

**MASON CONSOLIDATED SCHOOLS**  
Erie, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2012

# MASON CONSOLIDATED SCHOOLS

## Table of Contents June 30, 2012

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<b>Independent Auditor's Report</b> .....	1-2
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	3-4
<b>Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</b> .....	5-6
<b>Management's Discussion and Analysis</b> .....	7-14
<b>Basic Financial Statements:</b>	
District-wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities .....	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Fiduciary Funds - Statement of Fiduciary Net Assets.....	21
Notes to Financial Statements .....	22-33
<b>Required Supplemental Information:</b>	
General Fund:	
Budgetary Comparison Schedule .....	34
Schedule of Revenues - Budget and Actual .....	35
Schedule of Expenditures - Budget and Actual.....	36-39
Adult/Alternative Education:	
Budgetary Comparison Schedule .....	40
Schedule of Expenditures - Budget and Actual.....	41-42
<b>Other Supplemental Information:</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	43-44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	45-46

**MASON CONSOLIDATED SCHOOLS**

*Table of Contents (Concluded)*  
*June 30, 2012*

---

**Other Supplemental Information (Concluded):**

Food Service Fund:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....47

Technology Fund:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....48

Durant Debt Service Fund:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....49

Sinking Capital Projects Fund:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....50

Agency Funds:  
Statement of Changes in Assets and Liabilities .....51  
Student Activities Agency Fund-  
Summary of Receipts and Disbursements .....52-55

Schedule of Athletics – Budget and Actual .....56

**Federal Financial Assistance Programs:**

Schedule of Expenditures of Federal Awards.....57-60  
Notes to Schedule of Expenditures of Federal Awards .....61  
Schedule of Findings and Questioned Costs.....62



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### Independent Auditor's Report

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mason Consolidated Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2012 on our consideration of Mason Consolidated School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Education  
Mason Consolidated Schools

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 34 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



October 3, 2012



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

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Board of Education  
Mason Consolidated Schools

Compliance and Other Matters

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

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

*Coolley Hehl Wohlgamuth & Carlton*

October 3, 2012



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

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

Compliance

We have audited Mason Consolidated Schools' compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Mason Consolidated Schools' major federal programs for the year ended June 30, 2012. Mason Consolidated Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mason Consolidated Schools' management. Our responsibility is to express an opinion on Mason Consolidated Schools' compliance based on our audit.

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

In our opinion, Mason Consolidated Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.



Internal Control Over Compliance

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

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

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

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



October 3, 2012

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2012*

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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, 2012. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

### **Using this Annual Report**

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

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

#### Basic Financial Statements

*District-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

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

*Other Supplemental Information*

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis* *Year Ended June 30, 2012*

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

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

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

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

### **Fund Financial Statements**

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

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

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

# MASON CONSOLIDATED SCHOOLS

## Management's Discussion and Analysis Year Ended June 30, 2012

### District-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2012 and 2011.

**Table 1**

#### Comparative Statement of Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current and other assets	\$5,118,315	\$5,646,723
Capital assets	<u>2,332,609</u>	<u>2,343,508</u>
<b>Total Assets</b>	7,450,924	7,990,231
Current and other liabilities	3,489,360	2,865,252
Long-term liabilities	<u>97,186</u>	<u>137,016</u>
<b>Total Liabilities</b>	<u>3,586,546</u>	<u>3,002,268</u>
Net Assets		
Invested in capital assets, net of related debt	2,318,985	2,316,879
Restricted for technology enhancement	114,908	86,642
Restricted for food service	118,377	112,016
Restricted for capital projects	0	63,271
Unrestricted	<u>1,312,108</u>	<u>2,409,155</u>
<b>Total Net Assets</b>	<u><u>\$3,864,378</u></u>	<u><u>\$4,987,963</u></u>

As depicted in Table 1, the School District's net assets were \$3,864,378 at June 30, 2012. Of this amount, \$1,312,108 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$1,312,108 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

**MASON CONSOLIDATED SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2012*

**District-Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Changes in Net Assets**

	June 30, 2012	June 30, 2011
<b>Revenues</b>		
Program revenues:		
Charges for services	\$1,190,548	\$1,306,202
State grants and other revenue	1,384,864	1,161,502
Federal grants	710,973	889,485
	3,286,385	3,357,189
General revenues:		
Property taxes	2,321,577	2,510,157
State foundation allowance	6,095,347	6,275,108
Other general revenues	130,151	146,207
	8,547,075	8,931,472
 Total Revenues	 11,833,460	 12,288,661
 <b>Functions/Program Expenses</b>		
Instruction	7,787,222	7,897,055
Support services	4,360,186	4,556,412
Community services	38,784	50,869
Food services	511,622	492,818
Interest on long-term debt	1,183	1,775
Debt service - pass through commitment	146,455	147,130
Depreciation	111,593	121,684
	12,957,045	13,267,743
 Total Expenses	 12,957,045	 13,267,743
 <b>Increase (Decrease) in Net Assets</b>	 (\$1,123,585)	 (\$979,082)

As indicated in Table 2, the cost of *all governmental* activities this year was \$12,957,045. Of this amount, \$3,286,385 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net assets this year of \$1,123,585. Revenues decreased by \$455,201. Expenses decreased by \$310,698 from the prior year. The decrease in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 20.

## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2012*

### Fund Financial Analysis

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,781,629 which is a decrease of \$1,152,593 from last year. The changes by major and nonmajor funds are as follows:

	<b>General Fund</b>	<b>Adult/Alternative Education</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>Fund balances - Beginning of year</b>	\$1,950,944	\$568,756	\$261,929	\$2,781,629
Increase (decrease)	(782,992)	(340,957)	(28,644)	(1,152,593)
<b>Fund balances – End of year</b>	\$1,167,952	\$227,799	\$233,285	\$1,629,036

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>	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>Percent Change</b>
Local sources	\$2,168,351	\$2,363,866	(8.3)%
State sources	6,663,615	6,793,099	(1.9)%
Federal sources	418,299	591,714	(29.3)%
Interdistrict and other sources	554,153	478,890	15.7 %
	\$9,804,418	\$10,277,569	(4.6)%

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis Year Ended June 30, 2012*

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#### **Fund Financial Analysis – Concluded**

<b>Expenditures</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>Percent Change</b>
Instruction	\$6,742,461	\$6,673,773	1.0 %
Support services	3,806,165	3,848,025	(1.1)%
Community services	38,784	50,869	(23.8)%
	<u>\$10,587,410</u>	<u>\$10,572,667</u>	0.1 %

#### **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 \$9,659,675 versus the final budget of \$9,914,233; an increase of \$254,558. Adjustments were made to the At Risk grant in the amount of \$38,700, Great Start Readiness Program (Preschool) in the amount of \$10,200, and MPSERS cost offset in the amount of \$35,000 to reflect actual award notifications. The district qualified for the Best Practices Incentive in the amount of \$115,770, so the budget was increased accordingly. Other adjustments were made to the Preschool tuition account in the amount of \$20,250 and Special Ed Headlee in the amount of \$23,490.

