

**MASON CONSOLIDATED SCHOOLS**

Erie, Michigan

**ANNUAL FINANCIAL REPORT**

June 30, 2009

# MASON CONSOLIDATED SCHOOLS

## Table of Contents June 30, 2009

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<b>Independent Auditor's Report .....</b>	<b>1-2</b>
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....</b>	<b>3-4</b>
<b>Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....</b>	<b>5-6</b>
<b>Management's Discussion and Analysis .....</b>	<b>7-14</b>
<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 .....	22-34
<b>Required Supplemental Information:</b>	
General Fund:	
Budgetary Comparison Schedule .....	35
Schedule of Revenues - Budget and Actual .....	36
Schedule of Expenditures - Budget and Actual.....	37-40
Adult/Alternative Education:	
Budgetary Comparison Schedule .....	41
Schedule of Expenditures - Budget and Actual.....	42-43
<b>Other Supplemental Information:</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	44-45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	46-47

MASON CONSOLIDATED SCHOOLS

Table of Contents (Concluded)  
June 30, 2009

---

**Other Supplemental Information** (Concluded):

Athletics Fund:

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

Food Service Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....49

Technology Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....50

Durant Debt Service Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....51

Sinking Capital Projects Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....52

Agency Funds:

Statement of Changes in Assets and Liabilities.....53  
Student Activities Agency Fund-  
Summary of Receipts and Disbursements ..... 54-57

**Federal Financial Assistance Programs:**

Schedule of Expenditures of Federal Awards ..... 58-61  
Notes to Schedule of Expenditures of Federal Awards .....62  
Schedule of Findings and Questioned Costs .....63



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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, 2009, 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, 2009, 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 6, 2009 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 grants. 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.

The management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 35 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education  
Mason Consolidated Schools

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mason Consolidated Schools basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements of Mason Consolidated Schools. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

October 6, 2009



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

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited 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, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 6, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Mason Consolidated School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Mason Consolidated School's financial statements, that is more than inconsequential will not be prevented or detected by Mason Consolidated School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Mason Consolidated School's internal control.

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

Compliance and Other Matters

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

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

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

October 6, 2009



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Independent Auditor's Report on Compliance with Requirements  
Applicable to 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 the compliance of Mason Consolidated Schools with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.



Internal Control Over Compliance (Concluded)

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Cooley Hehl Wohlgamuth & Carlton

October 6, 2009

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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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, 2009. 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, 2009*

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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, 2009

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## 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, 2009 and 2008.

**Table 1**

### Comparative Statement of Net Assets

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Current and other assets	\$ 7,831,281	\$7,540,463
Capital assets	<u>2,587,397</u>	<u>2,530,419</u>
<b>Total Assets</b>	10,418,678	10,070,882
Current and other liabilities	4,585,914	4,516,947
Long-term liabilities	<u>272,241</u>	<u>481,608</u>
<b>Total Liabilities</b>	<u>4,858,155</u>	<u>4,998,555</u>
Net Assets		
Invested in capital assets, net of related debt	2,536,504	2,387,820
Restricted for technology enhancement	31,882	182,456
Restricted for food service	70,498	38,888
Restricted for capital projects	78,763	248,271
Unrestricted	<u>2,842,876</u>	<u>2,214,892</u>
<b>Total Net Assets</b>	<u>\$ 5,560,523</u>	<u>\$5,072,327</u>

As depicted in Table 1, the School District's net assets were \$5,560,523 at June 30, 2009. Of this amount, \$2,842,876 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$2,842,876 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, 2009 and 2008.

**MASON CONSOLIDATED SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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**District-Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Changes in Net Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,943,876	\$ 1,915,671
State grants and other revenue	1,085,942	950,211
Federal grants	<u>1,013,659</u>	<u>429,719</u>
	4,043,477	3,295,601
General revenues:		
Property taxes	2,583,406	2,692,295
State foundation allowance	6,957,392	7,467,615
Other general revenues	<u>307,577</u>	<u>338,396</u>
	<u>9,848,375</u>	<u>10,498,306</u>
 Total Revenues	 13,891,852	 13,793,907
 <b>Functions/Program Expenses</b>		
Instruction	7,505,120	7,389,069
Support services	4,768,254	5,008,057
Community services	36,942	45,966
Athletics	287,363	283,841
Food services	499,569	522,398
Interdistrict uses	2,284	1,956
Interest on long-term debt	3,627	23,293
Debt service - pass through commitment	147,425	141,802
Depreciation	<u>153,072</u>	<u>181,063</u>
 Total Expenses	 <u>13,403,656</u>	 <u>13,597,445</u>
 <b>Increase (Decrease) in Net Assets</b>	 <u>\$ 488,196</u>	 <u>\$ 196,462</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$13,403,656. Of this amount, \$4,043,477 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net assets this year of \$488,196. Revenues increase by \$97,945. Expenses decreased by \$193,789 from the prior year. The increase 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, 2009*

### 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 \$3,245,668 which is an increase of \$198,859 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>	\$1,582,613	\$994,581	\$ 469,615	\$3,046,809
Increase (decrease)	337,975	21,414	(160,530)	198,859
<b>Fund balances – End of year</b>	\$1,920,588	\$1,015,995	\$309,085	\$3,245,668

The School District's General Fund balance increase 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, 2009</b>	<b>June 30, 2008</b>	<b>Percent Change</b>
Local sources	\$ 2,395,574	\$ 2,546,696	(5.9)%
State sources	7,427,807	7,879,322	(5.7)%
Federal sources	767,582	226,385	239.1%
Interdistrict and other sources	455,639	507,097	(10.2)%
	\$ 11,046,602	\$11,159,500	(1.0)%

## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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### Fund Financial Analysis – Concluded

<b>Expenditures</b>	<b>June 30, 2009</b>	<b>June 30, 2008</b>	<b>Percent Change</b>
Instruction	\$ 6,457,558	\$ 6,397,609	0.9 %
Support services	4,016,223	4,098,769	(2.0)%
Community services	36,942	45,966	(19.6)%
Operating transfers out	197,904	202,555	(2.3)%
	<u>\$ 10,708,627</u>	<u>\$ 10,744,899</u>	(0.3)%

### 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 \$10,753,874 versus the final budget of \$11,328,707; an increase of \$574,833. Various revisions were needed to adjust the beginning projected budget. Some of these include an increase of \$14,000 for additional income earned on investments, \$97,766 for additional special education funds received from the ISD and \$16,250 reimbursement from Set Seg for property/casualty insurance. There also were adjustments made to various grants totaling in excess of \$216,000 to reflect actual award notifications as well as accounting for carryover.

Expenses: The original budget for expenditures was \$11,167,413 versus the final budget of \$11,430,757; this was an increase of \$263,344. The budget was increased for various grants to reflect actual award notifications and carryover as noted in the revenue section. There also was movement among many of the budget expenditure lines; however most were not significant.

## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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

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

Revenues: General Fund actual revenue was \$11,046,602 versus a budget of \$11,328,707; a difference of \$282,105. The major variance is attributable to grant revenues budgeted but not recognized, since the grants were not fully expended.

