>			
Accounts payable	\$29,227	\$11,050	\$40,277
Salaries payable	3,031	2,580	5,611
Other liabilities	1,005	836	1,841
Unearned Revenue	6,126	0	6,126
Due to other funds	10,000	0	10,000
	<u>49,389</u>	<u>14,466</u>	<u>63,855</u>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	3,779	0	3,779
Prepaid	602	0	602
Restricted for:			
Technology enhancement	0	113,602	113,602
Assigned to:			
Food service	133,287	0	133,287
	<u>137,668</u>	<u>113,602</u>	<u>251,270</u>
Total Fund Balances	<u>137,668</u>	<u>113,602</u>	<u>251,270</u>
Total Liabilities and Fund Balances	<u>\$187,057</u>	<u>\$128,068</u>	<u>\$315,125</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2014*

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Technology	
<b>Revenues</b>			
Local sources	\$175,265	\$291,076	\$466,341
State sources	30,925	35,448	66,373
Federal sources	303,880	0	303,880
<b>Total Revenues</b>	<b>510,070</b>	<b>326,524</b>	<b>836,594</b>
<b>Expenditures</b>			
Food service	512,437	0	512,437
Technology	0	297,852	297,852
<b>Total Expenditures</b>	<b>512,437</b>	<b>297,852</b>	<b>810,289</b>
<b>Net Change in Fund Balances</b>	<b>(2,367)</b>	<b>28,672</b>	<b>26,305</b>
Fund Balances - Beginning of year	140,035	84,930	224,965
Fund Balances - End of year	\$137,668	\$113,602	\$251,270



**MASON CONSOLIDATED SCHOOLS**

*Food Service Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$219,283	\$175,227	\$175,265	\$38
State Sources:				
Restricted grants	26,212	31,344	30,925	(419)
Federal Sources:				
Restricted grants	283,812	276,935	285,520	8,585
Commodities	24,000	18,500	18,360	(140)
	<u>307,812</u>	<u>295,435</u>	<u>303,880</u>	<u>8,445</u>
Total Revenues	553,307	502,006	510,070	8,064
<b>Expenditures</b>				
Salaries	106,554	107,400	106,833	567
Employee benefits	50,402	51,646	50,282	1,364
Contracted services	126,206	122,316	120,997	1,319
Supplies and materials	256,853	236,733	229,485	7,248
Capital outlay	750	0	0	0
Other	5,000	4,840	4,840	0
	<u>545,765</u>	<u>522,935</u>	<u>512,437</u>	<u>10,498</u>
Total Expenditures	545,765	522,935	512,437	10,498
<b>Net Change in Fund Balances</b>	7,542	(20,929)	(2,367)	18,562
Fund Balance - Beginning of year	<u>130,204</u>	<u>140,035</u>	<u>140,035</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$137,746</u></u>	<u><u>\$119,106</u></u>	<u><u>\$137,668</u></u>	<u><u>\$18,562</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Technology Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2014*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local sources:				
Property taxes	\$283,000	\$291,075	\$291,076	\$1
State sources:				
Restricted grants:				
MPSERS UAAL	0	2,520	2,692	172
Technology Infrastructure	11,600	32,756	32,756	0
Total state sources	<u>11,600</u>	<u>35,276</u>	<u>35,448</u>	<u>172</u>
<b>Total Revenues</b>	294,600	326,351	326,524	173
<b>Expenditures</b>				
Instruction:				
Salaries	9,992	16,551	16,543	8
Employee benefits	3,241	12,155	12,328	(173)
Purchased services	56,525	54,041	54,041	0
Supplies and materials	10,000	11,092	10,987	105
Capital outlay	81,600	73,931	69,878	4,053
	<u>161,358</u>	<u>167,770</u>	<u>163,777</u>	<u>3,993</u>
Support services:				
Salaries	43,661	43,161	37,674	5,487
Employee benefits	20,295	16,330	14,174	2,156
Purchased services	24,272	23,389	23,284	105
Supplies and materials	5,000	2,000	1,930	70
Capital outlay	35,000	19,146	19,143	3
	<u>128,228</u>	<u>104,026</u>	<u>96,205</u>	<u>7,821</u>
Interdistrict and other uses:				
Payments to other governmental units	41,000	38,160	37,870	290
<b>Total expenditures</b>	<u>330,586</u>	<u>309,956</u>	<u>297,852</u>	<u>12,104</u>
<b>Net Change in Fund Balances</b>	(35,986)	16,395	28,672	12,277
Fund Balance - Beginning of year	<u>81,658</u>	<u>84,930</u>	<u>84,930</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$45,672</u></u>	<u><u>\$101,325</u></u>	<u><u>\$113,602</u></u>	<u><u>\$12,277</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Agency Funds  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2014*