**Expenses:** The original budget for expenditures was \$11,097,164 versus the final budget of \$11,006,894; this was a decrease of \$90,270. The budget was decreased for various instructional and administration expenses; there was movement among many of the budget expenditure lines, however most were not significant overall.

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2012*

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

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

Revenues: General Fund actual revenue was \$9,804,418 versus a budget of \$9,914,223; a difference of \$109,805.

Expenditures: Actual expenditures were \$10,587,727 versus a budget of \$11,006,894; a difference of \$419,484. Major components of final budget versus final actual expenditures are discussed below:

- Instruction expenses related to Basic Programs was under budget \$70,812 due mainly to insurance benefits and retirement actual expense less than budgeted in a few areas.
- Professional development for instructional staff covered by the Title II grant reflected actual expenditures less than budget in the amount of \$11,791. The At Risk grant was also budgeted in full but only \$100,841 was expended, leaving a carryover balance of \$137,648.
- General Administrative costs were \$15,837 less than budgeted due primarily to district legal fees less than anticipated.
- Support Services Business was \$24,178 less than budgeted including expenses relating to state aid note borrowing.
- Operation and maintenance (building and grounds) again was an area that reflected actual expenditures, approximately \$114,200 less than budgeted. The expenditures for utilities (phone, electric, gas, water/sewer, wastewater treatment) was approximately \$17,880 under budget. Other repair parts, labor, purchased service, etc reflect expenditures of \$17,000 less than budgeted. Unspent major project budget of \$59,425 accounts for most of the unspent funds and will be carried over to the new fiscal year.

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

#### **Capital Assets**

At June 30, 2012, the School District had \$8,215,678 invested in a broad range of capital assets, including land, land improvements, buildings and building improvements, machinery and equipment, buses, and other vehicles. Depreciation for this year totaled \$111,593. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

#### **Debt Administration**

At June 30, 2012, the School District had \$13,543 in outstanding bonds payable. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation and sick pay of \$83,643. More detailed information about long-term liabilities is presented in Note 10 to the Financial Statements.



## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis*  
*Year Ended June 30, 2012*

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### **Development of the 2012-13 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2012-13 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 2013 fiscal year is 10 percent of the February 2012 and 90 percent of the September 2012 student counts. The District projected a blended pupil count of 1,137.79 for budgeting purposes. Approximately 80.9% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a \$120/pupil increase to reflect an increase to the new minimum foundation of \$6,966/pupil.

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

The budget for the 2012-13 fiscal year was adopted on June 18, 2012. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

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

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

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

MASON CONSOLIDATED SCHOOLS

Statement of Net Assets  
June 30, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$3,470,016
Accounts/taxes receivable	54,150
Due from other governmental units	1,564,262
Inventory	2,330
Prepaid	27,557
Capital assets less accumulated depreciation	<u>2,332,609</u>
Total Assets	<u>7,450,924</u>
<b>Liabilities</b>	
Accounts payable	257,849
Note payable	1,814,286
Salaries payable	745,475
Due to other governmental units	65
Other liabilities	496,601
Accrued interest payable	81
Deferred revenue	175,003
Long-term liabilities:	
Bonds payable, due in one year	13,543
Compensated absences, due in more than one year	<u>83,643</u>
Total Liabilities	<u>3,586,546</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,318,985
Restricted for technology enhancement	114,908
Restricted for food service	118,377
Unrestricted	<u>1,312,108</u>
Total Net Assets	<u>\$3,864,378</u>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Statement of Activities  
Year Ended June 30, 2012*

<b>Functions/Programs</b>	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$7,787,222	\$925,046	2,032,498	(\$4,829,678)
Support services	4,360,186	62,791	57,729	(4,239,666)
Community services	38,784	0	2,406	(36,378)
Food services	511,622	202,711	0	(308,911)
Interdistrict uses	0	0	1,944	1,944
Interest on long-term debt	1,183	0	1,260	77
Debt service - pass through commitment	146,455	0	0	(146,455)
Depreciation (Unallocated)	111,593	0	0	(111,593)
 Total Governmental Activities	<u>\$12,957,045</u>	<u>\$1,190,548</u>	<u>\$2,095,837</u>	<u>(9,670,660)</u>
General Revenues:				
Taxes:				
				2,023,569
				298,008
				6,095,347
				6,123
				124,028
			Total General Revenues	<u>8,547,075</u>
			<b>Change in Net Assets</b>	(1,123,585)
			Net Assets - Beginning of year	<u>4,987,963</u>
			Net Assets - End of year	<u>\$3,864,378</u>

See accompanying notes to the basic financial statements.

## FUND FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2012*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$3,306,270	\$105,813	\$57,933	\$3,470,016
Accounts/taxes receivable	16,884	0	37,266	54,150
Due from other governmental units	1,312,156	249,202	2,904	1,564,262
Due from other funds	0	95,202	184,362	279,564
Inventory	0	0	2,330	2,330
Prepaid	567	11,240	15,750	27,557
	<u>\$4,635,877</u>	<u>\$461,457</u>	<u>\$300,545</u>	<u>\$5,397,879</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$153,240	\$59,091	\$45,518	\$257,849
Note payable	1,814,286	0	0	1,814,286
Salaries payable	650,263	94,106	1,106	745,475
Other liabilities	415,784	80,461	356	496,601
Deferred revenue	175,003	0	0	175,003
Due to other funds	259,349	0	20,215	279,564
Due to other governmental units	0	0	65	65
	<u>3,467,925</u>	<u>233,658</u>	<u>67,260</u>	<u>3,768,843</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	0	0	2,330	2,330
Prepaid	567	11,240	15,750	27,557
Restricted for:				
Technology enhancement	0	0	101,158	101,158
Committed to:				
Building and grounds	59,425	0	0	59,425
Assigned to:				
Adult/alternative education fund	0	216,559	0	216,559
Food service	0	0	114,047	114,047
Unassigned	1,107,960	0	0	1,107,960
	<u>1,167,952</u>	<u>227,799</u>	<u>233,285</u>	<u>1,629,036</u>
<b>Total Fund Balances</b>	<u>\$1,167,952</u>	<u>\$227,799</u>	<u>\$233,285</u>	<u>\$1,629,036</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$4,635,877</u>	<u>\$461,457</u>	<u>\$300,545</u>	<u>\$5,397,879</u>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
Year Ended June 30, 2012*