Expenditures: Actual expenditures were \$10,708,627 versus a budget of \$11,430,757; a difference of \$722,130. Major components of final budget versus final actual expenditures are discussed below:

- Operation and maintenance is an area that reflected actual expenditures less than budgeted. The expenditures for utilities (phone, electric, gas, water/sewer, wastewater treatment) was approximately \$84,969 under budget.
- The Pupil transportation area was \$67,660 under budget due to a few items; fuel costs were less than anticipated as well as transportation costs associated with summer school that were budgeted under grants and expended in July.
- Added needs reflect actual expenditures less than budgeted in the amount of approximately \$263,642; Basic Programs reflected actual expenditures of approximately \$121,539 less than budgeted. Support Services – Instructional Staff also reflected actual expenditures of approximately \$37,041 less than budgeted. Both areas included budget for At Risk, Title I & II grants that were fully budgeted but not expended; funds are carried over to the next fiscal year.
- Staff and administrative professional development reflected actual expenditures less than budget in the amount of approximately \$40,000. Expenditures were budgeted in grants and not fully expended for the year.

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

#### **Capital Assets**

At June 30, 2009, the School District had \$8,262,652 invested in a broad range of capital assets, including land, land improvements, buildings and building improvements, machinery and equipment, buses, and other vehicles. This amount represents a net increase of \$210,050 from last year. This year's additions included parking lot replacement, carpeting, playground equipment, cafeteria tables, wrestling mats, and a security camera system. Depreciation for this year totaled \$153,072. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

#### **Debt Administration**

At June 30, 2009, the School District had \$50,592 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 \$93,707. 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, 2009*

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### **Development of the 2009-10 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2009-10 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 2010 fiscal year is 25 percent of the February 2009 and 75 percent of the September 2009 student counts. The District projected a blended pupil count of 1,290 for budgeting purposes. Approximately 86% of total revenue is from the foundation allowance and property tax levy. Due to the uncertainty of the State of Michigan's economic condition, the budget included a projected decrease of \$100 per pupil for the foundation allowance.

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 2009-10 school year was adopted on June 30, 2009. 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, 2009

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$4,065,547
Investments	1,712,002
Accounts/taxes receivable	22,934
Due from other governmental units	1,846,541
Inventory	4,406
Prepaid	179,851
Capital assets less accumulated depreciation	2,587,397
Total Assets	10,418,678
<b>Liabilities</b>	
Accounts payable	170,383
Note payable	3,000,000
Salaries payable	732,151
Due to other governmental units	131
Other liabilities	448,040
Accrued interest payable	301
Deferred revenue	234,908
Long-term liabilities:	
Bonds payable, due in one year	11,780
Bonds payable, due in more than one year	38,812
Capital leases, due in one year	127,942
Compensated absences, due in more than one year	93,707
Total Liabilities	4,858,155
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,536,504
Restricted for technology enhancement	31,882
Restricted for food service	70,498
Restricted for capital projects	78,763
Unrestricted	2,842,876
Total Net Assets	\$5,560,523

See accompanying notes to the basic financial statements.



## FUND FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2009*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$3,074,743	\$845,565	\$145,239	\$4,065,547
Investments	1,712,002	0	0	1,712,002
Accounts/taxes receivable	19,936	50	2,948	22,934
Due from other governmental units	1,518,100	325,375	3,066	1,846,541
Due from other funds	38,611	18,140	106,928	163,679
Inventory	0	0	4,406	4,406
Prepaid	48,982	0	130,869	179,851
	<u>\$6,412,374</u>	<u>\$1,189,130</u>	<u>\$393,456</u>	<u>\$7,994,960</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$124,421	\$2,712	\$43,250	\$170,383
Note payable	3,000,000	0	0	3,000,000
Salaries payable	621,753	108,650	1,748	732,151
Other liabilities	385,636	61,773	631	448,040
Deferred revenue	234,908	0	0	234,908
Due to other funds	125,068	0	38,611	163,679
Due to other governmental units	0	0	131	131
	<u>4,491,786</u>	<u>173,135</u>	<u>84,371</u>	<u>4,749,292</u>
<b>Fund Balances</b>				
Reserved for inventory	0	0	4,406	4,406
Reserved for prepaid	48,982	0	130,792	179,774
Reserved for technology	0	0	29,857	29,857
Reserved for capital projects	0	0	78,763	78,763
Unreserved - undesignated:				
Undesignated, reported in:				
General Fund	1,871,606	0	0	1,871,606
Adult/Alternative Education Fund	0	1,015,995	0	1,015,995
Special Revenue Funds	0	0	65,267	65,267
	<u>1,920,588</u>	<u>1,015,995</u>	<u>309,085</u>	<u>3,245,668</u>
Total Fund Balances	<u>1,920,588</u>	<u>1,015,995</u>	<u>309,085</u>	<u>3,245,668</u>
Total Liabilities and Fund Balances	<u>\$6,412,374</u>	<u>\$1,189,130</u>	<u>\$393,456</u>	<u>\$7,994,960</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, 2009*

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<b>Total Fund Balances - Governmental Funds</b>			\$3,245,668
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		\$8,262,652	
Accumulated depreciation		<u>(5,675,255)</u>	
			2,587,397
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		(50,592)	
Accrued interest		(301)	
Capital leases		(127,942)	
Compensated absences		<u>(93,707)</u>	
			<u>(272,542)</u>
<b>Total Net Assets - Governmental Activities</b>			<u><u>\$5,560,523</u></u>

See accompanying notes to the basic financial statements.



**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2009*

	General	Adult/ Alternative Education	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$2,395,574	\$28,780	\$705,569	\$3,129,923
State sources	7,427,807	198,941	125,911	7,752,659
Federal sources	767,582	6,768	239,309	1,013,659
Interdistrict and other sources	455,639	1,539,972	0	1,995,611
Total Revenues	11,046,602	1,774,461	1,070,789	13,891,852
<b>Expenditures</b>				
Current:				
Instruction	6,457,558	947,498	222,717	7,627,773
Support services	4,016,223	658,124	321,957	4,996,304
Community service	36,942	0	0	36,942
Athletics	0	0	287,363	287,363
Food service	0	0	499,569	499,569
Interdistrict and other uses	0	0	2,284	2,284
Debt Service	0	147,425	95,333	242,758
Total Expenditures	10,510,723	1,753,047	1,429,223	13,692,993
Excess (Deficiency) of Revenues Over Expenditures	535,879	21,414	(358,434)	198,859
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	0	0	197,904	197,904
Operating transfers out	(197,904)	0	0	(197,904)
Total Other Financing Sources (Uses)	(197,904)	0	197,904	0
<b>Net Change in Fund Balances</b>	337,975	21,414	(160,530)	198,859
Fund Balances - Beginning of year	1,582,613	994,581	469,615	3,046,809
Fund Balances - End of year	\$1,920,588	\$1,015,995	\$309,085	\$3,245,668

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, 2009*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>		\$198,859
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	(\$153,072)	
Capital outlay	210,050	
		<hr/>
		56,978
Repayments of capital lease principal are expenditures in the governmental funds but are a reduction to long-term debt in the statement of activities.		120,734
Repayments of bonds are expenditures in the governmental funds but are a reduction to long-term debt in the statement of activities.		68,714
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		19,919
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.		22,992
<b>Change in Net Assets of Governmental Activities</b>		<hr/>
		\$488,196

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See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Fiduciary Funds*  
*Statement of Fiduciary Net Assets*  
*June 30, 2009*