	<b>Student Activities Agency Fund</b>			
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>July 1, 2014</u>
<b>Assets</b>				
Cash	\$157,975	\$196,316	\$215,827	\$138,464
Accounts receivable	0	40	0	40
<b>Total Assets</b>	<u>\$157,975</u>	<u>\$196,356</u>	<u>\$215,827</u>	<u>\$138,504</u>
<b>Liabilities</b>				
Due to student groups	\$142,933	\$195,169	\$200,785	\$137,317
Due to School District	15,042	1,187	15,042	1,187
	<u>\$157,975</u>	<u>\$196,356</u>	<u>\$215,827</u>	<u>\$138,504</u>
	<b>Flexible Spending Agency Fund</b>			
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>July 1, 2014</u>
<b>Assets</b>				
Cash	\$9,501	\$17,191	\$16,381	\$10,311
<b>Liabilities</b>				
Other liabilities	\$9,501	\$17,191	\$16,381	\$10,311

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2014*

	Due to (From) Student Groups July 1, 2013	Receipts	Disbursements	Due to (From) Student Groups July 1, 2014
Art	\$2,451	\$0	\$145	\$2,306
Eagle's Eye	168	0	168	0
Robotics Team	62	0	0	62
Between the Pages	0	937	104	833
Senior Signs	0	124	0	124
WSRCC Scholarship	0	250	0	250
Reighard Scholarship	521	80	600	1
Dawn Schmidt Scholarship	1,000	500	1,000	500
Building	158	0	0	158
Media Center-High School	128	0	0	128
Miscellaneous-High School	524	10	142	392
Yearbook	592	6,255	6,073	774
Football	739	357	165	931
MS Football	141	100	0	241
Counseling Department	12	0	0	12
Spanish Club	11	0	0	11
Board of Education	308	0	0	308
Lumber	5,782	11,161	9,174	7,769
Student Pop Commission	2,000	3,596	4,822	774
Planetarium	234	0	0	234
Band	409	300	0	709
Dramatics	6,310	0	6,310	0
Art Scholarship	225	0	0	225
Athletic Activity	618	11,513	10,674	1,457
Student Council	3,947	4,104	3,156	4,895
High School Parent Group	282	0	0	282
Steingass Scholarship	8,942	0	1,000	7,942
After Prom Party	5,001	1,366	4,313	2,054
Youth-in-Government	1,181	10,847	10,932	1,096
Flag Corp	105	0	0	105
National Honor Society	320	0	147	173
Pop Machine	188	193	377	4
Volleyball	2,521	3,216	2,263	3,474
Softball	7,776	3,593	4,351	7,018
Wrestling	131	151	15	267
Girls Swimming	338	2,097	824	1,611
Cheerleading	4,327	9,629	12,854	1,102
Boys Basketball	332	162	444	50
Baseball	1,099	61	73	1,087
Girls Basketball	2,996	0	194	2,802
MS Wrestling	107	0	0	107
Boys Cross Country	2,834	2,595	696	4,733
Boys Swimming	2,341	3,679	1,452	4,568