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<b>Total Fund Balances - Governmental Funds</b>			<b>\$1,629,036</b>
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
Cost of the capital assets		\$8,215,678	
Accumulated depreciation		<u>(5,883,069)</u>	
			2,332,609
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
General obligation bonds		(13,543)	
Accrued interest		(81)	
Compensated absences		<u>(83,643)</u>	
			<u>(97,267)</u>
<b>Total Net Assets - Governmental Activities</b>			<b><u><u>\$3,864,378</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, 2012*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$2,168,351	\$18,607	\$500,723	\$2,687,681
State sources	6,663,615	303,591	41,384	7,008,590
Federal sources	418,299	4,598	288,076	710,973
Interdistrict and other sources	554,153	872,063	0	1,426,216
<b>Total Revenues</b>	<b>9,804,418</b>	<b>1,198,859</b>	<b>830,183</b>	<b>11,833,460</b>
<b>Expenditures</b>				
Current:				
Instruction	6,742,461	905,276	140,879	7,788,616
Support services	3,806,165	488,085	134,956	4,429,206
Community service	38,784	0	0	38,784
Food service	0	0	511,622	511,622
Interdistrict and other uses	0	0	57,182	57,182
Debt Service	0	146,455	14,188	160,643
<b>Total Expenditures</b>	<b>10,587,410</b>	<b>1,539,816</b>	<b>858,827</b>	<b>12,986,053</b>
<b>Net Change in Fund Balances</b>	<b>(782,992)</b>	<b>(340,957)</b>	<b>(28,644)</b>	<b>(1,152,593)</b>
Fund Balances - Beginning of year	1,950,944	568,756	261,929	2,781,629
Fund Balances - End of year	<u>\$1,167,952</u>	<u>\$227,799</u>	<u>\$233,285</u>	<u>\$1,629,036</u>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2012*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>		<b>(\$1,152,593)</b>
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	(\$111,593)	
Capital outlay	<u>100,694</u>	
		(10,899)
Repayments of bonds are expenditures in the governmental funds but are a reduction to long-term debt in the statement of activities.		12,928
Decreases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		26,902
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.		77
<b>Change in Net Assets of Governmental Activities</b>		<u><u>(\$1,123,585)</u></u>

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

*Fiduciary Funds*  
*Statement of Fiduciary Net Assets*  
*June 30, 2012*

	Agency Funds		Total
	Student Activities	Flexible Spending	
<b>Assets</b>			
Cash	\$159,373	\$7,784	\$167,157
Total assets	<u>\$159,373</u>	<u>\$7,784</u>	<u>\$167,157</u>
<b>Liabilities</b>			
Due to student groups	\$158,863	\$0	\$158,863
Due to School District	510	0	510
Other liabilities	0	7,784	7,784
Total liabilities	<u>\$159,373</u>	<u>\$7,784</u>	<u>\$167,157</u>

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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Note 1      Description of the School District and Reporting Entity

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

Reporting Entity

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

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

Note 2      Summary of Significant Accounting Policies

The financial statements of Mason Consolidated Schools have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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, 2012*

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

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

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

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, 2012

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

C. Assets, Liabilities, and Net Assets 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, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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

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

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

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

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements.

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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

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

Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned - The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 10% of the District General Fund annual operating expenditures.

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

E.    Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

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

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

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

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

G.    Subsequent Events - The School District's management evaluated subsequent events from June 30, 2012 through October 3, 2012, the date the financial statements were available to be issued.



## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2012*

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### Note 3      Stewardship, Accountability and Compliance

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

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

During the year ended June 30, 2012, 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, 2012, 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 \$3,841,861 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$2,970,803. Uninsured deposits are \$871,058.

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

**Note 4**     Deposits and Investments (Concluded)  
*Foreign currency risk.* The School District is not authorized to invest in investments which have this type of risk.

**Note 5**     Capital Assets  
Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Capital assets being depreciated:				
Land improvements	1,131,567	86,544	0	1,218,111
Buildings and building improvements	6,122,746	0	0	6,122,746
Machinery and equipment	555,303	14,150	0	569,453
Buses	203,444	0	0	203,444
Vehicles	93,440	0	0	93,440
	<u>8,106,500</u>	<u>100,694</u>	<u>0</u>	<u>8,207,194</u>
Total capital assets	8,114,984	100,694	0	8,215,678
Less accumulated depreciation:				
Land improvements	(733,615)	(27,238)	0	(760,853)
Buildings and building improvements	(4,298,305)	(46,494)	0	(4,344,799)
Machinery and equipment	(464,921)	(15,614)	0	(480,535)
Buses	(181,195)	(22,247)	0	(203,442)
Vehicles	(93,440)	0	0	(93,440)
	<u>(5,771,476)</u>	<u>(111,593)</u>	<u>0</u>	<u>(5,883,069)</u>
Total accumulated depreciation	(5,771,476)	(111,593)	0	(5,883,069)
Net capital assets	<u>\$2,343,508</u>	<u>(\$10,899)</u>	<u>\$0</u>	<u>\$2,332,609</u>

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

**Note 6**     Interfund Payables, Receivables, and Transfers  
Interfund balances at June 30, 2012, consisted of the following individual fund receivables and payables:

	Due From		
Due To:	General Fund	Technology Fund	Total
Adult/Alternative Education Fund	\$74,987	\$20,215	\$95,202
Food Service Fund	16,009	0	16,009
Technology Fund	168,353	0	168,353
	<u>\$259,349</u>	<u>\$20,215</u>	<u>\$279,564</u>

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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

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

Note 7      Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

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

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 20.66 percent for the period July 1, 2011 through September 30, 2011, and 24.46 percent for the period October 1, 2011 through June 30, 2012, of the covered payroll to the plan. New employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus hybrid plan was 19.16 percent for the period July 1, 2011 through September 30, 2011, 23.23 percent for the period October 1, 2011 through June 30, 2012 of the covered payroll for the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 6.4 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2012, 2011, and 2010 were \$1,979,806, \$1,752,796, and \$1,434,459, respectively.

C. Postemployment Benefits

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

Note 8      Enhancement Millage for Technology

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

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, 2012. 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, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	\$ <u>1,401,142</u>	\$ <u>2,500,000</u>	\$ <u>2,086,856</u>	\$ <u>1,814,286</u>

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:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due in One Year</u>
General Obligation Bonds:					
School Improvement Bonds, Series 1998	\$26,471	\$0	\$12,928	\$13,543	\$13,543
Other Liabilities:					
Compensated absences	<u>110,545</u>	<u>0</u>	<u>26,902</u>	<u>83,643</u>	<u>0</u>
	<u>\$137,016</u>	<u>\$0</u>	<u>\$39,830</u>	<u>\$97,186</u>	<u>\$13,543</u>

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

<u>Year Ending June 30</u>	<u>Interest Requirements May 15</u>	<u>Principal Requirements May 15</u>	<u>Total Requirements</u>
2013	<u>\$645</u>	<u>\$13,543</u>	<u>\$14,188</u>

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

Note 11    Lease Commitments - Operating Leases

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

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

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

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

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

Obligations of governmental activities under operating leases at June 30, 2012 were as follows:

Year Ended June 30,	Delange Laden	MT Business Leasing	Midwest Transit	Midwest Transit	GMAC	Total
2013	\$8,353	\$3,389	\$65,955	\$39,699	\$2,818	\$120,214
2014	0	0	65,955	0	2,818	68,773
2015	0	0	0	0	235	235
	<u>\$8,353</u>	<u>\$3,389</u>	<u>\$131,910</u>	<u>\$39,699</u>	<u>\$5,871</u>	<u>\$189,222</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 2011 property taxes were levied on December 1, 2011 on assessed valuations as of December 31, 2010. Taxes were collected beginning December 1, 2011 and payments were due by February 14, 2012. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2011 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$112,109,253	18.0000	\$2,017,967
Commercial Personal Property	2,632,902	6.0000	15,797
			<u>\$2,033,764</u>

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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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, 2012, the School District incurred claims of \$19,467.