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	<u>Agency Funds</u>		
	<u>Student Activities</u>	<u>Flexible Spending</u>	<u>Total</u>
<b>Assets</b>			
Cash	<u>\$185,475</u>	<u>\$11,264</u>	<u>\$196,739</u>
Total assets	<u><u>\$185,475</u></u>	<u><u>\$11,264</u></u>	<u><u>\$196,739</u></u>
<b>Liabilities</b>			
Due to student groups	\$185,475	\$0	\$185,475
Other liabilities	<u>0</u>	<u>11,264</u>	<u>11,264</u>
Total liabilities	<u><u>\$185,475</u></u>	<u><u>\$11,264</u></u>	<u><u>\$196,739</u></u>

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

## *Notes to Financial Statements* *Year Ended June 30, 2009*

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### Note 1      Description of the School District and Reporting Entity

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

#### Reporting Entity

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

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

### Note 2      Summary of Significant Accounting Policies

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

#### Basis of Presentation

##### A. District-Wide and Fund Financial Statements

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

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

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2009*

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

#### Basis of Presentation (Continued)

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

The School District reports the following nonmajor governmental funds:

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

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

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

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2009

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

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – (Concluded)

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2009*

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

#### Basis of Presentation (Continued)

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

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

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

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

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

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

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

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

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

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

## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2009*

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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 Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 2009.

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.

### 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.



## MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 3      Stewardship, Accountability and Compliance (Concluded)

During the year ended June 30, 2009, 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, 2009, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Flagstar Bank, Michigan Liquid Asset Fund, Comerica Bank, National City Bank, Charter One 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 \$6,184,660 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,844,118. Additionally, financial institutions can elect to participate in the FDIC sponsored transaction account guarantee program that provides depositors with unlimited coverage for non-interest bearing transaction accounts and transaction accounts that earn interest at a rate of 0.5% or less. At June 30, 2009, the School District has an additional \$1,829,185 in deposits insured through this program. Uninsured deposits are \$2,511,357.

*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, 2009*

Note 4     Deposits and Investments (Concluded)

*Custodial credit risk – investments* (concluded)

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2009, the fair value of the School District’s investments is the same as the value of the pool shares. As of June 30, 2009, \$94,117 was held with MILAF.

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

Note 5     Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Capital assets being depreciated:				
Land improvements	962,650	168,917	0	1,131,567
Buildings and building improvements	6,117,027	5,719	0	6,122,746
Machinery and equipment	512,829	35,414	0	548,243
Buses	358,172	0	0	358,172
Vehicles	93,440	0	0	93,440
	8,044,118	210,050	0	8,254,168
Total capital assets	8,052,602	210,050	0	8,262,652
Less accumulated depreciation:				
Land improvements	(668,793)	(18,792)	0	(687,585)
Buildings and building improvements	(4,136,714)	(68,603)	0	(4,205,317)
Machinery and equipment	(383,978)	(31,712)	0	(415,690)
Buses	(244,077)	(31,652)	0	(275,729)
Vehicles	(88,621)	(2,313)	0	(90,934)
	(5,522,183)	(153,072)	0	(5,675,255)
Total accumulated depreciation	(5,522,183)	(153,072)	0	(5,675,255)
Net capital assets	\$2,530,419	\$56,978	\$0	\$2,587,397

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2009*

Note 6      Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2009, consisted of the following individual fund receivables and payables:

	Due From			
<u>Due To:</u>	General Fund	Athletics Fund	Sinking Capital Projects Fund	Total
General Fund	\$ -	\$23,257	\$15,354	\$ 38,611
Adult/Alternative Education Fund	18,140	-	-	18,140
Food Service Fund	59,614	-	-	59,614
Technology Fund	<u>47,314</u>	<u>-</u>	<u>-</u>	<u>47,314</u>
	<u>\$125,068</u>	<u>\$23,257</u>	<u>\$15,354</u>	<u>\$163,679</u>

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.

Interfund transfers at June 30, 2009, consisted of the following:

	Transfer Out
	General Fund
Transfer In	
Athletics Fund	<u>\$ 197,904</u>

Transfers are used to support programs accounted for in another fund.

Note 7      Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

The School participates in the Michigan Public School Employees' Retirement System (MPERS), 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 MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS 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).

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2009*

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

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 16.72 percent for the period July 1, 2008 through September 30, 2008 and 16.54 percent for the period October 1, 2008 through June 30, 2009 of the covered payroll to the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2009, 2008, and 2007 were \$1,421,857, \$1,458,431, and \$1,737,459, 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.

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, 2009. 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, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2009*

Note 10    Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General Obligation Bonds:					
School Improvement Bonds, Series 1998	\$119,306	\$ -	\$68,714	\$ 50,592	\$11,780
Other Liabilities:					
Compensated absences	<u>113,626</u>	<u>-</u>	<u>19,919</u>	<u>93,707</u>	<u>-</u>
	<u>\$232,932</u>	<u>\$ -</u>	<u>\$88,633</u>	<u>\$144,299</u>	<u>\$11,780</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>Interest Requirements</u> <u>May 15</u>	<u>Principal Requirements</u> <u>May 15</u>	<u>Total</u> <u>Requirements</u>
2010	\$2,409	\$11,780	\$14,189
2011	1,848	12,341	14,189
2012	1,260	12,928	14,188
2013	<u>645</u>	<u>13,543</u>	<u>14,188</u>
	<u>\$6,162</u>	<u>\$50,592</u>	<u>\$56,754</u>

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

Note 11    Capital Leases

The School District has entered into a couple of capital leases for the purchase of computers. These leases are payable from the Technology Fund and are reported as an expenditure and other financing source in the year of acquisition. The present value of the capital leases are:

<u>Fiscal Year</u> 2010	<u>Amount</u> \$135,580
Less: amount representing interest	<u>7,638</u>
Present value of future minimum lease payments	<u>\$127,942</u>
Cost of equipment	<u>\$498,189</u>

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2009*

**Note 12**    Lease Commitments - Operating Leases

The School District entered into an operating lease agreement with Delange Laden for the use of four (4) Imagistics copiers. The lease term is thirty-six (36) months, ending December 2010, with payments of \$2,089 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 four (4) buses. The lease term is thirty-six (36) months, with three annual payments of \$44,904 beginning July 2007.

The School District entered into an operating lease agreement with Midwest Transit for six (6) buses. The lease term is thirty-six (36) months, with three annual payments of \$73,308 beginning August 2008.

The School District entered into an operating lease agreement with CDW-G, for forty-six (46) desktop/laptop computers. The lease term is thirty-six (36) months, ending March 2010, with payments of \$1,360 per month.

The School District entered into an operating lease agreement with GMAC, for a 2008 Pontiac G6 for a driver's education vehicle. The lease is thirty-eight (38) months, ending March 2011, with payments of \$252 per month.

Obligations of governmental activities under operating leases at June 30, 2009 were as follows:

Year Ended June 30,	Delange Laden	MT Business Leasing	Midwest Transit	Midwest Transit	CDW-G	GMAC	Total
2010	\$25,066	\$6,778	\$44,904	\$73,308	\$13,596	\$3,029	\$166,681
2011	12,533	6,778	0	73,308	0	2,272	94,891
2012	0	6,778	0	0	0	0	6,778
2013	0	3,388	0	0	0	0	3,388
	<u>\$37,599</u>	<u>\$23,722</u>	<u>\$44,904</u>	<u>\$146,616</u>	<u>\$13,596</u>	<u>\$5,301</u>	<u>\$271,738</u>

**Note 13**    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 2008 property taxes were levied on December 1, 2008 on assessed valuations as of December 31, 2007. Taxes were collected beginning December 1, 2008 and payments were due by February 14, 2009. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2008 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$121,950,778	18.0000	\$2,195,169
Commercial Personal Property	5,077,409	6.0000	<u>30,465</u>
			<u>\$2,225,634</u>

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*  
*Year Ended June 30, 2009*

Note 14     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, 2009, the School District incurred claims of \$1,842.

