



OHIO AUDITOR OF STATE
KEITH FABER



MASON CITY SCHOOL DISTRICT
WARREN COUNTY

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**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	CFDA Number	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
<u>Child Nutrition Cluster:</u>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2019	10.555		\$539,802
Cash Assistance:				
National School Breakfast Program	2019	10.553	53,733	
National School Lunch Program	2019	10.555	537,260	
Total Child Nutrition Cluster			<u>590,993</u>	<u>539,802</u>
Total U.S. Department of Agriculture			<u>590,993</u>	<u>539,802</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
<u>Special Education Cluster:</u>				
Special Education-Grants to States	2019	84.027	1,607,750	
Special Education-Grants to States (Restoration)	2019	84.027	53,337	
Special Education-Grants to States	2018	84.027	305,613	
Total Special Education-Grants to States			<u>1,966,700</u>	<u>0</u>
Special Education-Preschool Grants	2019	84.173	30,530	
Special Education-Preschool Grants	2018	84.173	7,609	
Total Special Education-Preschool Grants			<u>38,139</u>	<u>0</u>
Total Special Education Cluster			<u>2,004,839</u>	<u>0</u>
Title I Grants to Local Educational Agencies	2019	84.010	153,852	
Title I Grants to Local Educational Agencies	2018	84.010	35,781	
Total Title I Grants to Local Educational Agencies			<u>189,633</u>	<u>0</u>
Title III - LEP	2019	84.365	93,676	
Title III - LEP	2018	84.365	19,966	
Title III - Immigrant	2019	84.365	19,082	
Title III - Immigrant	2018	84.365	7,595	
Total Title III			<u>140,319</u>	<u>0</u>
Improving Teacher Quality State Grants	2019	84.367	133,137	
Improving Teacher Quality State Grants	2018	84.367	5,398	
Total Improving Teacher Quality State Grants			<u>138,535</u>	<u>0</u>
Title IV-A - Student Support & Academic Enrichment	2019	84.424	23,468	
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>				
Vocational Education Basic Grants to States	2017	84.048	987	
Total U.S. Department of Education			<u>2,497,781</u>	<u>0</u>
Total Federal Assistance			<u>\$3,088,774</u>	<u>\$539,802</u>

The accompanying notes to this schedule are an integral part of this schedule.

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mason City School District (the District's) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mason City School District
Warren County
211 North East Street
Mason, Ohio 45040

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mason City School District, Warren County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

December 27, 2019

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mason City School District
Warren County
211 North East Street
Mason, Ohio 45040

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Mason City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Mason City School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Mason City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mason City School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 27, 2019.

We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State

Columbus, Ohio

December 27, 2019

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**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING NUMBER 2019-001
(Continued)**

The District lacked management oversight in the preparation of its financial statements. This condition resulted in the following financial statement error:

As part of the Ohio Facilities School Commissions Project, the District was required to deposit retainage monies in an escrow account. The retainage amount is reported as cash with fiscal agent on the District's financial statements.

During the preparation of the District's financial statements in accordance with generally accepted accounting principles (GAAP), the District recorded a GAAP entry to report cash with fiscal agent for the retainage account, which increased the cash balance by the retainage amount. This retainage amount was already reported in the District's cash accounts and the entry should have instead re-classified the retainage amount from cash to cash with fiscal agent. As a result the retainage amount was double booked in the Classroom Facilities Fund resulting in an overstatement of cash in the amount of \$686,240. The District has corrected the financial statements to address the above error.

Failure to accurately prepare the financial statements 1) reduces the accountability over the District's funds, 2) reduces the Board's ability to monitor financial activity and make informed decisions, 3) increases the likelihood that monies will be misappropriated and not detected and 4) increases the likelihood that the financial statements will be misstated.

To strengthen the internal control structure and reduce the likelihood of undetected errors, the Board should review the District financial statements before they are submitted in the Auditor of State's Hinkle system for accuracy to ensure financial information is properly reported in the District's financial statements.

Officials' Response:

The above identified finding was part of a calculation error during the GAAP Conversion and does not reflect daily operational inaccuracies. The District will review the financial reporting errors with the firm that prepared the financial report and monitor these going forward.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
Fiscal Year Ended 6/30/2019

Finding Number: 2019-001

Planned Corrective Action: The above identified finding was part of a calculation error during the GAAP Conversion and does not reflect daily operational inaccuracies. The District will review the financial reporting errors with the firm that prepared the financial report and monitor these going forward.

Anticipated Completion Date: 06/30/2020

Responsible Contact Person: Shaun Bevan

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MASON CITY SCHOOLS

MASON, OHIO

“Welcoming, valuing and engaging each learner”



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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MASON CITY SCHOOL DISTRICT
MASON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY:
OFFICE OF THE TREASURER

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**Introductory
Section**

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December 27, 2019

To the Citizens and Board of Education of the Mason City School District:

State law requires that school districts publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States by the Auditor of State or a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Mason City School District for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the Mason City School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Mason City School District has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Mason City School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Mason City School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Mason City School District's financial statements have been audited by the Auditor of State. The goal of the independent audit was to provide assurance that the financial statements of the Mason City School District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Mason City School District's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Mason City School District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent

auditor to report not only on the fair presentation of the financial statements, but also on the audited school district’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Mason City School District’s separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Mason City School District MD&A can be found immediately following the report of the independent auditors.

Profile of the School District. The District is located in Warren and Butler Counties in southwest Ohio. The District contains 25 square miles, with 99% of its territory located in Warren County and the remaining 1% in Butler County. Political subdivisions included in the District are the City of Mason, portions of Deerfield, Union and Turtle Creek Townships in Warren County, and a portion of West Chester Township in Butler County. The District is approximately 25 minutes northeast of downtown Cincinnati and 35 minutes southeast of downtown Dayton.

The Board of Education of the Mason City School District is a five member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District’s tax dollars, and approves the annual appropriation resolution.

The current Board members, their terms and years on the Board as of June 30, 2019, are:

Board Member	Current Term	Total Years
Mr. Charles Galvin	Jan. 2018 - Dec. 2021	1 ½
Mrs. Courtney Allen	Jan. 2016 - Dec. 2019	7 ½
Mr. Mathew Steele	Jan. 2018 - Dec. 2021	7 ½
Mrs. Connie Yingling	Jan. 2018 - Dec. 2021	19 ¾
Mr. Kevin Wise	Jan. 2016 - Dec. 2019	16 ½

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Mr. Jonathan Cooper was appointed Superintendent effective July 1, 2018 and his current contract expires July 31, 2022.

The Treasurer and CFO is the chief financial officer of the District and is directly responsible to the Board for all financial operations, investments, custody of all District funds and assets, and serves as Secretary to the Board. The Board appointed Mr. Shaun Bevan as Treasurer effective October 9, 2017. Mr. Bevan brought 17 years of educational and financial leadership to the District, having served as the Treasurer for other area school districts in the Cincinnati region. His current contract expires July 31, 2020.

The District provides a full range of traditional and non-traditional educational programs, services and facilities. These include elementary and secondary curriculum offerings at the general and college preparatory levels; a broad range of co-curricular and extra curricular activities; special education programs and facilities and community recreation facilities.

In addition to these general activities, the District acts as the fiscal agent for state funds distributed to non-public chartered schools located within the District boundaries. The District serves St. Susanna, Children's Academy of Mason, The Montessori Academy of Cincinnati, Royalmont Academy and Liberty Bible Academy in this category. While these organizations are similar in operations and services provided, they are distinct and separate entities. Due to the District's administrative involvement with these programs, these State subsidies are therefore presented as special revenue funds within this report.

The District served 10,420 in grade PK-12 students during the 2019 fiscal year in five buildings. The high school (9-12) was constructed in 2002 with an addition in 2009. The middle school (7-8) was constructed in 1959, with additions in 1967, 1980, 1987 and 1997, and a complete renovation in 2019. The intermediate school 45 building wing (4-5) was constructed in 1994. The intermediate school 56 building wing (5-6) was constructed in 1998. An addition was constructed in 2007 connecting the two intermediate building wings. Western Row Elementary School (2-3) was constructed in 1962, with additions in 1987. Mason Early Childhood Center (PreK-2) was constructed in 2007 with additions in 2018.

The District employed approximately 1,170 employees as of June 30, 2019. The District's current enrollment is 10,420. It is expected that the District's enrollment will continue to decrease slightly each year for the next several years, plateauing at approximately 10,000 students within the next 7 to 8 years.

The District's teachers, instructional coaches, and counselors are represented by the Mason Education Association (MEA). The Board of Education and MEA reached agreement on a two year contract effective July 1, 2019 which provides 2.5% base salary increases each year for two years.

The District custodial, grounds, maintenance and HVAC technicians are represented by the Ohio Association of Public School Employees (OAPSE) Local 070. The Board of Education and OAPSE reached agreement on a two year contract effective July 1, 2019 which provides 2.5% base salary increases each year for two years.

The District's other non-certified staff, administrators, directors and supervisors are currently not represented by a union. These classifications typically receive the same benefits extended to the MEA and OAPSE #070. Their salary and wages were increased 2.5% for the 2018-19 school year.

Factors Affecting Financial Condition. The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Mason City School District operates.

Local Economy. The City of Mason's population was last reported as 30,712 in the 2010 U.S. Census and has been growing steadily through targeted planning and development. Mason is the largest city in Warren County. The City continues to be a top choice for quality companies that are relocating or expanding. In choosing Mason, companies often cite the interstate access, rising property values, the established core of high-tech and bio-tech businesses, and an outstanding level of both city and educational services. The tax base is comprised mostly of residential property, which realized around an 11% increase in real estate values for calendar year 2018.

Mason also has a strong commercial tax base. Over 700 businesses operate within the City's 18 square miles and over 90 corporations have headquarters or manufacturing operations in Mason's 24 commerce parks. Three of the 10 largest employers in Warren County are located in Mason. Mason's business community includes Procter & Gamble Healthcare Research Center (Mason's largest employer), Luxottica Retail, Cintas Corporation, Intelligrated Systems, Mitsubishi Electric, and Lindner Center of Hope.

The Mason City School District community continues to see strong investment in the biohealth sector. In the past 18 months, 60% of new economic development projects, 80% of new jobs created and 80% of new investment has been in the biohealth sector including Assurex Health. Mason City Schools has benefited from strong partnerships with leaders in the biotech industry through advanced experiential learning opportunities for our students. During the 18-19 school year, Assurex, ABC Pediatric, CMO Axis, the City of Mason, LEAP, and UC-West Chester hospital all partnered with the Mason High School experiential learning program.

Mason's housing includes an abundance of large, high-value single family homes that sit on lots between 0.25 and 1.0 acre that are built within the last 10-20 years. The average household includes 2.8 family members and 43% of households are reported to have children under 18. Nearly 25% of Mason's working residents work in the City of Mason. 2014 US Census Data reports the median home value for the District at \$231,800, which is 132% of the US median. Median household income is reported at \$87,547, 164% of the US median. Median family income is \$105,108, 161% of the US median. Home values range from \$70,000 to \$2 million

Financial policies and planning. Student enrollment growth has been the priority for the Board and Administration for the last 15 years. Current demographic projections indicate the District will see its population stabilize at approximately 10,000 over the next several years. The District closed the Mason Heights Elementary School in the summer of 2012 and consolidated those students into the Mason Early Childhood Center (MECC) and Western Row Elementary. The District is currently finishing a project with the Ohio Facilities Construction Commission (OFCC) to expand the MECC and the Mason Middle School. These projects are expected to provide sufficient capacity for the District to cover its projected enrollment over the next ten years, and

it does not anticipate the need for any additional significant capital bond issues in the next ten years.