Note 14    Cafeteria Contract

During the fiscal year ended June 30, 2012, the School District contracted with Sodexo Inc. to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo, Inc. manages the food service operations of the School District. All costs of Sodexo, Inc. have been reflected in the financial statements of the Food Service Fund.

Note 15    Long-Term Debt Commitment

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

	<u>Total Due</u>
<u>2001 Limited Tax School Building and Site Bonds</u>	
On May 1, 2001, Monroe Public Schools issued Limited Tax School Building and Site Bonds in the amount of \$1,400,000 to finance building improvements. The principal and interest amounts are due over 13 years starting January 1, 2002 through January 1, 2014. The interest rates range from 4.0% to 4.7%.	<u>\$285,000</u>

The annual requirements to pay principal and interest on this long-term debt commitment outstanding at June 30, 2012 are as follows:

Fiscal Year	Interest Requirements		Bond Maturities	Total Requirements
	July 1	January 1	January 1	
2013	\$0	\$6,628	\$140,000	\$146,628
2014	3,407	3,407	145,000	151,814
	\$3,407	\$10,035	\$285,000	\$298,442

Note 16    Contingencies

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

B. Litigation

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

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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Note 17     Risk Management and Insurance Pool

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

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

Note 18     Governmental Regulation

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

Note 19     Sinking Fund

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

**REQUIRED SUPPLEMENTAL INFORMATION**



**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$2,293,220	\$2,149,007	\$2,168,351	\$19,344
State sources	6,535,379	6,774,571	6,663,615	(110,956)
Federal sources	359,876	431,609	418,299	(13,310)
Interdistrict and other sources	471,200	559,036	554,153	(4,883)
<b>Total Revenues</b>	<b>9,659,675</b>	<b>9,914,223</b>	<b>9,804,418</b>	<b>(109,805)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	5,648,379	5,557,783	5,486,971	70,812
Added needs	1,250,068	1,415,567	1,255,490	160,077
Support services:				
Pupil	541,603	470,975	466,036	4,939
Instructional staff	66,125	91,543	86,339	5,204
General administration	339,124	302,030	286,193	15,837
School administration	713,156	713,417	706,193	7,224
Business administration	356,201	305,862	281,684	24,178
Operation and maintenance	1,185,634	1,176,903	1,062,720	114,183
Pupil transportation	613,623	588,797	583,748	5,049
Athletics	285,173	268,278	263,095	5,183
Central services	43,597	73,644	70,157	3,487
Community service:				
Community recreation	6,170	5,070	3,491	1,579
Non-public school pupils	48,311	37,025	35,293	1,732
<b>Total Expenditures</b>	<b>11,097,164</b>	<b>11,006,894</b>	<b>10,587,410</b>	<b>419,484</b>
<b>Net Change in Fund Balances</b>	<b>(1,437,489)</b>	<b>(1,092,671)</b>	<b>(782,992)</b>	<b>309,679</b>
Fund Balances - Beginning of year	1,583,909	1,950,944	1,950,944	0
Fund Balances - End of year	<u>\$146,420</u>	<u>\$858,273</u>	<u>\$1,167,952</u>	<u>\$309,679</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2012*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$2,011,681	\$2,023,569	\$11,888
Tuition	46,200	52,983	6,783
Athletics	62,188	62,791	603
Interest income	5,000	6,043	1,043
Reimbursements and donations	7,000	10,631	3,631
Other revenue	16,938	12,334	(4,604)
Total Local Sources	<u>2,149,007</u>	<u>2,168,351</u>	<u>19,344</u>
<b>State Sources</b>			
Unrestricted grants:			
State school aid	5,886,256	5,889,446	3,190
Restricted grants:			
Special education-Headlee obligation	421,314	444,808	23,494
At Risk	238,489	100,841	(137,648)
Michigan school readiness	74,800	74,800	0
Headlee obligation for data collection	25,840	25,841	1
MPERS rate offset	120,051	120,052	1
Adult Education	7,821	7,827	6
Total State Sources	<u>6,774,571</u>	<u>6,663,615</u>	<u>(110,956)</u>
<b>Federal Sources</b>			
Title I	159,414	159,414	0
Title II	93,773	81,983	(11,790)
Education jobs fund	160,419	160,419	0
Indian education	17,438	15,593	(1,845)
Transfer from intermediate school district:			
Homeless students' assistance	150	150	0
Medicaid outreach	415	740	325
Total Federal Sources	<u>431,609</u>	<u>418,299</u>	<u>(13,310)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	484,549	484,549	0
Insurance reimbursements	15,287	15,287	0
Other revenue	59,200	54,317	(4,883)
Total Interdistrict and Other Sources	<u>559,036</u>	<u>554,153</u>	<u>(4,883)</u>
 Total Revenues	 <u>\$9,914,223</u>	 <u>\$9,804,418</u>	 <u>(\$109,805)</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,303,763	\$838,794	\$54,620
Middle School	736,298	453,247	23,056
High School	1,089,136	647,530	92,307
Pre-School	50,376	24,580	275
Summer School	1,200	372	0
	<u>3,180,773</u>	<u>1,964,523</u>	<u>170,258</u>
Added Needs:			
Special education	585,521	324,908	7,304
Compensatory education	181,352	86,694	24,169
Career and technical education	23,586	15,513	61
	<u>790,459</u>	<u>427,115</u>	<u>31,534</u>
Total Instruction	3,971,232	2,391,638	201,792
<b>Support Services</b>			
Pupil:			
Guidance	193,821	125,850	171
Health	0	0	419
Speech	56,431	34,924	0
Social work services	0	0	0
Other pupil services	35,005	11,844	0
	<u>285,257</u>	<u>172,618</u>	<u>590</u>
Instructional Staff:			
Improvement of instruction	1,055	326	49,499
Educational media services	24,781	7,733	0
Supervision and direction	0	0	1,780
	<u>25,836</u>	<u>8,059</u>	<u>51,279</u>
General Administration:			
Board of education	4,320	342	34,351
Executive administration	146,890	91,687	719
	<u>151,210</u>	<u>92,029</u>	<u>35,070</u>
School Administration:			
Office of the principal	427,847	267,649	3,177
Other school administration	0	0	305
	<u>427,847</u>	<u>267,649</u>	<u>3,482</u>
Business Administration:			
Fiscal services	155,888	71,991	2,346
Other business services	0	0	6,945
	<u>155,888</u>	<u>71,991</u>	<u>9,291</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$35,184	\$0	\$10	\$2,232,371	\$2,275,996	\$43,625
21,649	0	0	1,234,250	1,241,623	7,373
55,702	0	57,761	1,942,436	1,959,128	16,692
1,111	0	0	76,342	79,425	3,083
0	0	0	1,572	1,611	39
<u>113,646</u>	<u>0</u>	<u>57,771</u>	<u>5,486,971</u>	<u>5,557,783</u>	<u>70,812</u>
1,383	0	0	919,116	935,328	16,212
0	0	0	292,215	435,977	143,762
4,999	0	0	44,159	44,262	103
<u>6,382</u>	<u>0</u>	<u>0</u>	<u>1,255,490</u>	<u>1,415,567</u>	<u>160,077</u>
120,028	0	57,771	6,742,461	6,973,350	230,889
348	741	0	320,931	323,983	3,052
995	0	0	1,414	1,450	36
647	0	0	92,002	92,594	592
0	0	4,840	4,840	4,673	(167)
0	0	0	46,849	48,275	1,426
<u>1,990</u>	<u>741</u>	<u>4,840</u>	<u>466,036</u>	<u>470,975</u>	<u>4,939</u>
0	0	0	50,880	52,066	1,186
0	0	0	32,514	32,677	163
0	0	1,165	2,945	6,800	3,855
<u>0</u>	<u>0</u>	<u>1,165</u>	<u>86,339</u>	<u>91,543</u>	<u>5,204</u>
1,231	0	4,627	44,871	54,320	9,449
863	607	556	241,322	247,710	6,388
<u>2,094</u>	<u>607</u>	<u>5,183</u>	<u>286,193</u>	<u>302,030</u>	<u>15,837</u>
1,673	864	2,301	703,511	710,717	7,206
2,377	0	0	2,682	2,700	18
<u>4,050</u>	<u>864</u>	<u>2,301</u>	<u>706,193</u>	<u>713,417</u>	<u>7,224</u>
1,166	0	6,221	237,612	247,349	9,737
0	0	37,127	44,072	58,513	14,441
<u>1,166</u>	<u>0</u>	<u>43,348</u>	<u>281,684</u>	<u>305,862</u>	<u>24,178</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012*