Note 15     Cafeteria Contract

During the fiscal year ended June 30, 2009, the School District contracted with Compass Group, USA Inc. (“Chartwells”) to cover all cafeterias within the School District. Pursuant to this agreement, Compass Group, USA, Inc. (“Chartwells”) manages the food service operations of the School District. All costs of Compass Group USA, Inc. (“Chartwells”) have been reflected in the financial statements of the Food Service Fund.

Note 16     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>\$660,000</u>

The annual requirements to pay principal and interest on this long-term debt commitment outstanding at June 30, 2009 are as follows:

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond Maturities</u>	<u>Total Requirements</u>
	<u>July 1</u>	<u>January 1</u>	<u>January 1</u>	
2010	\$ -	\$14,882	\$120,000	\$134,882
2011	12,303	12,303	125,000	149,606
2012	9,552	9,552	130,000	149,104
2013	6,628	6,628	140,000	153,256
2014	<u>3,407</u>	<u>3,407</u>	<u>145,000</u>	<u>151,814</u>
	<u>\$31,890</u>	<u>\$46,772</u>	<u>\$660,000</u>	<u>\$738,662</u>

Note 17     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, 2009.

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, 2009*

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Note 18     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 19     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 20     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.

Note 21     Subsequent Events

The School District's management evaluated subsequent events from June 30, 2009 through October 6, 2009, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$2,426,955	\$2,354,556	\$2,395,574	\$41,018
State sources	7,703,512	7,641,633	7,427,807	(213,826)
Federal sources	267,207	861,371	767,582	(93,789)
Interdistrict and other sources	356,200	471,147	455,639	(15,508)
<b>Total Revenues</b>	<b>10,753,874</b>	<b>11,328,707</b>	<b>11,046,602</b>	<b>(282,105)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	5,395,789	5,482,542	5,361,003	121,539
Added needs	1,138,667	1,360,197	1,096,555	263,642
Support services:				
Pupil	453,553	486,775	469,875	16,900
Instructional staff	154,375	155,126	118,085	37,041
General administration	332,060	356,604	336,201	20,403
School administration	760,425	759,252	729,917	29,335
Business administration	428,889	379,956	339,635	40,321
Operation and maintenance	1,325,725	1,337,197	1,258,739	78,458
Pupil transportation	849,518	783,557	715,897	67,660
Central services	69,972	66,373	47,874	18,499
Community service	55,429	44,127	36,942	7,185
<b>Total Expenditures</b>	<b>10,964,402</b>	<b>11,211,706</b>	<b>10,510,723</b>	<b>700,983</b>
Excess (Deficiency) of Revenues Over Expenditures	(210,528)	117,001	535,879	418,878
<b>Other Financing Sources (Uses)</b>				
Operating transfer out	(203,011)	(219,051)	(197,904)	21,147
<b>Total Other Financing Sources</b>	<b>(203,011)</b>	<b>(219,051)</b>	<b>(197,904)</b>	<b>21,147</b>
<b>Net Change in Fund Balances</b>	<b>(413,539)</b>	<b>(102,050)</b>	<b>337,975</b>	<b>440,025</b>
Fund Balances - Beginning of year	1,196,326	1,582,613	1,582,613	0
Fund Balances - End of year	<u>\$782,787</u>	<u>\$1,480,563</u>	<u>\$1,920,588</u>	<u>\$440,025</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2009*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$2,218,656	\$2,231,148	\$12,492
Tuition	56,000	63,765	7,765
Interest income	44,000	50,258	6,258
Reimbursements and donations	28,000	30,961	2,961
Other revenue	7,900	19,442	11,542
Total Local Sources	<u>2,354,556</u>	<u>2,395,574</u>	<u>41,018</u>
<b>State Sources</b>			
Unrestricted grants:			
State school aid	6,834,307	6,831,022	(3,285)
Restricted grants:			
Special education-Headlee obligation	444,444	444,444	0
At Risk	307,388	97,288	(210,100)
Michigan school readiness	47,600	47,600	0
Adult Education	7,894	7,453	(441)
Total State Sources	<u>7,641,633</u>	<u>7,427,807</u>	<u>(213,826)</u>
<b>Federal Sources</b>			
Title I	234,480	182,163	(52,317)
Title II	110,000	65,893	(44,107)
ARRA State fiscal stabilization fund	490,283	492,918	2,635
Indian education	22,457	22,457	0
Transfer from intermediate school district:			
Technology preparation education	2,642	2,642	0
Safe and drug free schools	1,509	1,509	0
Total Federal Sources	<u>861,371</u>	<u>767,582</u>	<u>(93,789)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	397,766	382,682	(15,084)
Insurance reimbursements	21,250	21,250	0
Other revenue	52,131	51,707	(424)
Total Interdistrict and Other Sources	<u>471,147</u>	<u>455,639</u>	<u>(15,508)</u>
 Total Revenues	 <u>\$11,328,707</u>	 <u>\$11,046,602</u>	 <u>(\$282,105)</u>