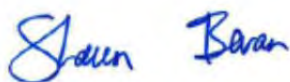
The District continued to be highly ranked in the State of Ohio for academic performance of public schools with a Performance Index of 104.54 and spends less per pupil than the average of similar school districts across Ohio. Spending is aligned with the state average for total expenditure per pupil but the District is more focused on - and spends more on - classroom instruction. The District's priorities and goals for the future are focused on high impact learning, superb staff support, and deep parent and community partnerships. All Mason students will graduate prepared to thrive in a global economy. We pledge to support our staff to ensure that every Mason child has great learning experiences. We believe that engaged parents and community members champion Mason students. The administrative team and Board of Education are mindful of these priorities and goals when making all financial decisions. Our plans for achievement of our goals strike a balance between resource reallocation, utilization of cash reserves, and eventually additional local taxes.

Ohio's school funding model continues to pose challenges to our long-term financial stability. On June 30, 2015, Ohio's Governor vetoed a portion of the State's biennium budget bill that would have provided significant additional revenue to our District. We will continue to advocate for the resources our District needs to be successful. The plan strikes a balance between staff and other cost reductions, utilization of cash reserves, and additional local taxes.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Mason City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of Cynthia Stubenvoll, Assistant Treasurer, along with the entire staff of the Treasurer's Office and Plattenburg and Associates, Incorporated. Credit must also be given to the Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the Mason City School District's finances.

Respectfully submitted,



Shaun L. Bevan
Treasurer and CFO

**MASON CITY SCHOOLS
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2019**

ELECTED OFFICIALS

President, Board of Education.....Matthew Steele
Vice President, Board of Education.....Charles Galvin
Board Member.....Courtney Allen
Board Member.....Kevin Wise
Board Member.....Connie Yingling

ADMINISTRATIVE OFFICIALS

Superintendent.....Jonathan Cooper
Chief Academic Officer.....Heather Sass
Chief Operations Officer.....Todd Petrey
Chief Talent Officer.....Tonya McCall
Innovative Programs Administrator.....Christine McCormick
Public Information Officer.....Tracey Carson
Treasurer.....Shaun Bevan
Assistant Treasurer.....Cynthia Stubenvoll
Benefits Supervisor.....Crystal Clark
Payroll Supervisor.....Terri Ross
Building and Grounds Supervisor.....George Highfill
Child Nutrition Supervisor.....Tamara Earl
Data Center Administrator.....Sheri Ballman
ESL Supervisor.....Milena Varbanova
Gifted Administrator.....Nicole Dietrich (HCESC)
Special Services Administrator.....Jessica Stevens
Special Services Supervisor.....Jody Bergman
Special Services Supervisor.....Nicole Pfirman
Special Services Supervisor.....Thea Staley (HCESC)
Special Services Supervisor.....Jenny Woods (HCESC)
Transportation Supervisor.....Carolyn Thornton



ORGANIZATION CHART

Board of Education Members

Matthew Steele, Board President
Kevin Wise, Board Vice-President
Courtney Allen
Charles Galvin
Connie Yingling

Superintendent/CEO, Jonathan Cooper

Chief Financial Officer, Shaun Bevan
Cynthia Stubenvoll, Assistant Treasurer
Terri Ross, Payroll Supervisor
Crystal Clark, Benefits Supervisor

Chief Academic Officer, Dr. Heather Sass,
Jill Arminio, Science Academic Learning Coach
Bob Reynolds, Math Academic Learning Coach
Shannon Homoelle, Lang Arts Academic Learning Coach
Robyn Thomas, Academic Learning Coach

Innovative Programs Administrator, Christine McCormick
Randy Doughman Innovative Learning Coach
Krissy Hufnagel Innovative Learning Coach
Dan Little Innovative Learning Coach
Aaron Roberts Innovative Learning Coach

Chief Talent Officer, Tonya McCall

Chief Operations Officer, Todd Petrey

Public Information Officer, Tracey Carson

Principals

Melissa Bly, Mason Early Childhood Center - Grades Pre-K-2
Vivian Alvarez, Western Row Grade 3 & Mason Intermediate Grade 4
Eric Messer, Mason Intermediate - Grades 5-6
Lauren Gentene, Mason Middle School - Grades 7-8
Bobby Dodd, Mason High School - Grades 9-12



ORGANIZATION CHART (Con.)

Data Center Administrator, Sheri Ballman
Central Registrar, Jan Hill

Special Services Administrator, Jessica Stevens
Special Services Supervisor (MMS & MHS), Jody Bergman
Special Services Supervisor (MI - grades 5 & 6), Jenny Woods (HCESC)
Special Services Supervisor (MECC), Thea Staley
Special Services Behavior Supervisor (WR - grade 3, MI- grade 4), Nicole Pfirman

ESL Administrator Milena Varbanova

Gifted Administrator, Nicole Dietrich, (HCESC) Gifted Administrator

Transportation Supervisor, Carolyn Thornton

Buildings & Grounds Supervisor, George Highfill

Facilities Coordinator, Debbie Darland

Facilities Scheduler, Kim Ashman



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Mason City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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**Financial
Section**

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OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kerswood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Mason City School District
Warren County
211 North East Street
Mason, Ohio 45040

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mason City School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 the Mason City School District, Warren County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis, required budgetary comparison schedules* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

December 27, 2019

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Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The discussion and analysis of Mason City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Net position of governmental activities increased \$10,464,076 which represents a 22% increase from 2018.
- General revenues accounted for \$112,201,320 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$18,281,013 or 14% of total revenues of \$130,482,333.
- The District had \$120,018,257 in expenses related to governmental activities; \$18,281,013 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$112,201,320 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, the Debt Service Fund, the Capital Projects Fund and the Classroom Facilities Fund are the major funds of the District.

Government-wide Financial Statements

The analysis of the District as a whole begins with the Government-wide Financial Statements. These reports provide information that will help the reader to determine if the Mason City School District is financially better off or worse off as a result of the year's activities. These statements include all *assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net* position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

In the Government-wide Financial Statements, the District presents governmental activities. The District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

Information about the District's major funds is presented in the Fund Financial Statements (see table of contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, 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 District's general government operations and the basic 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 educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

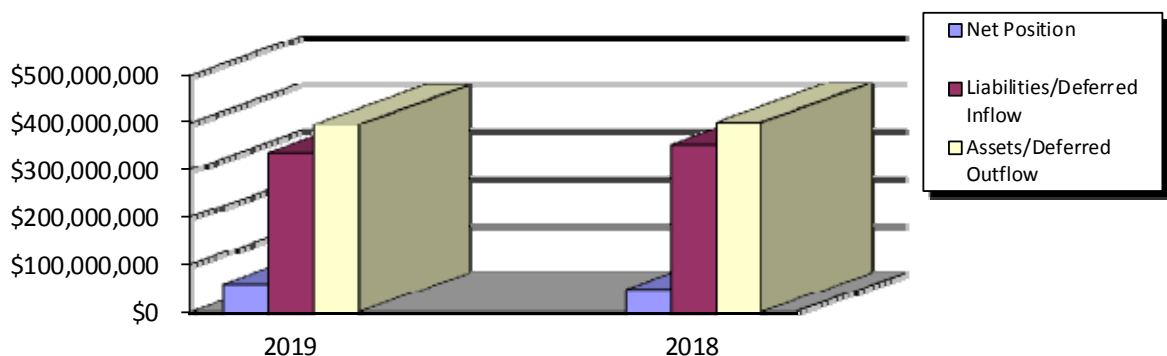
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2019 compared to 2018:

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Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2019	2018
Assets:		
Current and Other Assets	\$154,301,688	\$193,348,039
Net OPEB Asset	7,473,122	0
Capital Assets	190,900,938	163,221,580
Total Assets	352,675,748	356,569,619
Deferred Outflows of Resources:		
Deferred Charge on Refunding	2,863,953	2,334,472
OPEB	2,763,018	1,397,020
Pension	36,720,429	40,608,872
Total Deferred Outflows of Resources	42,347,400	44,340,364
Liabilities:		
Other Liabilities	21,207,720	25,136,647
Long-Term Liabilities	222,325,055	252,736,021
Total Liabilities	243,532,775	277,872,668
Deferred Inflows of Resources:		
Property Taxes	64,948,833	57,733,487
Deferred Gain on Refunding	1,101,415	1,284,984
Grants and Other Taxes	4,887,614	5,450,713
OPEB	13,100,512	3,896,171
Pension	8,725,595	6,409,632
Total Deferred Inflows of Resources	92,763,969	74,774,987
Net Position:		
Net Investment in Capital Assets	129,766,300	86,330,715
Restricted	32,435,558	60,611,546
Unrestricted	(103,475,454)	(98,679,933)
Total Net Position	\$58,726,404	\$48,262,328



Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$58,726,404.

At year-end, capital assets represented 54% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2019, were \$129,766,300. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$32,435,558 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use. The District's balance of unrestricted net position is (\$103,475,454) as of June 30, 2019. The negative unrestricted net position, and total net position, are a result of recording pension liabilities required by governmental auditing standards, and these liabilities do not represent an immediate obligations of the District.

Current and Other Assets decreased mainly due to a decrease in cash and investments. Long-Term Liabilities decreased mainly due to a decrease in Net Pension Liability and Net OPEB Liability.

Table 2 shows the changes in net position for fiscal years 2019 and 2018.

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Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues		
Charges for Services	\$9,574,201	\$10,435,816
Operating Grants, Contributions	8,706,812	7,625,002
General Revenues:		
Property Taxes	60,733,292	71,774,330
Grants and Entitlements	42,967,258	43,829,088
Investment Earnings	1,640,777	633,027
Revenue in Lieu of Taxes	4,801,885	5,046,252
Other	2,058,108	1,306,402
Total Revenues	<u>130,482,333</u>	<u>140,649,917</u>
Program Expenses:		
Instruction	69,241,151	35,941,935
Support Services:		
Pupil and Instructional Staff	10,436,170	6,596,515
School Administrative, General		
Administration, Fiscal and Business	6,907,146	2,227,767
Operations and Maintenance	12,731,323	9,664,573
Pupil Transportation	6,415,481	3,280,142
Central	2,468,899	1,324,691
Operation of Non-Instructional Services	6,082,681	4,860,953
Extracurricular Activities	3,235,015	1,697,858
Interest and Fiscal Charges	2,500,391	2,859,926
Total Program Expenses	<u>120,018,257</u>	<u>68,454,360</u>
Increase (Decrease) in Net Position	10,464,076	72,195,557
Net Position - Beginning of Year	<u>48,262,328</u>	<u>(23,933,229)</u>
Net Position - End of Year	<u>\$58,726,404</u>	<u>\$48,262,328</u>

Governmental Activities

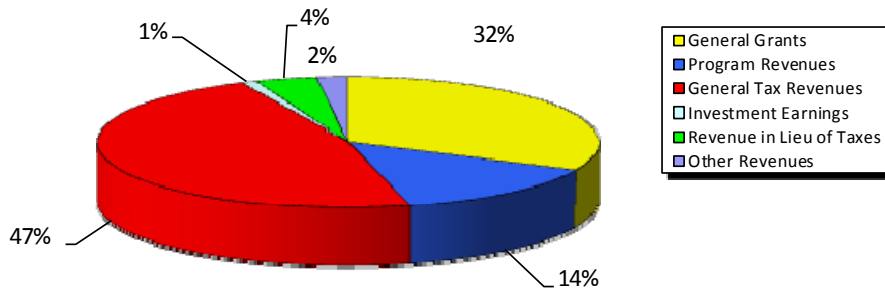
The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and grants and entitlements comprised 79% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by an existing levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 whose taxes include a 1.0 mill outside operating levy would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate for the outside operating levy would become .5 mills and the owner would still pay \$35.00.