<b>(Concluded)</b>	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$335,257	\$256,974	\$206,832
Security services	0	0	2,882
	<u>335,257</u>	<u>256,974</u>	<u>209,714</u>
Pupil Transportation	210,713	127,987	146,330
Athletics	83,976	36,088	117,357
Central Services:			
Communication services	0	0	7,083
Staff services	9,780	3,140	16,092
Technology	0	0	0
Pupil accounting	16,608	9,145	0
	<u>26,388</u>	<u>12,285</u>	<u>23,175</u>
Total Support Services	1,702,372	1,045,680	596,288
<b>Community Service</b>			
Community recreation	2,834	657	0
Non-public school pupils	18,405	12,035	4,853
Total Community Service	<u>21,239</u>	<u>12,692</u>	<u>4,853</u>
<b>Total Expenditures</b>	<u><u>\$5,694,843</u></u>	<u><u>\$3,450,010</u></u>	<u><u>\$802,933</u></u>

<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Positive (Negative) Budget</u>
\$253,487	\$5,277	\$2,011	\$1,059,838	\$1,173,376	\$113,538
0	0	0	2,882	3,527	645
<u>253,487</u>	<u>5,277</u>	<u>2,011</u>	<u>1,062,720</u>	<u>1,176,903</u>	<u>114,183</u>
91,435	6,700	583	583,748	588,797	5,049
18,034	0	7,640	263,095	268,278	5,183
0	0	0	7,083	9,272	2,189
0	0	0	29,012	30,300	1,288
15	0	8,294	8,309	8,319	10
0	0	0	25,753	25,753	0
<u>15</u>	<u>0</u>	<u>8,294</u>	<u>70,157</u>	<u>73,644</u>	<u>3,487</u>
372,271	14,189	75,365	3,806,165	3,991,449	185,284
0	0	0	3,491	5,070	1,579
0	0	0	35,293	37,025	1,732
0	0	0	38,784	42,095	3,311
<u>\$492,299</u>	<u>\$14,189</u>	<u>\$133,136</u>	<u>\$10,587,410</u>	<u>\$11,006,894</u>	<u>\$419,484</u>

**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Budgetary Comparison Schedule  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources:				
Interest income	\$1,000	\$70	\$76	\$6
Other revenue	15,000	15,530	18,531	3,001
	<u>16,000</u>	<u>15,600</u>	<u>18,607</u>	<u>3,007</u>
State sources:				
School state aid	164,014	206,720	205,901	(819)
Special education	76,878	97,633	97,690	57
	<u>240,892</u>	<u>304,353</u>	<u>303,591</u>	<u>(762)</u>
Federal Sources:				
Restricted grants	19,000	4,600	4,598	(2)
Interdistrict and other sources:				
Tuition from other schools	1,030,090	844,783	857,137	12,354
County special education	15,516	14,926	14,926	0
	<u>1,045,606</u>	<u>859,709</u>	<u>872,063</u>	<u>12,354</u>
 Total Revenues	 <u>1,321,498</u>	 <u>1,184,262</u>	 <u>1,198,859</u>	 <u>14,597</u>
<b>Expenditures</b>				
Instruction:				
Adult and continuing education	1,006,389	917,143	905,276	11,867
Support services:				
Pupil	108,276	85,802	87,418	(1,616)
Instructional staff	24,432	26,756	21,541	5,215
General administration	2,525	2,607	2,605	2
School administration	311,172	285,960	285,348	612
Business administration	19,202	20,280	19,418	862
Operation and maintenance	69,156	57,913	59,595	(1,682)
Pupil transportation	7,276	9,501	9,997	(496)
Central	826	2,225	2,163	62
Debt service - pass through commitment	146,480	146,480	146,455	25
	<u>1,695,734</u>	<u>1,554,667</u>	<u>1,539,816</u>	<u>14,851</u>
 Total Expenditures	 <u>1,695,734</u>	 <u>1,554,667</u>	 <u>1,539,816</u>	 <u>14,851</u>
 <b>Net Change in Fund Balances</b>	 <u>(374,236)</u>	 <u>(370,405)</u>	 <u>(340,957)</u>	 <u>29,448</u>
 Fund Balances - Beginning of year	 <u>550,211</u>	 <u>568,756</u>	 <u>568,756</u>	 <u>0</u>
 Fund Balances - End of year	 <u>\$175,975</u>	 <u>\$198,351</u>	 <u>\$227,799</u>	 <u>\$29,448</u>

**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Adult and Continuing Education:			
Special Education	\$10,813	\$3,439	\$0
Secondary	509,882	349,615	26,837
Total Instruction	520,695	353,054	26,837
<b>Support Services</b>			
Pupil:			
Guidance	32,477	18,690	12
Health services	0	0	0
Teacher consultant	32,395	2,519	0
Other pupil services	930	319	0
	65,802	21,528	12
Instructional Staff:			
Improvement of Instruction	0	0	655
Technology	0	0	30
Supervision and direction of staff	0	9,505	0
Student assessment	6,080	1,914	837
	6,080	11,419	1,522
General Administration:			
Board of Education	0	0	2,605
School Administration:			
Office of the principal	168,223	112,742	1,878
Graduation	0	0	84
	168,223	112,742	1,962
Business Administration:			
Fiscal services	10,460	7,868	3
Operation and Maintenance:			
Building services	0	0	3,881
Security services	0	0	0
	0	0	3,881
Pupil Transportation	6,090	2,142	0
Central:			
Staff/personnel services	0	0	2,163
Total Support Services	256,655	155,699	12,148
<b>Debt Service - pass through commitment</b>			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	0	0	0
<b>Total Expenditures</b>	<u>\$777,350</u>	<u>\$508,753</u>	<u>\$38,985</u>



Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$0	\$0	\$0	\$14,252	\$15,356	\$1,104
4,533	157	0	891,024	901,787	10,763
4,533	157	0	905,276	917,143	11,867
33	0	0	51,212	52,075	863
43	0	0	43	50	7
0	0	0	34,914	32,214	(2,700)
0	0	0	1,249	1,463	214
76	0	0	87,418	85,802	(1,616)
0	0	0	655	1,050	395
0	0	0	30	1,430	1,400
0	0	0	9,505	10,830	1,325
2,520	0	0	11,351	13,446	2,095
2,520	0	0	21,541	26,756	5,215
0	0	0	2,605	2,607	2
410	0	207	283,460	283,810	350
1,804	0	0	1,888	2,150	262
2,214	0	207	285,348	285,960	612
0	0	1,087	19,418	20,280	862
0	0	55,714	59,595	57,913	(1,682)
0	0	0	0	0	0
0	0	55,714	59,595	57,913	(1,682)
1,765	0	0	9,997	9,501	(496)
0	0	0	2,163	2,225	62
6,575	0	57,008	488,085	491,044	2,959
0	0	130,000	130,000	130,000	0
0	0	16,455	16,455	16,480	25
0	0	146,455	146,455	146,480	25
<u>\$11,108</u>	<u>\$157</u>	<u>\$203,463</u>	<u>\$1,539,816</u>	<u>\$1,554,667</u>	<u>\$14,851</u>

## OTHER SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2012*

	Special Revenue Funds		Debt Service Fund
	Food Service	Technology	Durant
<b>Assets</b>			
Cash and cash equivalents	\$57,933	\$0	\$0
Accounts receivable	37,266	0	0
Due from other governmental units	2,904	0	0
Due from other funds	16,009	168,353	0
Inventory	2,330	0	0
Prepaid	2,000	13,750	0
<b>Total Assets</b>	<b>\$118,442</b>	<b>\$182,103</b>	<b>\$0</b>
<b>Liabilities</b>			
Accounts payable	\$0	\$45,518	\$0
Salaries payable	0	1,106	0
Other liabilities	0	356	0
Due to other funds	0	20,215	0
Due to other governmental units	65	0	0
<b>Total Liabilities</b>	<b>65</b>	<b>67,195</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	2,330	0	0
Prepaid	2,000	13,750	0
Restricted for:			
Technology enhancement	0	101,158	0
Assigned to:			
Food service	114,047	0	0
Capital projects	0	0	0
<b>Total Fund Balances</b>	<b>118,377</b>	<b>114,908</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$118,442</b>	<b>\$182,103</b>	<b>\$0</b>

<u>Capital Projects Fund</u>		
<u>Sinking</u>		<u>Total Nonmajor Governmental Funds</u>
\$0		\$57,933
0		37,266
0		2,904
0		184,362
0		2,330
0		15,750
<u>\$0</u>		<u>\$300,545</u>
\$0		\$45,518
0		1,106
0		356
0		20,215
0		65
0		67,260
0		2,330
0		15,750
0		101,158
0		114,047
0		0
0		233,285
<u>\$0</u>		<u>\$300,545</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012*

	Special Revenue Funds		Debt Service Fund
	Food Service	Technology	Durant
<b>Revenues</b>			
Local sources	\$202,711	\$298,008	\$0
State sources	27,196	0	14,188
Federal sources	288,076	0	0
<b>Total Revenues</b>	<b>517,983</b>	<b>298,008</b>	<b>14,188</b>
<b>Expenditures</b>			
Food service	511,622	0	0
Technology	0	269,742	0
Operation and maintenance	0	0	0
Debt service	0	0	14,188
<b>Total Expenditures</b>	<b>511,622</b>	<b>269,742</b>	<b>14,188</b>
<b>Net Change in Fund Balances</b>	<b>6,361</b>	<b>28,266</b>	<b>0</b>
Fund Balances - Beginning of year	112,016	86,642	0
Fund Balances - End of year	<b>\$118,377</b>	<b>\$114,908</b>	<b>\$0</b>

<u>Capital Projects Fund</u>		
<u>Sinking</u>		<u>Total Nonmajor Governmental Funds</u>
\$4		\$500,723
0		41,384
0		288,076
4		830,183
0		511,622
0		269,742
63,275		63,275
0		14,188
63,275		858,827
(63,271)		(28,644)
63,271		261,929
\$0		\$233,285

**MASON CONSOLIDATED SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$200,598	\$202,543	\$202,711	\$168
State Sources:				
Restricted grants	23,558	27,196	27,196	0
Federal Sources:				
Restricted grants	263,220	263,070	263,071	1
Commodities	19,000	19,000	25,005	6,005
	<u>282,220</u>	<u>282,070</u>	<u>288,076</u>	<u>6,006</u>
Total Revenues	506,376	511,809	517,983	6,174
<b>Expenditures</b>				
Salaries	110,015	110,805	110,692	113
Employee benefits	58,632	56,595	56,301	294
Contracted services	130,501	129,125	118,251	10,874
Supplies and materials	211,329	215,200	220,940	(5,740)
Other	4,960	5,440	5,438	2
	<u>515,437</u>	<u>517,165</u>	<u>511,622</u>	<u>5,543</u>
Total Expenditures	515,437	517,165	511,622	5,543
<b>Net Change in Fund Balances</b>	(9,061)	(5,356)	6,361	11,717
Fund Balance - Beginning of year	<u>86,310</u>	<u>112,016</u>	<u>112,016</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$77,249</u></u>	<u><u>\$106,660</u></u>	<u><u>\$118,377</u></u>	<u><u>\$11,717</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Technology Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2012*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local sources:				
Property taxes	\$310,000	\$298,007	\$298,008	\$1
Total Revenues	310,000	298,007	298,008	1
<b>Expenditures</b>				
Instruction:				
Salaries	33,016	33,803	33,890	(87)
Employee benefits	10,613	10,660	10,411	249
Purchased services	44,875	45,298	42,426	2,872
Supplies and materials	14,272	9,670	9,588	82
Capital outlay	99,000	44,635	44,564	71
	<u>201,776</u>	<u>144,066</u>	<u>140,879</u>	<u>3,187</u>
Support services:				
Salaries	8,656	8,906	8,518	388
Employee benefits	2,663	2,686	2,565	121
Purchased services	117,300	23,690	23,387	303
Supplies and materials	2,700	4,800	5,329	(529)
Capital outlay	49,000	31,975	31,882	93
Payments to other governmental units	5,500	57,270	57,182	88
	<u>185,819</u>	<u>129,327</u>	<u>128,863</u>	<u>464</u>
Total expenditures	<u>387,595</u>	<u>273,393</u>	<u>269,742</u>	<u>3,651</u>
<b>Net Change in Fund Balances</b>	(77,595)	24,614	28,266	7,303
Fund Balance - Beginning of year	<u>81,598</u>	<u>86,642</u>	<u>86,642</u>	<u>0</u>
Fund Balance - End of year	<u>\$4,003</u>	<u>\$111,256</u>	<u>\$114,908</u>	<u>\$7,303</u>