MASON CONSOLIDATED SCHOOLS

General Fund  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2009

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,407,200	\$682,051	\$51,958
Middle School	724,020	359,852	27,014
High School	1,239,851	589,478	93,711
Pre-School	59,990	30,681	0
	<u>3,431,061</u>	<u>1,662,062</u>	<u>172,683</u>
Added Needs:			
Special education	569,875	242,527	5,627
Compensatory education	214,269	52,694	8,010
	<u>784,144</u>	<u>295,221</u>	<u>13,637</u>
Total Instruction	4,215,205	1,957,283	186,320
<b>Support Services</b>			
Pupil:			
Guidance	205,661	87,365	3,230
Health	0	0	419
Speech	87,429	35,181	0
Social work services	0	0	0
Other pupil services	34,942	8,869	0
	<u>328,032</u>	<u>131,415</u>	<u>3,649</u>
Instructional Staff:			
Improvement of instruction	7,109	1,737	38,649
Educational media services	37,470	9,089	1,122
Technology assisted instruction	0	0	11,871
	<u>44,579</u>	<u>10,826</u>	<u>51,642</u>
General Administration:			
Board of education	6,019	688	52,739
Executive administration	157,727	75,098	7,649
	<u>163,746</u>	<u>75,786</u>	<u>60,388</u>
School Administration:			
Office of the principal	406,459	212,754	96,999
Other school administration	0	0	3,482
	<u>406,459</u>	<u>212,754</u>	<u>100,481</u>
Business Administration:			
Fiscal services	156,788	70,043	2,821
Other business services	0	0	7,088
	<u>156,788</u>	<u>70,043</u>	<u>9,909</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$31,690	\$1,399	\$0	\$2,174,298	\$2,231,221	\$56,923
13,555	276	0	1,124,717	1,149,992	25,275
36,361	0	11,314	1,970,715	2,007,853	37,138
0	0	602	91,273	93,476	2,203
<u>81,606</u>	<u>1,675</u>	<u>11,916</u>	<u>5,361,003</u>	<u>5,482,542</u>	<u>121,539</u>
1,758	0	0	819,787	828,317	8,530
1,795	0	0	276,768	531,880	255,112
<u>3,553</u>	<u>0</u>	<u>0</u>	<u>1,096,555</u>	<u>1,360,197</u>	<u>263,642</u>
85,159	1,675	11,916	6,457,558	6,842,739	385,181
832	0	51	297,139	310,312	13,173
0	0	0	419	550	131
986	176	0	123,772	125,261	1,489
0	0	4,734	4,734	4,734	0
0	0	0	43,811	45,918	2,107
<u>1,818</u>	<u>176</u>	<u>4,785</u>	<u>469,875</u>	<u>486,775</u>	<u>16,900</u>
6,365	0	2,866	56,726	89,911	33,185
468	0	0	48,149	51,844	3,695
0	0	1,339	13,210	13,371	161
<u>6,833</u>	<u>0</u>	<u>4,205</u>	<u>118,085</u>	<u>155,126</u>	<u>37,041</u>
493	0	32,249	92,188	107,370	15,182
1,882	1,152	505	244,013	249,234	5,221
<u>2,375</u>	<u>1,152</u>	<u>32,754</u>	<u>336,201</u>	<u>356,604</u>	<u>20,403</u>
2,743	3,226	1,666	723,847	753,252	29,405
2,588	0	0	6,070	6,000	(70)
<u>5,331</u>	<u>3,226</u>	<u>1,666</u>	<u>729,917</u>	<u>759,252</u>	<u>29,335</u>
2,033	251	3,413	235,349	250,704	15,355
0	0	97,198	104,286	129,252	24,966
<u>2,033</u>	<u>251</u>	<u>100,611</u>	<u>339,635</u>	<u>379,956</u>	<u>40,321</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$400,088	\$266,161	\$201,257
Security services	0	0	20,141
	<u>400,088</u>	<u>266,161</u>	<u>221,398</u>
 Pupil Transportation	 290,473	 155,832	 197,929
 Central Services:			
Communication services	0	0	17,194
Staff services	0	0	14,580
Technology	0	0	6,177
	<u>0</u>	<u>0</u>	<u>37,951</u>
 Total Support Services	 1,790,165	 922,817	 683,347
 <b>Community Service</b>			
Community recreation	3,656	572	0
Non-public school pupils	20,271	10,189	2,254
	<u>23,927</u>	<u>10,761</u>	<u>2,254</u>
 Total Community Service	 23,927	 10,761	 2,254
 Total Expenditures	 6,029,297	 2,890,861	 871,921
 <b>Other Financing Uses</b>			
Fund modifications:			
Operating transfer to Athletics	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
 Total Expenditures and Other Financing Uses	 <u>\$6,029,297</u>	 <u>\$2,890,861</u>	 <u>\$871,921</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>
\$337,786	\$28,060	\$1,910	\$1,235,262	\$1,308,024	\$72,762
0	3,336	0	23,477	29,173	5,696
<u>337,786</u>	<u>31,396</u>	<u>1,910</u>	<u>1,258,739</u>	<u>1,337,197</u>	<u>78,458</u>
70,661	0	1,002	715,897	783,557	67,660
0	0	0	17,194	19,015	1,821
32	0	25	14,637	28,908	14,271
493	0	9,373	16,043	18,450	2,407
<u>525</u>	<u>0</u>	<u>9,398</u>	<u>47,874</u>	<u>66,373</u>	<u>18,499</u>
427,362	36,201	156,331	4,016,223	4,324,840	308,617
0	0	0	4,228	8,309	4,081
<u>0</u>	<u>0</u>	<u>0</u>	<u>32,714</u>	<u>35,818</u>	<u>3,104</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>36,942</u>	<u>44,127</u>	<u>7,185</u>
512,521	37,876	168,247	10,510,723	11,211,706	700,983
0	0	197,904	197,904	219,051	21,147
<u>\$512,521</u>	<u>\$37,876</u>	<u>\$366,151</u>	<u>\$10,708,627</u>	<u>\$11,430,757</u>	<u>\$722,130</u>

**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Budgetary Comparison Schedule  
Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources:				
Interest income	\$15,000	\$5,000	\$5,234	\$234
Other revenue	11,000	20,600	23,546	2,946
	<u>26,000</u>	<u>25,600</u>	<u>28,780</u>	<u>3,180</u>
State sources:				
School state aid	90,000	126,399	126,370	(29)
Special education	87,000	76,547	72,571	(3,976)
	<u>177,000</u>	<u>202,946</u>	<u>198,941</u>	<u>(4,005)</u>
Federal Sources:				
Restricted grants	0	6,734	6,768	34
Interdistrict and other sources:				
Tuition from other schools	1,513,279	1,524,930	1,524,888	(42)
County special education	10,000	15,775	15,084	(691)
	<u>1,523,279</u>	<u>1,540,705</u>	<u>1,539,972</u>	<u>(733)</u>
Total Revenues	<u>1,726,279</u>	<u>1,775,985</u>	<u>1,774,461</u>	<u>(1,524)</u>
<b>Expenditures</b>				
Instruction:				
Adult and continuing education	969,750	962,410	947,498	14,912
Support services:				
Pupil	96,447	97,300	105,625	(8,325)
Instructional staff	151,527	162,298	162,133	165
General administration	5,600	4,716	2,211	2,505
School administration	243,515	258,994	261,795	(2,801)
Business administration	16,271	16,609	17,500	(891)
Operation and maintenance	111,568	106,718	107,022	(304)
Central	2,850	3,100	1,838	1,262
Community activities	525	0	0	0
Debt service - pass through commitment	149,838	147,451	147,425	26
	<u>1,747,891</u>	<u>1,759,596</u>	<u>1,753,047</u>	<u>6,549</u>
<b>Net Change in Fund Balances</b>	<u>(21,612)</u>	<u>16,389</u>	<u>21,414</u>	<u>5,025</u>
Fund Balances - Beginning of year	<u>933,124</u>	<u>994,581</u>	<u>994,581</u>	<u>0</u>
Fund Balances - End of year	<u>\$911,512</u>	<u>\$1,010,970</u>	<u>\$1,015,995</u>	<u>\$5,025</u>



**MASON CONSOLIDATED SCHOOLS**

*Adult/Alternative Education  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Adult and Continuing Education:			
Secondary	\$558,341	\$325,397	\$17,739
Total Instruction	558,341	325,397	17,739
<b>Support Services</b>			
Pupil:			
Guidance	46,066	25,869	200
Teacher consultant	23,532	1,815	75
Other pupil services	6,422	1,557	79
	76,020	29,241	354
Instructional Staff:			
Supervision and direction of staff	97,796	52,601	4,322
General Administration:			
Board of Education	0	0	2,211
School Administration:			
Office of the principal	179,543	74,809	3,239
Other school administration	0	0	209
	179,543	74,809	3,448
Business Administration:			
Fiscal services	10,097	7,403	0
Operation and Maintenance:			
Building services	0	0	7,311
Security services	0	0	0
	0	0	7,311
Central:			
Staff/personnel services	0	0	1,838
Total Support Services	363,456	164,054	19,484
<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
Total Expenditures	\$921,797	\$489,451	\$37,223