Mason City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Thus Ohio school districts do not receive additional tax revenue related to the increase in appraised value and must regularly return to the voters to maintain a constant level of service. Property taxes made up 47% of revenue for governmental activities for the District in fiscal year 2019.

Revenue Sources	2019	Percentage
General Grants	\$42,967,258	32%
Program Revenues	18,281,013	14%
General Tax Revenues	60,733,292	47%
Investment Earnings	1,640,777	1%
Revenue in Lieu of Taxes	4,801,885	4%
Other Revenues	2,058,108	2%
Revenue Sources	<u>\$130,482,333</u>	<u>100%</u>



Instruction comprises 58% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses and interest and fiscal charges were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues decreased mainly due to a decrease in grants for property tax revenues. Total Expenses increased mainly due to changes related to net pension liability and other post employment benefits liability.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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Mason City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$69,241,151	\$35,941,935	(\$59,309,146)	(\$26,579,231)
Support Services:				
Pupil and Instructional Staff	10,436,170	6,596,515	(9,761,376)	(6,079,457)
School Administrative, General				
Administration, Fiscal and Business	6,907,146	2,227,767	(6,795,145)	(2,091,504)
Operations and Maintenance	12,731,323	9,664,573	(12,533,698)	(8,839,894)
Pupil Transportation	6,415,481	3,280,142	(6,237,426)	(3,116,008)
Central	2,468,899	1,324,691	(2,459,899)	(1,315,691)
Operation of Non-Instructional Services	6,082,681	4,860,953	(845,798)	321,199
Extracurricular Activities	3,235,015	1,697,858	(1,294,365)	166,970
Interest and Fiscal Charges	2,500,391	2,859,926	(2,500,391)	(2,859,926)
Total Expenses	\$120,018,257	\$68,454,360	(\$101,737,244)	(\$50,393,542)

The District’s Funds

The District has four major governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund and the Classroom Facilities Fund. Assets of the General Fund comprised \$99,965,086 (64%), the Debt Service Fund comprised \$18,570,101 (12%), the Capital Projects Fund comprised \$24,066,439 (16%) and the Classroom Facilities Fund comprised \$5,948,353 (4%) of the total \$155,025,269 governmental funds’ assets.

General Fund: Fund balance at June 30, 2019 was \$29,911,210 including \$5,337,067 of unassigned balance. The fund balance decreased by \$13,374,984. The fund balance decreased due to a decrease in property tax revenues received.

Debt Service Fund: Fund balance at June 30, 2019 was \$6,284,418. The fund balance decreased by \$3,772,532. The primary reason for the decrease in fund balance was due to a decrease in property tax revenues from 2018 to 2019.

Capital Projects Fund: Fund balance at June 30, 2019 was \$18,429,284. The fund balance decreased by \$482,542. The primary reason for the decrease in fund balance was mainly due to a large transfer made out of the fund during the year.

Classroom Facilities Fund: Fund balance at June 30, 2019 was \$574,794. The fund balance decreased by \$3,584,098 from 2018. The primary reason for the decrease in fund balance was due to an increase in capital outlay expenditures during the year.

General Fund Budgeting Highlights

The District’s budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the current fiscal year, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget to address unexpected changes in revenues and expenditures.

Mason City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The final revenue budget for the General Fund was \$99,256,729. The actual revenue was \$103,701,303. The \$4,444,574 variance was primarily due to conservative estimates for taxes and intergovernmental revenue. The final budget expenditures were \$112,922,301. The actual expenditures were \$111,231,461. The \$1,690,840 variance was primarily due to an overestimate for instructional expenditures. The District’s ending unobligated General Fund cash balance was \$32,461,476.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$190,900,938 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal 2019 balances compared to fiscal 2018 restated:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$3,655,645	\$3,655,645
Construction in Progress	38,734,862	10,022,711
Buildings and Improvements	143,481,190	144,275,728
Equipment	5,029,241	5,267,496
Total Net Capital Assets	<u>\$190,900,938</u>	<u>\$163,221,580</u>

Overall, capital assets increased due to the continuation of a construction project. See Note 6 to the Basic Financial Statements for more details on the District’s capital assets.

Debt

At year end, the District had \$63,906,117 in bonds and capital leases outstanding, \$8,498,000 due within one year. Table 5 summarizes bonds and capital leases outstanding.

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Mason City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2019	2018
General Obligation Bonds:		
2019 Advance Refunding Bond Anticipation Note	\$15,015,000	\$0
2019 Advance Refunding Bond Anticipation Note - Premium	265,485	0
2016 Tax Exempt Refunding of 2007 Bonds	5,430,000	9,080,000
2016 Tax Exempt Refunding of 2007 Bonds - Premium	1,028,258	1,199,634
2006 Refunding High School/Recreation Center and Intermediate	15,895,000	20,705,000
2006 Refunding Bond Premium on High School/Recreation Center	932,683	1,305,756
2007 Refunding Early Childhood Center	13,870,000	13,870,000
2013 Refunding High School Addition - Current Interest Bonds	1,085,000	16,100,000
2013 Refunding High School Addition - Capital Appreciation Bonds	720,000	720,000
2013 Refunding High School Addition - Accreted Interest on Capital Appreciation Bonds	1,008,941	774,227
2013 Refunding High School Addition - Premium	1,856,433	2,320,541
2013 Refunding High School/Recreation Center	2,390,000	3,640,000
2013 Refunding High School/Recreation Center - Premium	171,317	228,422
Capital Leases	4,238,000	4,411,000
Total Bonds and Capital Leases	<u>\$63,906,117</u>	<u>\$74,354,580</u>

See Notes 8 and 9 to the basic financial statements for further details on the District’s debt.

For the Future

Despite uncertain revenue projections from the State, the District plans to meet its commitment through significant budgetary controls and spending restrictions. The District intends to continue to spend less per pupil than the State average, while producing results that rank it in the top 10 school districts in the State.

All of the District’s financial management abilities and controls will be needed to meet the challenges of the future. However, with careful planning and monitoring of the District’s finances and continued support from the community, the District’s management is confident that the District will continue to provide a high quality education for our students while maintaining a balanced, cost efficient budget.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Mason City Schools, 211 North East Street, Mason, Ohio 45040.

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Mason City School District, Ohio
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$76,288,169
Restricted Cash and Investments	771,833
Receivables (Net):	
Taxes	67,262,036
Accounts	68,873
Interest	156,016
Intergovernmental	9,737,861
Inventory	16,900
Net OPEB Asset	7,473,122
Nondepreciable Capital Assets	42,390,507
Depreciable Capital Assets, Net	<u>148,510,431</u>
Total Assets	<u>352,675,748</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	2,863,953
Pension	36,720,429
OPEB	<u>2,763,018</u>
Total Deferred Outflows of Resources	<u>42,347,400</u>
Liabilities:	
Accounts Payable	358,155
Accrued Wages and Benefits	16,274,358
Contracts Payable	1,324,483
Retainage Payable	686,240
Accrued Interest Payable	694,919
Claims Payable	1,869,565
Long-Term Liabilities:	
Due Within One Year	9,323,663
Due In More Than One Year	
Net Pension Liability	133,307,054
Net OPEB Liability	15,249,092
Other Amounts	<u>64,445,246</u>
Total Liabilities	<u>243,532,775</u>
Deferred Inflows of Resources:	
Property Taxes	64,948,833
Deferred Gain on Refunding	1,101,415
Grants and Other Taxes	4,887,614
Pension	8,725,595
OPEB	<u>13,100,512</u>
Total Deferred Inflows of Resources	<u>92,763,969</u>
Net Position:	
Net Investment in Capital Assets	129,766,300
Restricted for:	
Debt Service	5,671,300
Capital Projects	23,220,782
Community Services	1,787,066
District Managed Student Activities	398,868
Auxiliary Services	46,604
Food Service	908,261
Federal Grants	402,677
Unrestricted	<u>(103,475,454)</u>
Total Net Position	<u>\$58,726,404</u>

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$46,011,386	\$2,875,734	\$0	(\$43,135,652)
Special	20,246,006	1,405,704	5,291,551	(13,548,751)
Vocational	987	0	24,522	23,535
Other	2,982,772	65,309	269,185	(2,648,278)
Support Services:				
Pupil	7,372,124	779	430,028	(6,941,317)
Instructional Staff	3,064,046	0	243,987	(2,820,059)
General Administration	111,245	0	0	(111,245)
School Administration	4,572,650	84,718	0	(4,487,932)
Fiscal	1,754,587	0	0	(1,754,587)
Business	468,664	27,283	0	(441,381)
Operations and Maintenance	12,731,323	133,945	63,680	(12,533,698)
Pupil Transportation	6,415,481	0	178,055	(6,237,426)
Central	2,468,899	0	9,000	(2,459,899)
Operation of Non-Instructional Service	6,082,681	3,040,079	2,196,804	(845,798)
Extracurricular Activities	3,235,015	1,940,650	0	(1,294,365)
Interest and Fiscal Charges	2,500,391	0	0	(2,500,391)
Total Governmental Activities	\$120,018,257	\$9,574,201	\$8,706,812	(\$101,737,244)

General Revenues:

Property Taxes Levied for:

General Purposes	48,776,828
Debt Service Purposes	11,346,575
Capital Projects Purposes	609,889
Grants and Entitlements, Not Restricted	42,967,258
Revenue in Lieu of Taxes	4,801,885
Unrestricted Contributions	29,542
Investment Earnings	1,640,777
Other Revenues	2,028,566

Total General Revenues 112,201,320

Change in Net Position 10,464,076

Net Position - Beginning of Year 48,262,328

Net Position - End of Year \$58,726,404

See accompanying notes to the basic financial statements.

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Mason City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2019

	General	Debt Service	Capital Projects	Classroom Facilities
Assets:				
Equity in Pooled Cash and Investments	\$45,071,051	\$5,890,128	\$18,482,678	\$1,592,413
Restricted Cash and Investments	85,593	0	0	686,240
Receivables (Net):				
Taxes	53,904,674	12,679,973	677,389	0
Accounts	24,000	0	18,758	0
Interest	156,016	0	0	0
Intergovernmental	171	0	4,887,614	3,669,700
Interfund	723,581	0	0	0
Inventory	0	0	0	0
Total Assets	99,965,086	18,570,101	24,066,439	5,948,353
Liabilities:				
Accounts Payable	135,480	0	67,313	0
Accrued Wages and Benefits	15,393,039	0	0	0
Compensated Absences	221,879	0	0	0
Contracts Payable	0	0	26,300	1,017,619
Retainage Payable	0	0	0	686,240
Interfund Payable	0	0	0	0
Claims Payable	1,869,565	0	0	0
Total Liabilities	17,619,963	0	93,613	1,703,859
Deferred Inflows of Resources:				
Property Taxes	52,344,883	12,285,683	655,928	0
Grants and Other Taxes	0	0	4,887,614	3,669,700
Investment Revenue	89,030	0	0	0
Total Deferred Inflows of Resources	52,433,913	12,285,683	5,543,542	3,669,700
Fund Balances:				
Restricted	0	6,284,418	18,429,284	574,794
Assigned	24,574,143	0	0	0
Unassigned	5,337,067	0	0	0
Total Fund Balances	29,911,210	6,284,418	18,429,284	574,794
Total Liabilities, Deferred Inflows and Fund Balances	\$99,965,086	\$18,570,101	\$24,066,439	\$5,948,353

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$5,251,899	\$76,288,169
0	771,833
0	67,262,036
26,115	68,873
0	156,016
1,180,376	9,737,861
0	723,581
16,900	16,900
<u>6,475,290</u>	<u>155,025,269</u>
155,362	358,155
881,319	16,274,358
0	221,879
280,564	1,324,483
0	686,240
723,581	723,581
0	1,869,565
<u>2,040,826</u>	<u>21,458,261</u>
0	65,286,494
1,180,376	9,737,690
0	89,030
<u>1,180,376</u>	<u>75,113,214</u>
3,894,771	29,183,267
0	24,574,143
(640,683)	4,696,384
<u>3,254,088</u>	<u>58,453,794</u>
<u>\$6,475,290</u>	<u>\$155,025,269</u>

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Mason City School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2019

Total Governmental Fund Balance \$58,453,794

Amounts reported for governmental activities in the
 statement of net position are different because:

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 190,900,938

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Deliquent Property Taxes	337,661	
Interest	89,030	
Intergovernmental	4,850,076	
		5,276,767

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources.