**MASON CONSOLIDATED SCHOOLS**

*Durant Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
State Sources:				
Durant settlement	<u>\$14,188</u>	<u>\$14,188</u>	<u>\$14,188</u>	<u>\$0</u>
Total Revenues	<u>14,188</u>	<u>14,188</u>	<u>14,188</u>	<u>0</u>
<b>Expenditures</b>				
Debt Service:				
Principal	12,928	12,928	12,928	0
Interest	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>	<u>0</u>
Total Expenditures	<u>14,188</u>	<u>14,188</u>	<u>14,188</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Sinking Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Property taxes	\$0	\$0	\$0	\$0
Interest income	0	4	4	0
<b>Total Revenues</b>	<u>0</u>	<u>4</u>	<u>4</u>	<u>0</u>
<b>Expenditures</b>				
Operations and maintenance:				
Purchased services	59,042	63,223	63,223	0
Other	0	52	52	0
<b>Total Expenditures</b>	<u>59,042</u>	<u>63,275</u>	<u>63,275</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(59,042)	(63,271)	(63,271)	0
Fund Balance - Beginning of year	<u>59,042</u>	<u>63,271</u>	<u>63,271</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Agency Funds  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2012*

	Student Activities Agency Fund			
	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Assets</b>				
Cash	\$164,892	\$263,724	\$269,243	\$159,373
<b>Liabilities</b>				
Due to student groups	\$156,387	\$263,214	\$260,738	\$158,863
Due to School District	8,505	510	8,505	510
	<u>\$164,892</u>	<u>\$263,724</u>	<u>\$269,243</u>	<u>\$159,373</u>
	Flexible Spending Agency Fund			
	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Assets</b>				
Cash	\$11,260	\$14,454	\$17,930	\$7,784
<b>Liabilities</b>				
Other liabilities	\$11,260	\$14,454	\$17,930	\$7,784

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From) Student Groups July 1, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
Art	\$3,031	\$2,390	\$2,319	\$3,102
Eagle's Eye	0	410	342	68
Hall of Fame	0	48	48	0
Reighard Scholarship	102	1,000	501	601
Dawn Schmidt Scholarship	0	500	500	0
Building	158	0	0	158
Media Center-High School	485	0	357	128
Miscellaneous-High School	191	3,213	3,025	379
Yearbook	6	9,519	959	8,566
Security	706	0	0	706
Football	1,356	3,338	4,076	618
MS Football	0	85	0	85
MS Baseball	104	0	104	0
Counseling Department	12	0	0	12
Spanish Club	11	0	0	11
Board of Education	329	0	21	308
Lumber	3,460	12,338	10,851	4,947
Student Pop Commission	1,218	2,657	3,597	278
Planetarium	234	0	0	234
Band	6,528	0	900	5,628
Dramatics	6,241	3,355	3,630	5,966
Art Scholarship	225	0	0	225
Athletic Activity	1,134	616	1,219	531
Student Council	2,034	2,974	1,879	3,129
High School Parent Group	282	0	0	282
Steingass	10,893	62	1,009	9,946
After Prom Party	9,668	8,538	11,202	7,004
Youth-in-Government	1,142	18,678	19,803	17
Flag Corp	105	0	0	105
National Honor Society	343	322	354	311
Pop Machine	1,108	971	2,025	54
Volleyball	5,814	3,719	4,575	4,958
Softball	5,114	7,882	9,236	3,760
Wrestling	0	650	613	37
Girls Swimming	885	233	76	1,042
Cheerleading	3,642	354	2,242	1,754
Boys Basketball	1,333	722	1,903	152
Baseball	6,289	10,174	13,253	3,210
Girls Basketball	1,054	631	1	1,684
MS Wrestling	35	750	678	107
Boys Cross Country	2,990	2,009	2,754	2,245
Boys Swimming	10,219	3,238	5,409	8,048

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From)			Due to (From)
	Student Groups July 1, 2011	Receipts	Disbursements	Student Groups June 30, 2012
(Continued)				
Physical Education	\$349	\$0	\$0	\$349
Weightlifting	479	0	0	479
Golf	499	275	265	509
Transportation	0	105	105	0
Class of 65 Sign	1,782	3,056	5	4,833
Boys Varsity Track	2,146	6,333	5,773	2,706
Student Workers	114	0	1	113
Choir	2,200	4,565	3,367	3,398
Science Olympiad	202	100	275	27
Culture Club	835	0	0	835
Sales Tax	370	1,794	1,781	383
Class of 2010	604	2	606	0
Class of 2012	1,305	10,326	11,631	0
Class of 2013	3,036	7,190	6,468	3,758
Class of 2014	409	4,579	3,277	1,711
Class of 2015	0	1,330	766	564
Orchard Center High School	1,907	1,449	2,171	1,185
Art - Orchard Center	524	0	1	523
Athletics - Orchard Center	136	0	0	136
Renaissance - Orchard Center	1,788	457	493	1,752
Student Council - Orchard Center	3,013	921	1,323	2,611
Yearbook - Orchard Center	0	393	386	7
Art Club - Orchard Center	1,334	0	327	1,007
MS Texas Hold'em Fundraiser	2,098	27,858	29,049	907
MS Science Olympiad	824	825	606	1,043
Library	56	0	0	56
N.J.H.S	2,057	50	400	1,707
Principal Acct - Middle School	3,720	7,862	7,307	4,275
Student Council	1,955	0	45	1,910
PE	3,038	0	748	2,290
Yearbook	6	6,771	5,542	1,235
Youth to Youth	850	0	1	849
Youth in Government	562	6,446	6,768	240
Art	328	165	46	447
7th Grade	727	0	500	227
Girls Basketball	1,235	0	2	1,233
Costello, Susan	0	303	138	165

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From)			Due to (From)
	Student Groups	Receipts	Disbursements	Student Groups
(Continued)	July 1, 2011			June 30, 2012
8th Grade	\$1,394	\$21,907	\$20,093	\$3,208
6th Grade	38	1,439	1,301	176
Student Enrichment	10,943	6,504	4,049	13,398
Student Pop	681	340	493	528
Staff Pop	450	489	343	596
Central - Counselor	89	0	1	88
Kindergarten Field Trips	213	2,321	2,354	180
Central - 2nd Grade Ice Cream	443	4,278	4,065	656
Central - Office	1,896	10,519	5,777	6,638
Central - Coke	889	1,414	1,317	986
Central - Bennet, Jill	11	0	0	11
1st Grade Field Trips	421	2,188	2,066	543
Central - Student council	1,183	403	1	1,585
Central - Scarbough	196	0	117	79
Central - T-Shirts	0	2,871	2,871	0
Central - Hagan, Jennifer	16	0	0	16
Central - Jenkins, Megan	127	0	0	127
Central - Library Fines	813	273	280	806
Central - Beczynski, Michelle	136	0	55	81
Central - Lennard, Stephanie	147	0	48	99
Central - Gallaher, Julie	141	0	0	141
Central - Stiegel, Linda	327	0	0	327
Central - Geddes, Jean	240	28	124	144
Central - Bowman, April	0	280	230	50
Central - Herman, Jay	77	166	99	144
Central - Conway, Lisa	141	1	0	142
Central - Kline, Deanna	229	0	229	0
Central - Swartz, Karen	74	0	0	74
Central - Manley, Lori	741	0	1	740
Central - Oberski, Brooke	65	0	0	65
Central - Lietaert, Adele	406	0	0	406
Central - Roberts, Lauren	150	0	101	49
Central - Sorter, Stephanie	61	0	0	61
Central - Goliver, Sue	161	0	96	65
Central - Keane, Megan	118	0	0	118
Central - Sweigert, Josh	144	0	0	144
Central - Bondy, Jane	329	0	0	329
Central - Samoray, Pat	54	0	0	54
Central - Finley, Jeannie	359	0	0	359
Central - Martin, Floyd	36	0	0	36
Riser Account	9	0	9	0