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$41,607	\$4,396	\$18	\$947,498	\$962,410	\$14,912
41,607	4,396	18	947,498	962,410	14,912
10	0	0	72,145	67,317	(4,828)
0	0	0	25,422	22,010	(3,412)
0	0	0	8,058	7,973	(85)
10	0	0	105,625	97,300	(8,325)
7,406	0	8	162,133	162,298	165
0	0	0	2,211	4,716	2,505
1,197	0	1,007	259,795	256,344	(3,451)
1,791	0	0	2,000	2,650	650
2,988	0	1,007	261,795	258,994	(2,801)
0	0	0	17,500	16,609	(891)
454	0	99,122	106,887	106,568	(319)
135	0	0	135	150	15
589	0	99,122	107,022	106,718	(304)
0	0	0	1,838	3,100	1,262
10,993	0	100,137	658,124	649,735	(8,389)
0	0	115,000	115,000	115,000	0
0	0	32,425	32,425	32,451	26
0	0	147,425	147,425	147,451	26
\$52,600	\$4,396	\$247,580	\$1,753,047	\$1,759,596	\$6,549

## OTHER SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2009*

	Special Revenue Funds		
	Athletics	Food Service	Technology
<b>Assets</b>			
Cash and cash equivalents	\$23,432	\$27,690	\$0
Accounts receivable	798	2,150	0
Due from other governmental units	0	3,066	0
Due from other funds	0	59,614	47,314
Inventory	0	4,406	0
Prepaid	77	825	129,967
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$24,307</u>	<u>\$97,751</u>	<u>\$177,281</u>
<b>Liabilities</b>			
Accounts payable	\$334	\$27,122	\$15,794
Salaries payable	409	0	1,339
Other liabilities	307	0	324
Due to other funds	23,257	0	0
Due to other governmental units	0	131	0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	24,307	27,253	17,457
<b>Fund Balances</b>			
Reserved for inventory	0	4,406	0
Reserved for prepaid	0	825	129,967
Reserved for technology	0	0	29,857
Reserved for capital projects	0	0	0
Unreserved - undesignated	0	65,267	0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>0</u>	<u>70,498</u>	<u>159,824</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$24,307</u>	<u>\$97,751</u>	<u>\$177,281</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Durant</u>	<u>Sinking</u>	
\$0	\$94,117	\$145,239
0	0	2,948
0	0	3,066
0	0	106,928
0	0	4,406
0	0	130,869
<u>\$0</u>	<u>\$94,117</u>	<u>\$393,456</u>
\$0	\$0	\$43,250
0	0	1,748
0	0	631
0	15,354	38,611
0	0	131
0	15,354	84,371
0	0	4,406
0	0	130,792
0	0	29,857
0	78,763	78,763
0	0	65,267
0	78,763	309,085
<u>\$0</u>	<u>\$94,117</u>	<u>\$393,456</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2009*

	Special Revenue Funds		
	Athletics	Food Service	Technology
<b>Revenues</b>			
Local sources	\$89,459	\$261,292	\$351,941
State sources	0	30,578	0
Federal sources	0	239,309	0
<b>Total Revenues</b>	<b>89,459</b>	<b>531,179</b>	<b>351,941</b>
<b>Expenditures</b>			
Athletics	287,363	0	0
Food service	0	499,569	0
Technology	0	0	374,573
Operation and maintenance	0	0	0
Debt service	0	0	0
<b>Total Expenditures</b>	<b>287,363</b>	<b>499,569</b>	<b>374,573</b>
Excess (Deficiency) of Revenues Over Expenditures	(197,904)	31,610	(22,632)
<b>Other Financing Sources (Uses)</b>			
Operating transfer in	197,904	0	0
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>31,610</b>	<b>(22,632)</b>
Fund Balances - Beginning of year	0	38,888	182,456
Fund Balances - End of year	<u>\$0</u>	<u>\$70,498</u>	<u>\$159,824</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Durant</u>	<u>Sinking</u>	
\$0	\$2,877	\$705,569
95,333	0	125,911
0	0	239,309
95,333	2,877	1,070,789
0	0	287,363
0	0	499,569
0	0	374,573
0	172,385	172,385
95,333	0	95,333
95,333	172,385	1,429,223
0	(169,508)	(358,434)
0	0	197,904
0	(169,508)	(160,530)
0	248,271	469,615
<u>\$0</u>	<u>\$78,763</u>	<u>\$309,085</u>

**MASON CONSOLIDATED SCHOOLS**

*Athletics Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$40,000	\$51,118	\$51,416	\$298
Participation fees	29,000	34,263	34,265	2
Other	0	3,242	3,778	536
<b>Total Revenues</b>	<b>69,000</b>	<b>88,623</b>	<b>89,459</b>	<b>836</b>
<b>Expenditures</b>				
Salaries	168,431	181,828	180,369	1,459
Employee benefits	38,698	48,332	44,679	3,653
Purchased services	21,170	27,891	27,129	762
Supplies and materials	18,000	22,867	17,855	5,012
Capital outlay	2,000	6,080	5,945	135
Other	9,350	11,341	11,386	(45)
<b>Total Expenditures</b>	<b>257,649</b>	<b>298,339</b>	<b>287,363</b>	<b>10,976</b>
Excess (Deficiency) of Revenue Over Expenditures	(188,649)	(209,716)	(197,904)	11,812
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	188,649	209,716	197,904	(11,812)
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>



**MASON CONSOLIDATED SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$274,658	\$252,400	\$254,458	\$2,058
Interest income	100	500	498	(2)
Other	0	0	6,336	6,336
	<u>274,758</u>	<u>252,900</u>	<u>261,292</u>	<u>8,392</u>
State Sources:				
Restricted grants	24,793	30,577	30,578	1
Federal Sources:				
Restricted grants	180,134	210,500	210,550	50
Commodities	5,000	33,877	28,759	(5,118)
	<u>185,134</u>	<u>244,377</u>	<u>239,309</u>	<u>(5,068)</u>
 Total Revenues	 484,685	 527,854	 531,179	 3,325
<b>Expenditures</b>				
Salaries	121,086	118,000	117,737	263
Employee benefits	86,189	69,718	68,113	1,605
Contracted services	314,687	21,700	19,812	1,888
Supplies and materials	5,500	297,677	289,715	7,962
Capital outlay	1,000	0	0	0
Other	450	4,193	4,192	1
	<u>528,912</u>	<u>511,288</u>	<u>499,569</u>	<u>11,719</u>
 Total Expenditures	 528,912	 511,288	 499,569	 11,719
 Excess (Deficiency) of Revenue Over Expenditures	 (44,227)	 16,566	 31,610	 15,044
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	14,362	0	0	0
	<u>14,362</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Net Change in Fund Balances	 (29,865)	 16,566	 31,610	 15,044
 Fund Balance - Beginning of year	 29,865	 38,888	 38,888	 0
	<u>29,865</u>	<u>38,888</u>	<u>38,888</u>	<u>0</u>
 Fund Balance - End of year	 \$0	 \$55,454	 \$70,498	 \$15,044
	<u>\$0</u>	<u>\$55,454</u>	<u>\$70,498</u>	<u>\$15,044</u>