(694,919)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (9,640,913)

Deferred charges for bond refunding losses and gains associated with
 long-term liabilities that are not reported in the funds.

Deferred charge on refunding	2,863,953	
Deferred gain on refunding	(1,101,415)	
		1,762,538

Deferred outflows and inflows or resources related to pensions and OPEB
 are applicable to future periods and, therefore, are not
 reported in the funds.

Deferred outflows of resources related to pensions	36,720,429	
Deferred inflows of resources related to pensions	(8,725,595)	
Deferred outflows of resources related to OPEB	2,763,018	
Deferred inflows of resources related to OPEB	(13,100,512)	
		17,657,340

Long-term liabilities and net OPEB assets are not available to pay for
 current period expenditures and are not due and payable in the
 current period and, therefore, are not reported in the funds.

Net OPEB Asset	7,473,122	
Net Pension Liability	(133,307,054)	
Net OPEB Liability	(15,249,092)	
Other Amounts	(63,906,117)	
		(204,989,141)

Net Position of Governmental Activities \$58,726,404

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Debt Service	Capital Projects	Classroom Facilities
Revenues:				
Property and Other Taxes	\$49,080,272	\$11,414,823	\$613,317	\$0
Tuition and Fees	3,118,666	0	0	0
Investment Earnings	1,481,656	9,033	20,079	53,987
Intergovernmental	44,304,569	2,071,194	86,859	18,709,535
Extracurricular Activities	583,020	0	0	0
Charges for Services	1,283,341	0	0	0
Revenue in Lieu of Taxes	0	0	4,756,647	0
Other Revenues	704,154	171,423	168,853	0
Total Revenues	100,555,678	13,666,473	5,645,755	18,763,522
Expenditures:				
Current:				
Instruction:				
Regular	51,245,133	0	570,668	0
Special	20,389,915	0	0	0
Vocational	0	0	0	0
Other	3,237,476	0	0	0
Support Services:				
Pupil	7,828,625	0	527	0
Instructional Staff	2,588,942	0	538,220	0
General Administration	113,286	0	0	0
School Administration	5,636,435	10,671	578	0
Fiscal	1,714,223	224,382	13,929	0
Business	388,080	0	0	0
Operations and Maintenance	9,206,326	0	1,538,978	0
Pupil Transportation	6,297,827	0	474,525	0
Central	2,592,278	0	75,695	0
Operation of Non-Instructional Services	1,096,639	0	0	0
Extracurricular Activities	1,792,433	0	24,200	0
Capital Outlay	0	0	1,291,635	22,347,620
Debt Service:				
Principal Retirement	0	9,710,000	0	0
Interest and Fiscal Charges	0	2,315,650	0	0
Bond Issuance Cost	0	78,999	0	0
Total Expenditures	114,127,618	12,339,702	4,528,955	22,347,620
Excess of Revenues Over (Under) Expenditures	(13,571,940)	1,326,771	1,116,800	(3,584,098)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	196,956	0	658	0
Issuance of Advance Refunding Bonds	0	15,015,000	0	0
Payments to Bond Escrow Account	0	(16,019,788)	0	0
Premium on Advance Refunding Bonds	0	265,485	0	0
Transfers In	0	0	0	0
Transfers (Out)	0	(4,360,000)	(1,600,000)	0
Total Other Financing Sources (Uses)	196,956	(5,099,303)	(1,599,342)	0
Net Change in Fund Balance	(13,374,984)	(3,772,532)	(482,542)	(3,584,098)
Fund Balance - Beginning of Year	43,286,194	10,056,950	18,911,826	4,158,892
Fund Balance - End of Year	\$29,911,210	\$6,284,418	\$18,429,284	\$574,794

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$0	\$61,108,412
458,837	3,577,503
3,685	1,568,440
4,657,413	69,829,570
1,028,836	1,611,856
3,100,363	4,383,704
0	4,756,647
870,505	1,914,935
<u>10,119,639</u>	<u>148,751,067</u>
173,164	51,988,965
1,923,538	22,313,453
987	987
0	3,237,476
364,535	8,193,687
231,541	3,358,703
0	113,286
8,036	5,655,720
0	1,952,534
165,585	553,665
870,476	11,615,780
0	6,772,352
9,000	2,676,973
5,504,649	6,601,288
1,653,116	3,469,749
6,294,207	29,933,462
173,000	9,883,000
206,701	2,522,351
0	78,999
<u>17,578,535</u>	<u>170,922,430</u>
<u>(7,458,896)</u>	<u>(22,171,363)</u>
0	197,614
0	15,015,000
0	(16,019,788)
0	265,485
5,960,000	5,960,000
0	(5,960,000)
<u>5,960,000</u>	<u>(541,689)</u>
(1,498,896)	(22,713,052)
<u>4,752,984</u>	<u>81,166,846</u>
<u>\$3,254,088</u>	<u>\$58,453,794</u>

Mason City School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds (\$22,713,052)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	30,669,158	
Depreciation Expense	<u>(2,981,735)</u>	
		27,687,423

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (8,065)

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions is reported as pension and OPEB expense.

Pension Contributions	10,321,243	
Pension Expense	(12,270,599)	
OPEB Contributions	410,929	
OPEB Expense	<u>15,535,078</u>	
		13,996,651

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	(375,120)	
Interest	72,337	
Intergovernmental	<u>(18,155,500)</u>	
		(18,458,283)

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Refunding Bonds	(15,015,000)	
Bonds Advance Refunded	15,015,000	
Premium on Bonds Issued	(265,485)	
Deferred Charge on Refunding	<u>1,004,788</u>	
		739,303

Repayment of bond principal, capital lease principal and current refunding bonds (principal and premium) are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 9,883,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. (438,251)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(763,860)	
Amortization of Bond Premium	1,065,662	
Amortization of Deferred Charge on Refunding	(475,307)	
Bond Accretion	(234,714)	
Amortization of Gain Charge on Refunding	<u>183,569</u>	
		(224,650)

Change in Net Position of Governmental Activities \$10,464,076

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Education Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$101,690	\$761,563
Receivables (Net):		
Accounts	<u>0</u>	<u>3,305</u>
Total Assets	<u>101,690</u>	<u>764,868</u>
Liabilities:		
Accounts Payable	0	20,530
Other Liabilities	<u>0</u>	<u>744,338</u>
Total Liabilities	<u>0</u>	<u>\$764,868</u>
Net Position:		
Held in Trust	<u>101,690</u>	
Total Net Position	<u>\$101,690</u>	

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2019

	Education Private Purpose Trust
Additions:	
Donations	\$2,806
Investment Earnings	112
Total Additions	<u>2,918</u>
Deductions:	
Scholarships	<u>1,850</u>
Total Deductions	<u>1,850</u>
Change in Net Position	1,068
Net Position - Beginning of Year	<u>100,622</u>
Net Position - End of Year	<u><u>\$101,690</u></u>

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 1 – Description of the District

The Mason City School District (the “District”) operates under a locally elected five member Board and provides educational services as authorized by its charter or further mandated by state/or federal agencies. The Board controls the District’s five instructional facilities, staffed by 492 full-time equivalent classified personnel, 678 certified full-time equivalent teaching personnel and administrative employees to provide services to students and other community members.

The District is located in Warren and Butler Counties in southwest Ohio. The District contains 25 square miles, with 99% of its territory located within Warren County and the remaining 1% in Butler County. Political subdivisions included in the District are the City of Mason, portions of Deerfield, Union and Turtle Creek Townships in Warren County, and a portion of West Chester Township in Butler County. The District is approximately 25 minutes northeast of downtown Cincinnati and 35 minutes southwest of downtown Dayton. The enrollment for the District during the current fiscal year was 10,420. The District operates one early childhood center (Pre-K-2), one elementary school and (2-3), one intermediate school (4-6), one middle school (7-8) and a high school (9-12).

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District 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.

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with three jointly governed organizations. These organizations are:

- Jointly Governed Organizations:
 - Southwestern Ohio Computer Association
 - Great Oaks Career Campuses
 - Jewell Education Foundation

These organizations are presented in Note 17 to the basic financial statements.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Capital Projects Fund – The capital projects fund is used to account for all transactions related to improvements to existing District facilities.

Classroom Facilities Fund – The capital projects fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities School Commission for the building and equipment for the classroom facilities project.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary funds are a private purpose trust fund and three agency funds. The private purpose trust fund accounts for scholarship programs for students. The student managed activity (agency) fund accounts for those student activity programs. The Section 125 insurance (agency) fund accounts for employee insurance contributions. The District Agency fund accounts for those held by the District as an agency for individuals, private organization, and other governmental units.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Measurement Focus

Government-wide Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

within sixty days of fiscal year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to a deferred charge on refunding, OPEB, and pension are reported on the governmental-wide statement of net position. For more OPEB and pension related information, see Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, deferred gain on refunding, grants and other taxes (which includes tax incremental financing (TIF's), OPEB, pension, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance year 2020 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements in the grants and other taxes line item. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as a component of intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures as well as expenditures related to compensated absences and claims are recorded only when due and payable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Equivalents with Fiscal Agent”.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the current fiscal year amounted to \$1,481,656 credited to the General Fund; \$9,033 credited to the Debt Service Fund, \$20,079 credited to the Capital Projects Fund, \$53,987 credited to the Classroom Facilities Fund, and \$3,685 credited to Other Governmental Funds.

For presentation on the financial statements, investments of the cash management pool are considered to be cash equivalents.

Inventory

Inventories are presented at cost on a first in, first out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The 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. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Governmental Activities

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-100 years
Equipment	5-20 years

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. The 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 entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences represent amounts due and payable. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	0-20 days annually depending on length of service and days worked	10-20 days per year depending on length of service and days worked
Maximum Accumulation	Not Applicable	Amount equal to three years accrual	Amount equal to three years accrual
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination

Mason City School District, Ohio
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Sick Leave

How Earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum Accumulation	260 days	260 days	260 days
Vested	5-10 years of service Eligible for retirement	5-10 years of service Eligible for retirement	5-10 years of service Eligible for retirement
Termination Entitlement	Paid upon retirement at 25%-50%	Paid upon retirement at 25%-50%	Paid upon retirement at 25%-50%

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. The formal action that is required to establish a fund balance commitment is a Board Resolution.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer, as established by the board approved purchasing policy.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the

Mason City School District, Ohio
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acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$32,435,558 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Position.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent amounts followed by statute to be set-aside to create a reserve for budget stabilization.