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From) Student Groups July 1, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
(Continued)				
2nd Grade Field Trips	\$32	\$317	\$349	\$0
3rd Grade Field Trips	42	1,088	1,018	112
Central - Speech	93	0	0	93
Central - Mazur, Maureen	73	0	0	73
Central - Camp Storer	2,077	10,223	11,867	433
Central - Costello, Susan	303	0	303	0
Central - Pagel, Angie	240	0	187	53
4th Grade Field Trips	510	1,434	1,192	752
Central - Pelham, Sarah	100	0	0	100
Central - Bemus, Brittany	0	200	68	132
Total Due to Student Groups	<u>\$156,387</u>	<u>\$263,214</u>	<u>\$260,738</u>	<u>\$158,863</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2012*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$35,950	\$40,181	\$40,809	\$628
Participation fees	29,250	22,007	21,982	(25)
<b>Total Revenues</b>	<b>\$65,200</b>	<b>\$62,188</b>	<b>\$62,791</b>	<b>\$603</b>
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	\$15,000	\$9,461	\$8,975	\$486
Employee benefits	4,970	3,266	3,057	209
Other expenses	1,250	991	832	159
Athletics:				
Salaries	83,109	75,142	75,001	141
Employee benefits	39,615	34,995	33,031	1,964
Purchased services	107,604	117,467	117,357	110
Supplies and materials	11,500	18,928	18,034	894
Capital outlay	1,500	0	0	0
Other	10,625	8,028	6,808	1,220
<b>Total Expenditures</b>	<b>\$275,173</b>	<b>\$268,278</b>	<b>\$263,095</b>	<b>\$4,329</b>



# FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Indian Education	S060A100275	\$18,929
	S060A110275	17,438
		<u>36,367</u>
Passed Through State Department of Education:		
Title I	111530-1011	175,271
Title I	121530-1112	159,414
		<u>334,685</u>
Title II Part A - Improving Teacher Quality	110520-1011	138,774
Title II Part A - Improving Teacher Quality	120520-1112	92,523
		<u>231,297</u>
ARRA State fiscal stabilization fund	112525-1011	0
Education Jobs Fund	112545-1011	278,726
Education Jobs Fund	112545-1112	21,056
		<u>299,782</u>
Total Passed Through State Dept. of Education		865,764
Passed Through Intermediate School District:		
Homeless	102325-0910	150
Total U.S. Department of Education		<u>902,281</u>
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	740
<u>U.S. Department of Labor</u>		
Passed Through Community College:		
No Worker Left Behind	17.260	22,722

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2011	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2012
\$13,162	\$18,113	\$0	\$13,162	\$0
0	0	15,593	12,307	3,286
<u>13,162</u>	<u>18,113</u>	<u>15,593</u>	<u>25,469</u>	<u>3,286</u>
14,953	175,271	0	14,953	0
0	0	159,414	143,075	16,339
<u>14,953</u>	<u>175,271</u>	<u>159,414</u>	<u>158,028</u>	<u>16,339</u>
84,481	106,364	0	84,481	0
0	0	81,983	80,621	1,362
<u>84,481</u>	<u>106,364</u>	<u>81,983</u>	<u>165,102</u>	<u>1,362</u>
71,017	147,474	0	71,017	0
70,479	139,363	139,363	209,842	0
0	0	21,056	21,056	0
<u>70,479</u>	<u>139,363</u>	<u>160,419</u>	<u>230,898</u>	<u>0</u>
240,930	568,472	401,816	625,045	17,701
0	0	150	150	0
<u>\$254,092</u>	<u>\$586,585</u>	<u>417,559</u>	<u>\$650,664</u>	<u>\$20,987</u>
<u>\$0</u>	<u>\$1,202</u>	740	<u>\$740</u>	<u>\$0</u>
<u>\$12,112</u>	<u>\$22,722</u>	4,598	<u>\$16,710</u>	<u>\$0</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012*

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		
111960 All Lunches	10.555	\$164,526
121960 All Lunches	10.555	171,803
		<u>336,329</u>
111970 Breakfast	10.553	60,694
121970 Breakfast	10.553	62,290
		<u>122,984</u>
		459,313
U.S.D.A. Donated Commodities		
Entitlements	10.555	21,286
Bonus	10.555	3,719
		<u>25,005</u>
Total U.S. Department of Agriculture		<u>484,318</u>
Total Federal Financial Assistance		<u><u>\$1,410,061</u></u>

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2011	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2012
\$0	\$141,996	\$22,530	\$22,530	\$0
0	0	171,803	171,803	0
<u>0</u>	<u>141,996</u>	<u>194,333</u>	<u>194,333</u>	<u>0</u>
0	54,246	6,448	6,448	0
0	0	62,290	62,290	0
<u>0</u>	<u>54,246</u>	<u>68,738</u>	<u>68,738</u>	<u>0</u>
<u>0</u>	<u>196,242</u>	<u>263,071</u>	<u>263,071</u>	<u>0</u>
0	0	21,286	21,286	0
0	0	3,719	3,719	0
<u>0</u>	<u>0</u>	<u>25,005</u>	<u>25,005</u>	<u>0</u>
<u>\$0</u>	<u>\$196,242</u>	<u>288,076</u>	<u>\$288,076</u>	<u>\$0</u>
		<u>\$710,973</u>		

## MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards*  
*Year Ended June 30, 2012*

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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, 2012*

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#### SUMMARY OF AUDIT RESULTS:

1. The auditors report expresses an unqualified opinion on the financial statements of Mason Consolidated Schools.
2. No significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Mason Consolidated Schools were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors report on compliance for the Nutrition Cluster expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Mason Consolidated Schools.
7. The programs tested as major programs include 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, 2012, 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 3, 2012





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

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October 3, 2012

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, 2012, and have issued our report thereon dated October 3, 2012. 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 1, 2012. 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 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

To the Board of Directors  
Mason Consolidated Schools

-2-

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

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 3, 2012.

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

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

#### *Other Audit Findings or Issues*

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

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

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

To the Board of Directors  
Mason Consolidated Schools

-3-

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

Very truly yours,

*Cooley Hehl Wohlgamuth & Carlton*