**MASON CONSOLIDATED SCHOOLS**

*Technology Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$340,000	\$351,941	\$351,941	\$0
Total Revenues	340,000	351,941	351,941	0
<b>Expenditures</b>				
Instruction:				
Purchased services	154,824	158,074	156,071	2,003
Supplies and materials	3,022	14,253	10,809	3,444
Capital outlay	0	55,875	55,837	38
	157,846	228,202	222,717	5,485
Support services:				
Salaries	16,739	27,142	27,435	(293)
Employee benefits	4,176	6,684	6,656	28
Purchased services	49,220	54,507	52,051	2,456
Supplies and materials	5,000	1,500	1,502	(2)
Capital outlay	0	62,500	61,928	572
	75,135	152,333	149,572	2,761
Interdistrict and other uses:				
Payments to other governmental units	33,996	2,284	2,284	0
Total Expenditures	266,977	382,819	374,573	8,246
<b>Net Change in Fund Balances</b>	73,023	(30,878)	(22,632)	8,246
Fund Balance - Beginning of year	161,923	182,456	182,456	0
Fund Balance - End of year	\$234,946	\$151,578	\$159,824	\$8,246

**MASON CONSOLIDATED SCHOOLS**

*Durant Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
State Sources:				
Durant settlement	\$14,189	\$95,333	\$95,333	\$0
Total Revenues	14,189	95,333	95,333	0
<b>Expenditures</b>				
Debt Service:				
Principal	11,245	68,714	68,714	0
Interest	2,944	26,619	26,619	0
Total Expenditures	14,189	95,333	95,333	0
<b>Net Change in Fund Balances</b>	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**MASON CONSOLIDATED SCHOOLS**

*Sinking Capital Projects Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Property taxes	\$0	\$0	\$317	\$317
Interest income	5,000	2,500	2,560	60
Total Revenues	5,000	2,500	2,877	377
<b>Expenditures</b>				
Operations and maintenance:				
Purchased services	169,154	174,000	171,144	2,856
Supplies and materials	0	1,250	1,241	9
Total Expenditures	169,154	175,250	172,385	2,865
<b>Net Change in Fund Balances</b>	(164,154)	(172,750)	(169,508)	3,242
Fund Balance - Beginning of year	164,154	248,271	248,271	0
Fund Balance - End of year	\$0	\$75,521	\$78,763	\$3,242

**MASON CONSOLIDATED SCHOOLS**

*Agency Funds  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2009*

	Student Activities Agency Fund			Balance June 30, 2009
	Balance July 1, 2008	Additions	Deductions	
<b>Assets</b>				
Cash	\$193,203	\$378,896	\$386,624	\$185,475
Due from School District	2,081	0	2,081	0
Total Assets	<u>\$195,284</u>	<u>\$378,896</u>	<u>\$388,705</u>	<u>\$185,475</u>
<b>Liabilities</b>				
Due to student groups	<u>\$195,284</u>	<u>\$378,896</u>	<u>\$388,705</u>	<u>\$185,475</u>
	Flexible Spending Agency Fund			Balance June 30, 2009
	Balance July 1, 2008	Additions	Deductions	
<b>Assets</b>				
Cash	<u>\$11,873</u>	<u>\$12,606</u>	<u>\$13,215</u>	<u>\$11,264</u>
<b>Liabilities</b>				
Other liabilities	<u>\$11,873</u>	<u>\$12,606</u>	<u>\$13,215</u>	<u>\$11,264</u>

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2009*

	Due to (From) Student Groups July 1, 2008	Receipts	Disbursements	Due to (From) Student Groups June 30, 2009
Art	\$4,002	\$2,249	\$2,934	\$3,317
Hall of Fame-Meeker	0	29,813	12,196	17,617
Central Elementary	25,889	0	25,889	0
Reighard Scholarship	581	519	500	600
Dawn Schmidt Scholarship	0	500	500	0
Building	155	4	0	159
Junior High	31,309	535	31,844	0
Media Center-High School	382	18	0	400
Miscellaneous-High School	2,242	2,553	2,082	2,713
Yearbook	355	15,476	15,182	649
Security	303	368	0	671
Football	270	4,159	3,698	731
MS Football	0	250	0	250
Counseling Department	0	471	449	22
Spanish Club	243	5	206	42
Board of Education	236	359	559	36
Lumber	4,946	3,066	1,825	6,187
Student Pop Commission	4,201	4,652	4,155	4,698
Planetarium	311	454	529	236
Band	6,169	3,323	3,936	5,556
Dramatics	3,182	7,140	3,554	6,768
Art Scholarship	222	5	0	227
Athletic Activity	1,217	647	1,015	849
Student Council	507	5,634	5,826	315
High School Parent Group	142	103	74	171
Steingass	0	12,055	1,235	10,820
Renaissance Program	50	0	50	0
After Prom Party	1,694	28,481	16,370	13,805
Youth-in-Government	768	11,090	11,707	151
Flag Corp	103	2	0	105
National Honor Society	314	1,204	705	813
Pop Machine	8,596	3,185	6,263	5,518
Volleyball	5,080	8,703	7,561	6,222
Softball	926	6,477	5,905	1,498
Wrestling	194	3	194	3
Girls Swimming	813	532	1,134	211
Cheerleading	590	4,776	2,869	2,497
Boys Basketball	2,925	3,492	3,099	3,318
Baseball	3,604	4,064	7,649	19

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2009*

(Continued)	Due to (From) Student Groups July 1, 2008	Receipts	Disbursements	Due to (From) Student Groups June 30, 2009
Girls Basketball	\$1,740	\$2,894	\$1,376	\$3,258
MS Wrestling	0	581	0	581
Boys Cross Country	557	1,816	1,207	1,166
Boys Swimming	4,496	6,305	3,580	7,221
Physical	430	10	0	440
State Events	29	0	0	29
Golf	125	614	739	0
Transportation	4,785	11,418	12,786	3,417
NSF Returned Checks	50	955	1,005	0
Interest	7	8	15	0
Bank Fees	0	1,154	1,261	(107)
Class of 65 Sign	1,756	39	0	1,795
Boys Varsity Track	41,998	6,529	45,301	3,226
Checking Interest	4,079	8,131	12,210	0
Student Workers	113	1	0	114
Choir	410	92	85	417
Science Olympiad	1,051	143	666	528
Culture Club	774	643	576	841
Sales Tax	0	2,339	1,839	500
Sales Tax	0	80	52	28
Class of 2009	880	4,472	5,277	75
Class of 2010	893	8,866	8,808	951
Class of 2011	1,014	2,167	1,597	1,584
Class of 2012	5	1,872	1,271	606
Orchard Center High School	6,315	2,828	7,782	1,361
Art - Orchard Center	503	0	0	503
Athletics - Orchard Center	1,689	0	0	1,689
Renaissance - Orchard Center	7,439	210	2,483	5,166
Student Council - Orchard Center	0	2,967	170	2,797
Yearbook - Orchard Center	0	1,227	1,227	0
Art Club - Orchard Center	0	1,161	0	1,161
Meeker Memorial	1,625	0	1,625	0
Library	0	52	0	52
N.J.H.S	0	2,410	213	2,197
Principal Acct - Middle School	0	7,010	4,003	3,007
Student Council	0	3,219	77	3,142
PE	0	3,059	0	3,059
Yearbook	0	10,075	7,064	3,011
Youth to Youth	0	855	0	855