Accrued Liabilities and Long Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-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 governmental funds. However, compensated absences 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 at year end. Long term loans are recognized as a liability on the statement of net position when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Equity In Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2019, \$25,593,124 of the District's bank balance of \$26,093,124 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the District had the following investments:

Investment Type	Measurement Amount	Fair Value Hierachy	Weighted Average Maturity (Years)
Fair Value:			
Federal Home Loan Bank	\$11,012,491	Level 2	2.01
Federal National Mortgage Association	7,318,765	Level 2	1.17
Federal Home Loan Mortgage	7,643,834	Level 2	2.30
Commercial Paper	21,672,374	Level 2	0.47
Negotiable CD's	6,476,967	Level 2	3.28
Net Asset Value (NAV):			
Money Market Fund	11,776	N/A	0.00
STAR Ohio	137,123	N/A	0.13
Total	\$54,273,330		
Portfolio Weighted Average Maturity			1.47

Mason City School District, Ohio
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For The Fiscal Year Ended June 30, 2019

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2019. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio to maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2019, is 53 days.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. Investments in Commercial Paper were rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. Investments in STAR Ohio were rated AAAM by Standard & Poor's. Investments in Negotiable CD's and Money Market Funds were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. Investments of the District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. Strategies to achieve this are determined and revised periodically. The District as invested 20.3% in Federal Home Loan Bank, 13.5% in Federal National Mortgage Association, 14.1% in Federal Home Loan Mortgage, 12.0% in Negotiable CD's, 39.9% in Commercial Paper, .1% in Money Market Funds, and 0.2% in STAR Ohio.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 4 - Property Taxes

Real property taxes collected in 2019 were levied in April on the assessed values as of January 1, 2018, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Real property taxes are payable annually or semi-annually. In 2019, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at June 30, 2019. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2019 on the fund financial statements. The entire amount of delinquent taxes receivable is recognized as revenue in the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2019 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,912,206,480
Public Utility	<u>40,462,230</u>
Total	<u><u>\$1,952,668,710</u></u>

Note 5 – Receivables

Receivables at fiscal year-end consisted of taxes, accounts, interest, intergovernmental and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 6 - Capital Assets

Capital asset activity for the current fiscal year end was as follows:

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,655,645	\$0	\$0	\$3,655,645
Construction in Progress	10,022,711	28,712,151	0	38,734,862
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	178,739,384	1,241,483	0	179,980,867
Equipment	18,015,082	715,524	60,780	18,669,826
Totals at Historical Cost	<u>210,432,822</u>	<u>30,669,158</u>	<u>60,780</u>	<u>241,041,200</u>
Less Accumulated Depreciation:				
Buildings and Improvements	34,463,656	2,036,021	0	36,499,677
Equipment	12,747,586	945,714	52,715	13,640,585
Total Accumulated Depreciation	<u>47,211,242</u>	<u>2,981,735</u>	<u>52,715</u>	<u>50,140,262</u>
Governmental Activities Capital Assets, Net	<u>\$163,221,580</u>	<u>\$27,687,423</u>	<u>\$8,065</u>	<u>\$190,900,938</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$108,485
Special	875

Support Services:

Instructional Staff	22,338
School Administration	1,204
Operations and Maintenance	1,954,852
Pupil Transportation	599,020
Central	86,180
Operation of Non-Instructional Services	84,177
Extracurricular Activities	124,604
Total Depreciation Expense	<u>\$2,981,735</u>

Note 7 - Short-Term Notes Payable

Short-Term Notes Payable activity of the District for the current year end was as follows:

	Beginning Principal Outstanding	Additions	Deletions	Ending Principal Outstanding
Mason Intermediate				
Construction 2018 2.00%	\$4,360,000	\$0	\$4,360,000	\$0
Total	<u>\$4,360,000</u>	<u>\$0</u>	<u>\$4,360,000</u>	<u>\$0</u>

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

The short-term bond anticipation notes are shown as liabilities of the fund which received the note proceeds. Accordingly, all note debt activity has been reported in the building fund. The notes were issued to fund building construction in the District.

Note 8 - Long-Term Liabilities

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
2019 Advance Refunding Note		\$0	\$15,015,000	\$0	\$15,015,000	\$1,615,000
2019 Advance Refunding Note-Premium		0	265,485	0	265,485	0
2016 Tax Exempt Refunding 2007 Bonds		9,080,000	0	3,650,000	5,430,000	50,000
2016 Tax Exempt Refunding 2007 Bonds Premium		1,199,634	0	171,376	1,028,258	0
2006 Refunding High School/ Recreation Center	5.16%	20,705,000	0	4,810,000	15,895,000	5,030,000
2006 Refund Bond Premium		1,305,756	0	373,073	932,683	0
2007 Refunding Early Childhood Center	4.98%	13,870,000	0	0	13,870,000	0
2013 Refunding High School Addition Current Interest Bonds		16,100,000	0	15,015,000	1,085,000	530,000
2013 Refunding High School Addition Capital Appreciation Bonds		720,000	0	0	720,000	0
2013 Refunding High School Accreted Interest on Capital Appreciation Bonds		774,227	234,714	0	1,008,941	0
2013 Refunding High School Addition Premium		2,320,541	0	464,108	1,856,433	0
2013 Refunding High School/ Recreation Center		3,640,000	0	1,250,000	2,390,000	1,080,000
2013 Refunding High School/ Recreation Center Premium		228,422	0	57,105	171,317	0
Subtotal Bonds		69,943,580	15,515,199	25,790,662	59,668,117	8,305,000
Capital Leases		4,411,000	0	173,000	4,238,000	193,000
Compensated Absences		9,259,017	1,634,617	1,030,842	9,862,792	825,663
Subtotal Bonds and Other Amounts		83,613,597	17,149,816	26,994,504	73,768,909	9,323,663
Net Pension Liability:						
STRS		106,949,994	0	4,692,605	102,257,389	0
SERS		30,612,110	437,555	0	31,049,665	0
Subtotal Net Pension Liability		137,562,104	437,555	4,692,605	133,307,054	0
Net OPEB Liability:						
STRS		17,565,803	0	17,565,803	0 (a)	0
SERS		13,994,517	1,254,575	0	15,249,092	0
Subtotal Net OPEB Liability		31,560,320	1,254,575	17,565,803	15,249,092	0
Total Long-Term Obligations		\$252,736,021	\$18,841,946	\$49,252,912	\$222,325,055	\$9,323,663

(a) OPEB for STRS has a Net OPEB asset in the amount of \$7,473,122 as of June 30, 2019.

General obligation bonds will be paid from the debt service fund. The capital lease will be paid from the Community Services fund. Compensated absences will be paid from the fund from which the person is paid. The General Fund is typically used to liquidate the liability for compensated absences. Net pension liability represents the long-term portion of the accrued liability associated with STRS and SERS pension liability. These items will be repaid from the funds from which the employees work to whom the liability is associated with or the General Fund if no such funds are available. There is no repayment schedule

Mason City School District, Ohio
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For The Fiscal Year Ended June 30, 2019

the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

The School District's overall legal debt margin was \$188,190,423 with an unvoted debt margin of \$2,478,585 at June 30, 2019.

Advanced Refunding Bonds

On August 23, 2018, the District issued \$15,015,000 in Taxable Advance Refunding Bond Anticipation Notes (BAN) with an average interest rate of 4.00% of which was used to advance refund a portion of \$15,015,000 of outstanding 2013 Refunding High School Addition Current Interest Bonds with an average interest rate of 4.84%. The net proceeds of \$16,019,787 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 2013 Refunding High School Addition Current Interest Bonds. As a result, \$15,015,000 of the 2013 Refunding High School Addition Current Interest Bonds are considered to be defeased and the related liability for those bonds has been removed from the Statement of Net Position.

The District advance refunded a portion of the 2013 Refunding High School Addition Current Interest Bonds to reduce its total debt service payments by \$5,362,768 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$691,617.

Each year the BAN will be paid off with a combination of tax receipts collected on unlimited tax general obligation debt and a new BAN will be reissued. The bonds will be paid from the debt service fund.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$6,690,000	\$1,800,587	\$8,490,587	\$0	\$0	\$0
2021	7,055,000	1,481,456	8,536,456	0	0	0
2022	5,925,000	1,141,394	7,066,394	445,000	1,090,000	1,535,000
2023	1,730,000	984,675	2,714,675	275,000	830,000	1,105,000
2024	1,670,000	898,175	2,568,175			
2025-2029	9,045,000	2,983,318	12,028,318	0	0	0
2030-2032	6,555,000	527,757	7,082,757	0	0	0
Total	<u>\$38,670,000</u>	<u>\$9,817,362</u>	<u>\$48,487,362</u>	<u>\$720,000</u>	<u>\$1,920,000</u>	<u>\$2,640,000</u>

General Obligation bonds were issued to fund building construction in the District.

Note 9 – Capital Leases – Lessee Disclosure

The capital lease proceeds were recorded in the Building Fund relates to the acquisition, construction and installation of a multi-purpose building project and an addition to the existing high school for the District. The District obtained financing from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned U.S. Bank National Association as trustee. U.S. Bank National Association deposited \$5,249,000 in the District's name for the construction and installation payments. The District made two interest payments to U.S. Bank National Association. The lease is renewable annually and expires in fiscal year 2032. The intention of the District is to renew the lease annually.

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Capital assets acquired by lease were initially capitalized as a building class in the statement of net position for governmental activities in the amount of \$5,010,876 which is equal to the present value of the minimum lease payments at the time of acquisition. Depreciation expense in fiscal 2019 was \$51,703. Accumulated depreciation was \$465,326 as of June 30, 2019. Principal payments are reclassified as a reduction to the long-term liabilities reported on the statement of net position.

The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 4.38% plus an annual administrative fee. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2019.

Fiscal Year Ending June 30,	Long-Term Debt
2020	\$382,897
2021	394,928
2022	407,985
2023	419,000
2024	433,973
2025-2029	2,372,239
2030-2032	1,274,993
Total Minimum Lease Payments	5,686,015
Less: Amount Representing Interest (4.38%)	(1,400,067)
Less: Additional Program Cost Component	(47,948)
Present Value of Minimum Lease Payments	<u>\$4,238,000</u>

Note 10 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions and OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the District's proportionate share of each pension and OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions and OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1)

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they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living

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adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$2,413,963 for fiscal year 2019. Of this amount \$66,564 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined

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benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$7,907,280 for fiscal year 2019. Of this amount \$1,320,488 is reported as accrued wages and benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$31,049,665	\$102,257,389	\$133,307,054
Proportion of the Net Pension Liability:			
Current Measurement Date	0.54214530%	0.46506517%	
Prior Measurement Date	<u>0.51235550%</u>	<u>0.45021692%</u>	
Change in Proportionate Share	<u>0.02978980%</u>	<u>0.01484825%</u>	
Pension Expense	\$2,549,248	\$9,721,351	\$12,270,599

At June 30 2019, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$1,702,878	\$2,360,414	\$4,063,292
Changes of assumptions	701,169	18,121,937	18,823,106
Changes in employer proportionate share of net pension liability	979,493	2,533,295	3,512,788
Contributions subsequent to the measurement date	<u>2,413,963</u>	<u>7,907,280</u>	<u>10,321,243</u>
Total Deferred Outflows of Resources	<u>\$5,797,503</u>	<u>\$30,922,926</u>	<u>\$36,720,429</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$667,802	\$667,802
Net difference between projected and actual earnings on pension plan investments	860,292	6,200,776	7,061,068
Changes in employer proportionate share of net pension liability	<u>570,261</u>	<u>426,464</u>	<u>996,725</u>
Total Deferred Inflows of Resources	<u>\$1,430,553</u>	<u>\$7,295,042</u>	<u>\$8,725,595</u>

\$10,321,243 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	\$2,573,544	\$8,928,220	\$11,501,764
2021	662,253	6,427,633	7,089,886
2022	(1,018,967)	1,138,463	119,496
2023	<u>(263,843)</u>	<u>(773,712)</u>	<u>(1,037,555)</u>
Total	<u>\$1,952,987</u>	<u>\$15,720,604</u>	<u>\$17,673,591</u>

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Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30 2018, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50%	4.75%
Non-US Stocks	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$43,735,795	\$31,049,665	\$20,413,195

Assumption and Benefit Changes Since the Prior Measurement Date

With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1 2018, actuarial valuation, are presented below:

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Inflation	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	<u>1.00%</u>	2.25%
Total	<u>100.00%</u>	

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45

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percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45 percent or one percentage point higher 8.45 percent than the current discount rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$149,333,455	\$102,257,389	\$62,413,886

Assumption and Benefit Changes since the Prior Measurement Date

There were no changes in assumptions or benefit terms since the prior measurement date.