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2014*

(Continued)	Due to (From)			Due to (From)
	Student Groups July 1, 2013	Receipts	Disbursements	Student Groups July 1, 2014
Physical Education	\$349	\$0	\$1	\$348
Weightlifting	143	1,100	763	480
Golf	509	0	295	214
Class of 65 Sign	4,832	27	4	4,855
Boys Varsity Track	3,919	4,067	4,342	3,644
Student Workers	113	0	0	113
Choir	281	0	0	281
Science Olympiad	27	0	0	27
Sales Tax	380	1,762	1,436	706
Alumni Association	0	333	0	333
Class of 2013	854	0	854	0
Class of 2014	2,174	1,773	3,618	329
Class of 2015	1,662	7,095	7,262	1,495
Class of 2016	590	3,475	2,870	1,195
Class of 2017	0	100	51	49
Orchard Center High School	1,544	798	499	1,843
Art - Orchard Center	523	0	0	523
Athletics - Orchard Center	136	0	0	136
Renaissance - Orchard Center	1,870	90	1	1,959
Student Council - Orchard Center	1,861	0	651	1,210
Yearbook - Orchard Center	27	0	0	27
Art Club - Orchard Center	1,581	0	651	930
MS Texas Hold'em Fundraiser	633	0	100	533
MS Science Olympiad	1,471	1,040	779	1,732
Library	49	40	0	89
N.J.H.S	1,297	778	625	1,450
Principal Acct - Middle School	4,497	3,192	4,187	3,502
Student Council	1,872	639	500	2,011
PE	2,100	0	400	1,700
Yearbook	1,323	3,297	3,426	1,194
MS Choir	980	3,615	3,817	778
Youth in Government	393	6,329	5,782	940
Art	447	0	1	446
7th Grade	227	0	0	227
Costello, Susan	165	0	0	165

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2014*

	Due to (From)			Due to (From)
	Student Groups	Receipts	Disbursements	Student Groups
(Continued)	July 1, 2013			July 1, 2014
8th Grade	\$1,887	\$24,463	\$25,510	\$840
6th Grade	1	3,157	1,883	1,275
Student Enrichment	13,414	559	1,108	12,865
Student Pop	820	318	712	426
Staff Pop	349	240	124	465
Denko - Donated At Risk	0	220	128	92
Central - Counselor	88	0	0	88
Kindergarten Field Trips	168	986	948	206
Central - 2nd Grade Ice Cream	950	4,936	3,648	2,238
Central - Office	7,752	9,907	12,194	5,465
Central - Coke	1,577	984	1,029	1,532
Central - Bennet, Jill	11	100	62	49
1st Grade Field Trips	792	1,557	1,453	896
Central - Student council	1,008	3,596	2,767	1,837
Central - Scarbough	79	0	0	79
Central - T-Shirts	1,340	1,196	1,099	1,437
Central - Hagan, Jennifer	16	0	0	16
Central - Jenkins, Megan	127	0	0	127
Central - Library Fines	882	176	34	1,024
Central - Beczynski, Michelle	81	0	0	81
Central - Lennard, Stephanie	99	0	0	99
Central - Gallaher, Julie	173	0	0	173
Central - Stiegel, Linda	327	100	57	370
Central - Geddes, Jean	110	118	124	104
Central - Bowman, April	50	0	0	50
Central - Conway, Lisa	142	0	0	142
Central - Kline, Deanna	52	0	50	2
Central - Swartz, Karen	74	0	0	74
Central - Manley, Lori	772	0	1	771
Central - Oberski, Brooke	65	0	0	65
Central - Lietaert, Adele	406	100	88	418
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	136	0	0	136
Central - Samoray, Pat	86	0	0	86
Central - Finley, Jeannie	359	100	0	459
Central - Martin, Floyd	19	0	3	16

MASON CONSOLIDATED SCHOOLS

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2014*

	Due to (From) Student Groups July 1, 2013	Receipts	Disbursements	Due to (From) Student Groups July 1, 2014
(Continued)				
3rd Grade Field Trips	\$159	\$657	\$798	\$18
Central - Speech	93	0	0	93
Central - Mazur, Maureen	8	0	0	8
Central - Camp Storer	1,133	23,850	20,034	4,949
Central - Irwin, Jessica	0	100	39	61
Central - Pagel, Angie	53	0	0	53
4th Grade Field Trips	748	1,223	1,341	630
Central - Siek, Andrea	100	0	90	10
Central - Lindsey, Anita	0	100	78	22
Total Due to Student Groups	<u>\$142,933</u>	<u>\$195,169</u>	<u>\$200,785</u>	<u>\$137,317</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$34,000	\$37,543	\$37,541	(\$2)
Participation fees	19,130	21,790	21,890	0
Other revenue	1,500	4,147	30,782	26,635
<b>Total Revenues</b>	<b>\$54,630</b>	<b>\$63,480</b>	<b>\$90,213</b>	<b>\$26,633</b>
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	\$13,400	\$10,425	\$10,687	(\$262)
Employee benefits	4,615	4,202	4,161	41
Other expenses	1,205	991	952	39
Athletics:				
Salaries	75,236	65,167	63,962	1,205
Employee benefits	31,747	31,514	29,862	1,652
Purchased services	123,070	118,488	116,329	2,159
Supplies and materials	13,200	16,303	16,074	229
Capital outlay	1,500	400	28,458	(28,058)
Other expenses	10,101	7,743	7,593	150
<b>Total Expenditures</b>	<b>\$274,074</b>	<b>\$255,233</b>	<b>\$278,078</b>	<b>(\$22,663)</b>