**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2009*

(Continued)	Due to (From) Student Groups July 1, 2008	Receipts	Disbursements	Due to (From) Student Groups June 30, 2009
Youth in Government	\$0	\$5,824	\$5,440	\$384
Art	0	1,115	484	631
7th Grade	0	3,004	2,272	732
Girls Basketball	0	1,684	441	1,243
8th Grade	0	24,735	23,259	1,476
6th Grade	0	80	63	17
Student Enrichment	0	12,829	4,363	8,466
Student Pop	0	1,463	0	1,463
Staff Pop	0	243	53	190
Central - Counselor	0	126	126	0
Central - 2nd Grade Ice Cream	0	3,526	2,973	553
Central - Office	0	18,965	16,758	2,207
Central - Coke	0	1,535	1,296	239
Central - Bennet, Jill	0	396	212	184
1st Grade Field Trips	0	917	917	0
Central - Student council	0	877	408	469
Central - Scarborough	0	222	0	222
Central - T-Shirts	0	1,100	849	251
Central - Hagan, Jennifer	0	285	128	157
Central - Jenkins, Megan	0	201	100	101
Central - Library Fines	0	1,463	287	1,176
Central - Beczynski, Michelle	0	283	0	283
Central - Lennard, Stephanie	0	226	122	104
Central - Eighmey, Kathy	0	200	100	100
Central - Stiegel, Linda	0	226	0	226
Central - Geddes, Jean	0	255	30	225
Central - Hall, Peggy	0	263	126	137
Central - Herman, Jane	0	572	435	137
Central - Simms, Jean	0	201	0	201
Central - Kline, Deanna	0	204	0	204
Central - Swartz, Karen	0	261	91	170
Central - Manley, Lori	0	1,614	271	1,343
Central - Bowman, April	0	663	468	195
Central - Lietaert, Adele	0	267	0	267
Central - Mignano, Rosemary	0	614	511	103
Central - Sort, Stephanie	0	566	355	211
Central - Goliver, Sue	0	259	0	259
Central - Keane, Megan	0	450	0	450
Central - Garske, Judy	0	304	0	304



**MASON CONSOLIDATED SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2009*

(Continued)	Due to (From) Student Groups July 1, 2008	Receipts	Disbursements	Due to (From) Student Groups June 30, 2009
Central - Bondy, Jane	\$0	\$425	\$136	\$289
Central - Samoray, Pat	0	2,314	1,770	544
Central - Finley, Jeannie	0	491	0	491
Central - Weglian, Mary	0	300	156	144
Riser Account	0	836	0	836
3rd Grade Field Trips	0	77	77	0
Central - Speech	0	232	99	133
Central - Mazur, Maureen	0	1,081	895	186
Central - Camp Storer	0	19,940	14,751	5,189
Central - Costello, Susan	0	2,139	1,724	415
Central - Pagel, Angie	0	269	65	204
Central - Topoleski, May	0	205	105	100
<b>Total Due to Student Groups</b>	<b>\$195,284</b>	<b>\$378,896</b>	<b>\$388,705</b>	<b>\$185,475</b>

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009*

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	S060A080275	84.060A \$22,457
Passed Through State Department of Education:		
Title I	081530-0708	84.010 187,851
Title I	091530-0809	84.010 204,273
		392,124
Title II Part A - Improving Teacher Quality	080520-0708	84.367 98,422
Title II Part A - Improving Teacher Quality	090520-0809	84.367 81,011
Title II Part D -Technology Literacy Challenge	094290-0809	84.318 3,143
		182,576
AARA State fiscal stablization fund	092525-0809	84.394 499,686
Total Passed Through State Dept. of Education		1,074,386
Passed Through Intermediate School Districts:		
Tech Prep Education	093540/8014-25	84.243A 2,642
Safe and Drug Free Schools	092860-0809	84.186A 1,509
Total Passed Through Intermediate School Districts		4,151
Total U.S. Department of Education		1,100,994

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2008	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2009
\$0	\$0	\$22,457	\$22,457	\$0
(11,455)	122,158	30,207	18,752	0
0	0	151,956	125,094	26,862
<u>(11,455)</u>	<u>122,158</u>	<u>182,163</u>	<u>143,846</u>	<u>26,862</u>
34,669	62,246	36,176	60,515	10,330
0	0	27,012	29,119	(2,107)
0	0	2,705	2,705	0
<u>34,669</u>	<u>62,246</u>	<u>65,893</u>	<u>92,339</u>	<u>8,223</u>
0	0	499,686	0	499,686
<u>23,214</u>	<u>184,404</u>	<u>747,742</u>	<u>236,185</u>	<u>534,771</u>
0	0	2,642	0	2,642
0	0	1,509	0	1,509
<u>0</u>	<u>0</u>	<u>4,151</u>	<u>0</u>	<u>4,151</u>
<u>\$23,214</u>	<u>\$184,404</u>	<u>774,350</u>	<u>\$258,642</u>	<u>\$538,922</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009*

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		
081950 All Lunches	10.555	\$27,430
091950 All Lunches	10.555	24,242
081960 All Lunches	10.555	120,873
091960 Free & Reduced	10.555	119,762
		292,307
081970 Breakfast	10.553	37,302
091970 Breakfast	10.553	41,803
		79,105
		371,412
U.S.D.A. Donated Commodities		
Entitlements	10.555	24,654
Bonus	10.555	4,105
		28,759
Total U.S. Department of Agriculture		400,171
Total Federal Financial Assistance		\$1,501,165

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2008	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2009
\$0	\$23,829	\$3,601	\$3,601	\$0
0	0	24,242	24,242	0
0	104,159	16,714	16,714	0
0	0	119,762	119,762	0
<u>0</u>	<u>127,988</u>	<u>164,319</u>	<u>164,319</u>	<u>0</u>
0	32,874	4,428	4,428	0
0	0	41,803	41,803	0
<u>0</u>	<u>32,874</u>	<u>46,231</u>	<u>46,231</u>	<u>0</u>
<u>0</u>	<u>160,862</u>	<u>210,550</u>	<u>210,550</u>	<u>0</u>
0	0	24,654	24,654	0
0	0	4,105	4,105	0
<u>0</u>	<u>0</u>	<u>28,759</u>	<u>28,759</u>	<u>0</u>
<u>\$0</u>	<u>\$160,862</u>	<u>239,309</u>	<u>\$239,309</u>	<u>\$0</u>
		<u>\$1,013,659</u>		

## MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards*  
*Year Ended June 30, 2009*

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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 R7120 and 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, 2009*

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#### SUMMARY OF AUDIT RESULTS:

1. The auditors report expresses an unqualified opinion on the financial statements of Mason Consolidated Schools.
2. No significant deficiencies or significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Mason Consolidated Schools were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors report on compliance for Title II A and ARRA State Fiscal Stabilization Fund expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Mason Consolidated Schools.
7. The programs tested as major programs include the Title II A (CFDA #84.367) and ARRA State Fiscal Stabilization Fund (CFDA #84.394).
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 did not qualify as a low-risk auditee.

#### FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

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

None





**COOLEY HEHL  
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October 6, 2009

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, 2009. 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 24, 2009. 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 the fiscal year ended June 30, 2009. 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-

*Qualitative Aspects of Accounting Practices (concluded)*

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 6, 2009.

*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.

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*



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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, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,

*Cooley Hehl Wohlgamuth & Carlton*  
October 6, 2009