Note 11 - Defined Benefit OPEB Plans

See note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District's surcharge obligation was \$321,523.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$410,929 for fiscal year 2019. Of this amount \$66,564 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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For The Fiscal Year Ended June 30, 2019

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$15,249,092	\$0	\$15,249,092
Proportionate Share of the Net OPEB (Asset)	0	(7,473,122)	(7,473,122)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.54966140%	0.46506517%	
Prior Measurement Date	<u>0.52145630%</u>	<u>0.45021692%</u>	
Change in Proportionate Share	<u>0.02820510%</u>	<u>0.01484825%</u>	
OPEB Expense	\$588,065	(\$16,123,143)	(\$15,535,078)

At June 30 2019, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$248,919	\$872,874	\$1,121,793
Changes in employer proportionate share of net OPEB liability	701,173	529,123	1,230,296
Contributions subsequent to the measurement date	<u>410,929</u>	<u>0</u>	<u>410,929</u>
Total Deferred Outflows of Resources	<u>\$1,361,021</u>	<u>\$1,401,997</u>	<u>\$2,763,018</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$435,409	\$435,409
Changes of assumptions	1,370,016	10,182,723	11,552,739
Net difference between projected and actual earnings on OPEB plan investments	22,879	853,740	876,619
Changes in employer proportionate share of net OPEB liability	<u>224,155</u>	<u>11,590</u>	<u>235,745</u>
Total Deferred Inflows of Resources	<u>\$1,617,050</u>	<u>\$11,483,462</u>	<u>\$13,100,512</u>

\$410,929 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	(\$555,323)	(\$1,811,754)	(\$2,367,077)
2021	(403,031)	(1,811,754)	(2,214,785)
2022	79,226	(1,811,754)	(1,732,528)
2023	88,965	(1,617,863)	(1,528,898)
2024	87,380	(1,549,846)	(1,462,466)
Thereafter	<u>35,825</u>	<u>(1,478,494)</u>	<u>(1,442,669)</u>
Total	<u>(\$666,958)</u>	<u>(\$10,081,465)</u>	<u>(\$10,748,423)</u>

Mason City School District, Ohio
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For The Fiscal Year Ended June 30, 2019

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30 2018, are presented below:

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62%
Prior Measurement Date	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70%
Prior Measurement Date	3.63%
Medical Trend Assumption:	
Medicare	5.375% to 4.75%
Pre-Medicare	7.25% to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50%	4.75%
Non-US Stocks	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

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Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Proportionate share of the net OPEB liability	\$18,503,574	\$15,249,092	\$12,672,152

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$12,303,220	\$15,249,092	\$19,149,955

Assumption and Benefit Changes since the Prior Measurement Date

The following changes in key methods and assumptions as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30 2018, actuarial valuation are presented below:

Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical:	
Pre-Medicare	6% initial, 4% ultimate
Medicare	5% initial, 4% ultimate
Prescription Drug:	
Pre-Medicare	8% initial, 4% ultimate
Medicare	(5.23%) initial, 4% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females,

Mason City School District, Ohio
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For The Fiscal Year Ended June 30, 2019

projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

*10 year annualized geometric nominal returns, which includes the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB (asset) as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

Mason City School District, Ohio
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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$6,405,166)	(\$7,473,122)	(\$8,370,689)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$8,320,021)	(\$7,473,122)	(\$6,613,031)

Assumption and Benefit Changes since the Prior Measurement Date

The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

Note 12 - Contingent Liabilities

School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Litigation

The District is not currently party to any legal proceedings which would have a material impact on the financial statements.

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the current fiscal year the District contracted with Wright Specialty for general liability insurance with a \$2,000,000 aggregate plus excess umbrella of an additional \$10,000,000 limit covering all employees and volunteers of the District.

Property and Fleet Insurance is provided by Wright Specialty and holds a \$500 deductible and a \$1,000,000 automobile liability limit per occurrence, plus excess umbrella of an additional \$10,000,000

Mason City School District, Ohio
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limit.

The Travelers Insurance Company maintains a \$20,000 performance bond for the Board President and Superintendent and Travelers Insurance Company maintains a \$50,000 public official bond for the Treasurer. Dakin Company maintains a \$50,000 employee dishonesty blanket bond for all employees.

Settlements have not exceeded insurance coverage in any of the last ten fiscal years.

The District offers a High Deductible medical plan with a Health Savings Account (HSA) on a self-insured basis with third party administration services provided by Anthem. Monthly premiums for the plan are \$1,810 for family coverage (\$4,000 deductible) and \$749 for individual coverage (\$2,000 deductible). For full time employees the District pays 90% of the premium and makes the following contributions to the employees' HSAs: \$2,000 family and \$1,000 single. The District pays 100% of claims after the deductible is met.

The District offers dental on a self-insured basis with third party administrative services provided by Dental Care Plus Group. Monthly premiums for dental coverage are \$105.48 for family coverage and \$39.70 for individual coverage. The district is responsible for payment of all claim amounts.

Vision is offered on a self-insured basis by the District with services provided by VSP (Vision Service Plan). Monthly premiums for vision are \$9.95 for family coverage and \$4.61 for individual coverage. VSP is responsible for payment of all claim amounts as established in the plan document.

The liability for unpaid claims cost of \$1,869,565 at fiscal year end is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated.

The amount reported as claims payable in the General Fund in the Fund Financial Statements is \$1,869,565 since this amount is currently due and payable with expendable available financial resources. In the Government-wide Financial Statements, the total amount of the liability for claims of \$1,869,565 has been reported as claims payable.

Changes in the fund's claims liability amount for the current year were:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2018	\$2,351,423	\$12,482,720	\$13,335,304	\$1,498,839
2019	1,498,839	15,243,746	14,873,020	1,869,565

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 14 – Accountability

The following individual funds had a deficit in fund balance at year end:

Fund	Deficit
Other Governmental Funds:	
Gifted Supplemental	\$13,872
Title VI B	507,141
Title III	54,145
Title I	50,380
Public School Preschool	9,352
Improving Teacher Quality	5,325
Miscellaneous Federal Grants	468

The Fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 15 - Required Set-Asides

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

For the current fiscal year end, the District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2018	\$0	\$85,593
Current Year Set-aside Requirement	1,839,269	0
Qualified Disbursements	(1,884,091)	0
Current Year Offsets	0	0
Set-Aside Reserve Balance as of June 30, 2019	<u>(\$44,822)</u>	<u>\$85,593</u>
Restricted Cash as of June 30, 2019	<u>\$0</u>	<u>\$85,593</u>

Note 16 - Interfund Transactions

Interfund transactions at fiscal year end, consisted of the following individual fund receivables and payables and transfers in and out:

Mason City School District, Ohio
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	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$723,581	\$0	\$0	\$0
Debt Service Fund	0	0	0	4,360,000
Capital Projects Fund	0	0	0	1,600,000
Other Governmental Funds	0	723,581	5,960,000	0
Total All Funds	<u>\$723,581</u>	<u>\$723,581</u>	<u>\$5,960,000</u>	<u>\$5,960,000</u>

The amounts due in the general fund are the result of the District moving unrestricted balances to support programs and projects accounted for in other funds. The general fund will be reimbursed when funds become available in the other governmental funds. Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers In and Out of the Debt Service Fund and the Building Fund were made to pay and set up short term debt obligations in the proper fund.

Note 17 - Jointly Governed Organizations

Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized.

The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District has an equity interest that is explicit and measurable in that the jointly governed agreement stipulates that the participants have a future claim to the net resources of SWOCA upon dissolution. The agreement sets forth the method to determine each member's proportionate share. Financial information can be obtained from the Director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011. During fiscal year 2019, the District paid \$165,265 to SWOCA.

Great Oaks Career Campuses

Great Oaks Career Campuses, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the thirty-six participating school district's elected board, which possesses its own budgeting and taxing authority. To obtain financial information write to Great Oaks Career Campuses, Chief Financial Officer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Jewell Education Foundation

The District is a participant in the Jewell Education Foundation, which is a jointly governed educational foundation established to benefit the school districts in Warren County. The Foundation was created to promote and assist in funding through soliciting grants and charitable contributions for distributions to member educational institutions of participating school districts. The governing board is made up of the Warren County Vocational School District Superintendent, one member of the 1999 Warren County Vocational School District Board of Education, not on the current board, and one member submitted by each participating school district. The District made no financial contribution to the Foundation.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Financial information can be obtained from the Director of planned giving, at P.O. Box 854, Lebanon, Ohio 45036.

Note 18 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	Capital Projects	Classroom Facilities	Other Governmental Funds	Total
Restricted for:						
Community Services	0	0	0	0	1,836,456	1,836,456
District Managed Student Activity	0	0	0	0	398,868	398,868
Auxiliary Services	0	0	0	0	46,604	46,604
Vocational Education	0	0	0	0	2,120	2,120
Food Service Operations	0	0	0	0	1,067,358	1,067,358
Debt Service Payments	0	6,284,418	0	0	0	6,284,418
Capital Projects	0	0	18,429,284	0	0	18,429,284
Building	0	0	0	0	543,365	543,365
Classroom Facilities Fund	0	0	0	574,794	0	574,794
Total Restricted	0	6,284,418	18,429,284	574,794	3,894,771	29,183,267
Assigned to:						
Public Support	381,748	0	0	0	0	381,748
Encumbrances	661,122	0	0	0	0	661,122
Budgetary Variance	23,531,273	0	0	0	0	23,531,273
Total Assigned	24,574,143	0	0	0	0	24,574,143
Unassigned (Deficit)	5,337,067	0	0	0	(640,683)	4,696,384
Total Fund Balance	<u>\$29,911,210</u>	<u>\$6,284,418</u>	<u>\$18,429,284</u>	<u>\$574,794</u>	<u>\$3,254,088</u>	<u>\$58,453,794</u>

Assigned encumbrances of \$661,122, see above, will be used for \$414,044 for maintenance supplies and services, \$16,221 for transportation supplies and services, \$34,264 for office supplies and services, \$137,291 for school supplies, \$59,302 for other purposes.

Note 19 – Construction and Other Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Description	Remaining Commitment
General	\$735,010
Debt Service Fund	7,000
Capital Construction Projects	2,406,163
Classroom Facilities Fund	2,263,010
Other Governmental	503,451

Note 20 –Tax Abatements Entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Mason has entered into such an agreement. Under this agreement the District’s property taxes were reduced by approximately \$822,562. The District is receiving \$415,481 from this other government in association with the forgone property tax revenue.