**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year ended June 30, 2014*

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	S060A130275	\$14,021
Passed Through State Department of Education:		
Title I, Part A - Improving Basic Programs	131530-1213	180,955
Title I, Part A - Improving Basic Programs	141530-1314	180,093
		361,048
Title II, Part A - Teacher/Principal Training & Recruiting	130520-1213	71,249
Title II, Part A - Teacher/Principal Training & Recruiting	140520-1314	90,113
		161,362
Total Passed Through State Dept. of Education		522,410
Passed Through Intermediate School Districts:		
Homeless Students' Assistance	142320-1314	367
Total U.S. Department of Education		536,798
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	1,600

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2013	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2014
\$0	\$0	\$14,021	\$14,021	\$0
9,260	180,955	0	9,260	0
0	0	153,143	92,500	60,643
<u>9,260</u>	<u>180,955</u>	<u>153,143</u>	<u>101,760</u>	<u>60,643</u>
3,437	38,904	0	3,437	0
0	0	51,637	48,000	3,637
<u>3,437</u>	<u>38,904</u>	<u>51,637</u>	<u>51,437</u>	<u>3,637</u>
<u>12,697</u>	<u>219,859</u>	<u>204,780</u>	<u>153,197</u>	<u>64,280</u>
0	0	367	367	0
<u>\$12,697</u>	<u>\$219,859</u>	<u>219,168</u>	<u>\$167,585</u>	<u>\$64,280</u>
<u>\$0</u>	<u>\$523</u>	1,077	<u>\$1,077</u>	<u>\$0</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year ended June 30, 2014*

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		
131960 All Lunches	10.555	\$204,666
141960 All Lunches	10.555	189,422
		<u>394,088</u>
131970 Breakfast	10.553	69,785
141970 Breakfast	10.553	67,379
		<u>137,164</u>
		<u>531,252</u>
U.S.D.A. Donated Commodities Entitlements	10.555	18,360
		<u>549,612</u>
Total U.S. Department of Agriculture		<u>549,612</u>
Total Federal Financial Assistance		<u><u>\$1,088,010</u></u>

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2013	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2014
\$0	\$182,576	\$22,090	\$22,090	\$0
0	0	189,422	189,422	0
<u>0</u>	<u>182,576</u>	<u>211,512</u>	<u>211,512</u>	<u>0</u>
0	63,156	6,629	6,629	0
0	0	67,379	67,379	0
<u>0</u>	<u>63,156</u>	<u>74,008</u>	<u>74,008</u>	<u>0</u>
<u>0</u>	<u>245,732</u>	<u>285,520</u>	<u>285,520</u>	<u>0</u>
0	0	18,360	18,360	0
<u>\$0</u>	<u>\$245,732</u>	<u>303,880</u>	<u>\$303,880</u>	<u>\$0</u>
		<u>\$524,125</u>		

## MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014*

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

## MASON CONSOLIDATED SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2014*

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#### SUMMARY OF AUDIT RESULTS:

1. The auditor's 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 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*.
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

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David K. Hehl, CPA  
Robert W. Wohlgamuth, CPA  
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Board of Education  
Mason Consolidated Schools  
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of and for the year ended June 30, 2014, 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,

A handwritten signature in cursive script that reads "Cooley Hehl Wohlgamuth &amp; Carlton".

October 6, 2014



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

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October 6, 2014

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, 2014, and have issued our report thereon dated October 6, 2014. 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, 2014. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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



To the Board of Directors  
Mason Consolidated Schools

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

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 6, 2014.

#### *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 Matters*

We applied certain limited procedures to the major fund budget and actual statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the nonmajor fund budget and actual statements, the agency changes in assets and liabilities, and the federal financial assistance program schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Directors  
Mason Consolidated Schools

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*Restriction of Use*

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,

*Coolley Hehl Wollgamuth & Carlton*