Note 21 - Implementation of New Accounting Principles

For the fiscal year ended June 30, 2019, the following have been implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2019	0.46506517%	\$102,257,389	\$52,426,029	195.05%	77.30%
2018	0.45021692%	106,949,994	47,922,093	223.17%	75.30%
2017	0.45052031%	150,802,728	47,531,486	317.27%	66.80%
2016	0.44768440%	123,726,873	47,105,657	262.66%	72.10%
2015	0.45420873%	110,479,282	49,977,400	221.06%	74.70%
2014	0.45420873%	131,247,785	48,150,963	272.58%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2019	0.54214530%	\$31,049,665	\$17,519,519	177.23%	71.36%
2018	0.51235550%	30,612,110	17,103,571	178.98%	69.50%
2017	0.53056090%	38,832,162	17,714,229	219.21%	62.98%
2016	0.53311760%	30,420,207	18,873,331	161.18%	69.16%
2015	0.54363500%	27,513,058	15,956,537	172.42%	71.70%
2014	0.54363500%	32,337,923	15,323,775	211.03%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	\$7,907,280	(\$7,907,280)	\$0	\$56,480,571	14.00%
2018	7,339,644	(7,339,644)	0	52,426,029	14.00%
2017	6,709,093	(6,709,093)	0	47,922,093	14.00%
2016	6,654,408	(6,654,408)	0	47,531,486	14.00%
2015	6,954,792	(6,954,792)	0	47,105,657	14.00%
2014	6,497,062	(6,497,062)	0	49,977,400	13.00%
2013	6,789,480	(6,789,480)	0	48,150,963	13.00%
2012	6,854,604	(6,854,604)	0	49,829,224	13.00%
2011	6,779,952	(6,779,952)	0	49,036,458	13.00%
2010	6,793,128	(6,793,128)	0	47,079,797	13.00%

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	\$2,413,963	(\$2,413,963)	\$0	\$17,881,207	13.50%
2018	2,365,135	(2,365,135)	0	17,519,519	13.50%
2017	2,394,500	(2,394,500)	0	17,103,571	14.00%
2016	2,479,992	(2,479,992)	0	17,714,229	14.00%
2015	2,487,504	(2,487,504)	0	18,873,331	13.18%
2014	2,211,576	(2,211,576)	0	15,956,537	13.86%
2013	2,622,000	(2,622,000)	0	15,323,775	13.84%
2012	2,791,776	(2,791,776)	0	16,217,762	13.45%
2011	2,808,360	(2,808,360)	0	16,382,282	12.57%
2010	2,738,604	(2,738,604)	0	17,074,491	13.54%

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2019	0.46506517%	(\$7,473,122)	\$52,426,029	(14.25%)	176.00%
2018	0.45021692%	17,565,803	47,922,093	36.65%	47.10%
2017	0.45052031%	24,093,943	47,531,486	50.69%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Three Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2019	0.54966140%	\$15,249,092	\$17,519,519	87.04%	13.57%
2018	0.52145630%	13,994,517	17,103,571	81.82%	12.46%
2017	0.53825683%	15,342,311	17,714,229	86.61%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	\$0	\$0	\$0	\$56,480,571	0.00%
2018	0	0	0	52,426,029	0.00%
2017	0	0	0	47,922,093	0.00%
2016	0	0	0	47,531,486	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	\$410,929	(\$410,929)	\$0	\$17,881,207	2.30%
2018	383,013	(383,013)	0	17,519,519	2.19%
2017	291,301	(291,301)	0	17,103,571	1.70%
2016	247,888	(247,888)	0	17,714,229	1.40%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$53,059,028	\$53,062,086	\$55,438,131	\$2,376,045
Revenue in lieu of taxes	10,049	10,050	10,500	450
Tuition and Fees	2,045,283	2,045,401	2,136,991	91,590
Investment Earnings	1,080,327	1,080,390	1,128,768	48,378
Intergovernmental	42,404,890	42,407,334	44,306,274	1,898,940
Extracurricular Activities	632	632	660	28
Charges for Services	79,813	79,818	83,392	3,574
Other Revenues	570,985	571,018	596,587	25,569
Total Revenues	99,251,007	99,256,729	103,701,303	4,444,574
Expenditures:				
Current:				
Instruction:				
Regular	49,983,729	50,932,379	50,169,743	762,636
Special	19,010,694	19,371,501	19,081,442	290,059
Other	3,223,237	3,284,411	3,235,232	49,179
Support Services:				
Pupil	7,821,291	7,969,733	7,850,398	119,335
Instructional Staff	2,567,065	2,615,785	2,576,618	39,167
General Administration	111,713	113,833	112,129	1,704
School Administration	5,804,237	5,914,396	5,825,837	88,559
Fiscal	1,709,708	1,742,157	1,716,071	26,086
Business	385,454	392,769	386,888	5,881
Operations and Maintenance	9,797,639	9,983,590	9,834,101	149,489
Pupil Transportation	6,198,470	6,316,112	6,221,538	94,574
Central	2,574,811	2,623,679	2,584,393	39,286
Operation of Non-Instructional Services	34,425	35,078	34,553	525
Extracurricular Activities	1,596,576	1,626,878	1,602,518	24,360
Total Expenditures	110,819,049	112,922,301	111,231,461	1,690,840
Excess of Revenues Over (Under) Expenditures	(11,568,042)	(13,665,572)	(7,530,158)	6,135,414
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	188,504	188,515	196,956	8,441
Advances In	4,660,792	4,661,060	4,869,776	208,716
Advances (Out)	(2,414,595)	(2,460,422)	(2,423,581)	36,841
Transfers (Out)	(2,680,432)	(2,731,304)	(2,690,407)	40,897
Total Other Financing Sources (Uses)	(245,731)	(342,151)	(47,256)	294,895
Net Change in Fund Balance	(11,813,773)	(14,007,723)	(7,577,414)	6,430,309
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	40,038,890	40,038,890	40,038,890	0
Fund Balance - End of Year	\$28,225,117	\$26,031,167	\$32,461,476	\$6,430,309

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

Note 1 - Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by Board action.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2019.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the general fund.

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

Net Change in Fund Balance

	<u>General Fund</u>
GAAP Basis	(\$13,374,984)
Revenue Accruals	3,145,625
Expenditures Accruals	3,596,271
Transfers (Out)	(2,690,407)
Advances In	4,869,776
Advances (Out)	(2,423,581)
Encumbrances	<u>(700,114)</u>
Budget Basis	<u><u>(\$7,577,414)</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019: There were no changes in benefit terms from the amounts reported for this fiscal year.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2019: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

(1) Discount Rate:		
Fiscal Year 2018	3.63%	
Fiscal Year 2017	2.98%	
(2) Municipal Bond Index Rate:		
Fiscal Year 2018	3.56%	
Fiscal Year 2017	2.92%	
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Fiscal Year 2018	3.63%	
Fiscal Year 2017	2.98%	

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES



MAJOR GOVERNMENTAL FUNDS

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Capital Projects Fund- To account for all transactions related to improvements to existing District facilities. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Classroom Facilities Fund- Classroom Facilities – A fund provided to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission for the building and equipment of classroom facilities. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Taxes	\$13,033,379	\$12,917,278	(\$116,101)
Investment Earnings	9,114	9,033	(81)
Intergovernmental	2,089,810	2,071,194	(18,616)
Other Revenues	172,964	171,423	(1,541)
Total Revenues	<u>15,305,267</u>	<u>15,168,928</u>	<u>(136,339)</u>
Expenditures:			
Current:			
Support Services:			
School Administration	10,754	10,671	83
Fiscal	233,179	231,382	1,797
Debt Service:			
Principal Retirement	15,083,572	14,967,300	116,272
Interest and Fiscal Charges	2,333,639	2,315,650	17,989
Total Expenditures	<u>17,661,144</u>	<u>17,525,003</u>	<u>136,141</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,355,877)</u>	<u>(2,356,075)</u>	<u>(198)</u>
Other Financing Sources (Uses):			
Issuance of Long-Term Capital-Related Debt	79,709	78,999	(710)
Advances In	1,715,280	1,700,000	(15,280)
Advances (Out)	(1,713,206)	(1,700,000)	13,206
Total Other Financing Sources (Uses)	<u>81,783</u>	<u>78,999</u>	<u>(2,784)</u>
Net Change in Fund Balance	(2,274,094)	(2,277,076)	(2,982)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>8,160,202</u>	<u>8,160,202</u>	<u>0</u>
Fund Balance - End of Year	<u>\$5,886,108</u>	<u>\$5,883,126</u>	<u>(\$2,982)</u>

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Capital Projects Fund		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes	\$684,258	\$691,077	\$6,819
Investment Earnings	19,881	20,079	198
Intergovernmental	86,002	86,859	857
Other Revenues	4,859,615	4,908,043	48,428
Total Revenues	5,649,756	5,706,058	56,302
Expenditures:			
Current:			
Instruction:			
Regular	788,586	570,668	217,918
Support Services:			
Pupil	728	527	201
Instructional Staff	1,344,253	972,782	371,471
School Administration	799	578	221
Fiscal	20,581	14,894	5,687
Operations and Maintenance	2,389,190	1,728,961	660,229
Pupil Transportation	1,272,837	921,101	351,736
Central	104,600	75,695	28,905
Extracurricular Activities	62,184	45,000	17,184
Capital Outlay	3,566,740	2,581,106	985,634
Total Expenditures	9,550,498	6,911,312	2,639,186
Excess of Revenues Over (Under) Expenditures	(3,900,742)	(1,205,254)	2,695,488
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	652	658	6
Transfers (Out)	(2,210,984)	(1,600,000)	610,984
Total Other Financing Sources (Uses)	(2,210,332)	(1,599,342)	610,990
Net Change in Fund Balance	(6,111,074)	(2,804,596)	3,306,478
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	18,881,109	18,881,109	0
Fund Balance - End of Year	\$12,770,035	\$16,076,513	\$3,306,478

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Classroom Facilities Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$53,987	\$53,987	\$0
Intergovernmental	18,709,642	18,709,535	(107)
Total Revenues	<u>18,763,629</u>	<u>18,763,522</u>	<u>(107)</u>
Expenditures:			
Current:			
Capital Outlay	25,213,189	25,201,441	11,748
Total Expenditures	<u>25,213,189</u>	<u>25,201,441</u>	<u>11,748</u>
Net Change in Fund Balance	(6,449,560)	(6,437,919)	11,641
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>6,453,560</u>	<u>6,453,560</u>	<u>0</u>
Fund Balance - End of Year	<u>\$4,000</u>	<u>\$15,641</u>	<u>\$11,641</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects fund exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Mason City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$4,427,970	\$823,929	\$5,251,899
Receivables (Net):			
Accounts	26,115	0	26,115
Intergovernmental	1,180,376	0	1,180,376
Inventory	16,900	0	16,900
Total Assets	5,651,361	823,929	6,475,290
Liabilities:			
Accounts Payable	155,362	0	155,362
Accrued Wages and Benefits	881,319	0	881,319
Contracts Payable	0	280,564	280,564
Interfund Payable	723,581	0	723,581
Total Liabilities	1,760,262	280,564	2,040,826
Deferred Inflows of Resources:			
Grants and Other Taxes	1,180,376	0	1,180,376
Total Deferred Inflows of Resources	1,180,376	0	1,180,376
Fund Balances:			
Restricted	3,351,406	543,365	3,894,771
Unassigned	(640,683)	0	(640,683)
Total Fund Balances	2,710,723	543,365	3,254,088
Total Liabilities, Deferred Inflows and Fund Balances	\$5,651,361	\$823,929	\$6,475,290

Mason City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Tuition and Fees	\$458,837	\$0	\$458,837
Investment Earnings	3,676	9	3,685
Intergovernmental	4,657,413	0	4,657,413
Extracurricular Activities	1,028,836	0	1,028,836
Charges for Services	3,100,363	0	3,100,363
Other Revenues	870,505	0	870,505
Total Revenues	10,119,630	9	10,119,639
Expenditures:			
Current:			
Instruction:			
Regular	173,164	0	173,164
Special	1,923,538	0	1,923,538
Vocational	987	0	987
Support Services:			
Pupil	364,535	0	364,535
Instructional Staff	231,541	0	231,541
School Administration	8,036	0	8,036
Business	165,585	0	165,585
Operations and Maintenance	870,476	0	870,476
Central	9,000	0	9,000
Operation of Non-Instructional Services	5,504,649	0	5,504,649
Extracurricular Activities	1,653,116	0	1,653,116
Capital Outlay	589,571	5,704,636	6,294,207
Debt Service:			
Principal Retirement	173,000	0	173,000
Interest and Fiscal Charges	206,701	0	206,701
Total Expenditures	11,873,899	5,704,636	17,578,535
Excess of Revenues Over (Under) Expenditures	(1,754,269)	(5,704,627)	(7,458,896)
Other Financing Sources (Uses):			
Transfers In	0	5,960,000	5,960,000
Total Other Financing Sources (Uses)	0	5,960,000	5,960,000
Net Change in Fund Balance	(1,754,269)	255,373	(1,498,896)
Fund Balance - Beginning of Year	4,464,992	287,992	4,752,984
Fund Balance - End of Year	\$2,710,723	\$543,365	\$3,254,088

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Community Services - To account for monies for developing, maximizing, coordinating, enhancing and strengthening the process of community interaction and communication with the District.

District Managed Student Activity - To account for those student activity programs which have student participation in the activity but do not have student management in the programs. This fund includes athletic programs, band, cheerleaders, and other similar types of activities.

Auxiliary Services - To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by state law.

OneNet Network Connectivity - To account for state funds designed to provide network connections for technology in the District.

Gifted Supplemental: To account for funds which are used for gifted supplemental programs.

Title VI-B - To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialist in providing educational services to the handicapped.

Vocational Education - To account for federal funds for the development of vocational education programs in the following categories: secondary, post secondary, adult, handicapped persons, cooperative education, advisory committees, and work-study projects.

Title III - Federal grant used to account for federal monies provided to support the District's ESL population.

Title I - To account for federal funds for services provided to meet special educational needs of educationally deprived children.

Public School Preschool - This program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

Improving Teacher Quality - To account for state funds provided for staff development programs.

Miscellaneous Federal Grants – To account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

Food Service - To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the District students and staff.

Mason City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Community Services	District Managed Student Activity	Auxiliary Services	OneNet Network Connectivity	Gifted Supplemental
Assets:					
Equity in Pooled Cash and Investments	\$1,848,288	\$413,385	\$169,074	\$0	\$10,981
Receivables (Net):					
Accounts	6,413	1,132	0	0	0
Intergovernmental	0	0	0	0	11,583
Inventory	0	0	0	0	0
Total Assets	1,854,701	414,517	169,074	0	22,564
Liabilities:					
Accounts Payable	12,777	15,649	105,569	0	0
Accrued Wages and Benefits	5,468	0	16,901	0	13,272
Interfund Payable	0	0	0	0	11,581
Total Liabilities	18,245	15,649	122,470	0	24,853
Deferred Inflows of Resources:					
Grants and Other Taxes	0	0	0	0	11,583
Total Deferred Inflows of Resources	0	0	0	0	11,583
Fund Balances:					
Restricted	1,836,456	398,868	46,604	0	0
Unassigned	0	0	0	0	(13,872)
Total Fund Balances	1,836,456	398,868	46,604	0	(13,872)
Total Liabilities, Deferred Inflows and Fund Balances	\$1,854,701	\$414,517	\$169,074	\$0	\$22,564

Title VI-B	Vocational Education	Title III	Title I	Public School Preschool	Improving Teacher Quality	Miscellaneous Federal Grants
\$457,553	\$2,120	\$71,877	\$39,772	\$6,886	\$40,933	\$7,528
0	0	0	0	0	0	0
971,818	0	90,206	39,773	13,325	45,675	7,996
0	0	0	0	0	0	0
<u>1,429,371</u>	<u>2,120</u>	<u>162,083</u>	<u>79,545</u>	<u>20,211</u>	<u>86,608</u>	<u>15,524</u>
9,429	0	10,308	0	0	583	0
433,822	0	25,508	50,379	9,331	0	0
521,443	0	90,206	39,773	6,907	45,675	7,996
<u>964,694</u>	<u>0</u>	<u>126,022</u>	<u>90,152</u>	<u>16,238</u>	<u>46,258</u>	<u>7,996</u>
<u>971,818</u>	<u>0</u>	<u>90,206</u>	<u>39,773</u>	<u>13,325</u>	<u>45,675</u>	<u>7,996</u>
<u>971,818</u>	<u>0</u>	<u>90,206</u>	<u>39,773</u>	<u>13,325</u>	<u>45,675</u>	<u>7,996</u>
0	2,120	0	0	0	0	0
(507,141)	0	(54,145)	(50,380)	(9,352)	(5,325)	(468)
<u>(507,141)</u>	<u>2,120</u>	<u>(54,145)</u>	<u>(50,380)</u>	<u>(9,352)</u>	<u>(5,325)</u>	<u>(468)</u>
<u>\$1,429,371</u>	<u>\$2,120</u>	<u>\$162,083</u>	<u>\$79,545</u>	<u>\$20,211</u>	<u>\$86,608</u>	<u>\$15,524</u>

Continued

Mason City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Food Service	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$1,359,573	\$4,427,970
Receivables (Net):		
Accounts	18,570	26,115
Intergovernmental	0	1,180,376
Inventory	16,900	16,900
Total Assets	<u>1,395,043</u>	<u>5,651,361</u>
Liabilities:		
Accounts Payable	1,047	155,362
Accrued Wages and Benefits	326,638	881,319
Interfund Payable	0	723,581
Total Liabilities	<u>327,685</u>	<u>1,760,262</u>
Deferred Inflows of Resources:		
Grants and Other Taxes	0	1,180,376
Total Deferred Inflows of Resources	<u>0</u>	<u>1,180,376</u>
Fund Balances:		
Restricted	1,067,358	3,351,406
Unassigned	0	(640,683)
Total Fund Balances	<u>1,067,358</u>	<u>2,710,723</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$1,395,043</u>	<u>\$5,651,361</u>

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Mason City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019

	Community Services	District Managed Student Activity	Auxiliary Services	OneNet Network Connectivity	Gifted Supplemental
Revenues:					
Tuition and Fees	\$100,212	\$358,625	\$0	\$0	\$0
Investment Earnings	980	453	302	0	0
Intergovernmental	0	0	951,857	9,000	116,585
Extracurricular Activities	40,145	988,691	0	0	0
Charges for Services	64,739	0	0	0	0
Other Revenues	649,412	221,093	0	0	0
Total Revenues	855,488	1,568,862	952,159	9,000	116,585
Expenditures:					
Current:					
Instruction:					
Regular	173,164	0	0	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
Support Services:					
Pupil	4,721	0	0	0	59,333
Instructional Staff	0	0	0	0	0
School Administration	8,036	0	0	0	0
Business	165,585	0	0	0	0
Operations and Maintenance	811,929	0	0	0	57,986
Central	0	0	0	9,000	0
Operation of Non-Instructional Services	32,041	0	1,088,849	0	0
Extracurricular Activities	58,773	1,594,343	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	173,000	0	0	0	0
Interest and Fiscal Charges	206,701	0	0	0	0
Total Expenditures	1,633,950	1,594,343	1,088,849	9,000	117,319
Net Change in Fund Balance	(778,462)	(25,481)	(136,690)	0	(734)
Fund Balance - Beginning of Year	2,614,918	424,349	183,294	0	(13,138)
Fund Balance - End of Year	\$1,836,456	\$398,868	\$46,604	\$0	(\$13,872)

Title VI-B	Vocational Education	Title III	Title I	Public School Preschool	Improving Teacher Quality	Miscellaneous Federal Grants
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
1,903,110	0	137,087	187,480	38,123	171,466	23,000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,903,110</u>	<u>0</u>	<u>137,087</u>	<u>187,480</u>	<u>38,123</u>	<u>171,466</u>	<u>23,000</u>
0	0	0	0	0	0	0
1,548,895	0	144,929	191,393	38,321	0	0
0	987	0	0	0	0	0
300,481	0	0	0	0	0	0
75,702	0	5,761	0	0	127,078	23,000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
83,690	0	1,415	0	0	9,142	468
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>2,008,768</u>	<u>987</u>	<u>152,105</u>	<u>191,393</u>	<u>38,321</u>	<u>136,220</u>	<u>23,468</u>
(105,658)	(987)	(15,018)	(3,913)	(198)	35,246	(468)
(401,483)	3,107	(39,127)	(46,467)	(9,154)	(40,571)	0
<u>(\$507,141)</u>	<u>\$2,120</u>	<u>(\$54,145)</u>	<u>(\$50,380)</u>	<u>(\$9,352)</u>	<u>(\$5,325)</u>	<u>(\$468)</u>

Continued

Mason City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019

	Food Service	Total Nonmajor Special Revenue Funds
Revenues:		
Tuition and Fees	\$0	\$458,837
Investment Earnings	1,941	3,676
Intergovernmental	1,119,705	4,657,413
Extracurricular Activities	0	1,028,836
Charges for Services	3,035,624	3,100,363
Other Revenues	0	870,505
Total Revenues	4,157,270	10,119,630
Expenditures:		
Current:		
Instruction:		
Regular	0	173,164
Special	0	1,923,538
Vocational	0	987
Support Services:		
Pupil	0	364,535
Instructional Staff	0	231,541
School Administration	0	8,036
Business	0	165,585
Operations and Maintenance	561	870,476
Central	0	9,000
Operation of Non-Instructional Services	4,289,044	5,504,649
Extracurricular Activities	0	1,653,116
Capital Outlay	589,571	589,571
Debt Service:		
Principal Retirement	0	173,000
Interest and Fiscal Charges	0	206,701
Total Expenditures	4,879,176	11,873,899
Net Change in Fund Balance	(721,906)	(1,754,269)
Fund Balance - Beginning of Year	1,789,264	4,464,992
Fund Balance - End of Year	\$1,067,358	\$2,710,723

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Community Services Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Tuition and Fees	\$99,532	\$99,572	\$40
Investment Earnings	980	980	0
Extracurricular Activities	40,129	40,145	16
Charges for Services	64,713	64,739	26
Other Revenues	643,883	644,144	261
Total Revenues	849,237	849,580	343
Expenditures:			
Current:			
Instruction:			
Regular	202,283	177,317	24,966
Support Services:			
Pupil	6,266	5,493	773
School Administration	9,167	8,036	1,131
Business	196,451	172,205	24,246
Operations and Maintenance	959,264	840,871	118,393
Operation of Non-Instructional Services	42,674	37,407	5,267
Extracurricular Activities	67,824	59,453	8,371
Debt Service:			
Principal Retirement	214,807	188,295	26,512
Interest and Fiscal Charges	218,356	191,406	26,950
Total Expenditures	1,917,092	1,680,483	236,609
Excess of Revenues Over (Under) Expenditures	(1,067,855)	(830,903)	236,952
Other Financing Sources (Uses):			
Advances In	699,716	700,000	284
Advances (Out)	(798,559)	(700,000)	98,559
Total Other Financing Sources (Uses)	(98,843)	0	98,843
Net Change in Fund Balance	(1,166,698)	(830,903)	335,795
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	2,621,224	2,621,224	0
Fund Balance - End of Year	\$1,454,526	\$1,790,321	\$335,795

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	District Managed Student Activity Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Tuition and Fees	\$359,785	\$358,625	(\$1,160)
Investment Earnings	454	453	(1)
Extracurricular Activities	990,847	987,652	(3,195)
Other Revenues	221,808	221,093	(715)
Total Revenues	1,572,894	1,567,823	(5,071)
Expenditures:			
Current:			
Extracurricular Activities	1,839,223	1,648,310	190,913
Total Expenditures	1,839,223	1,648,310	190,913
Excess of Revenues Over (Under) Expenditures	(266,329)	(80,487)	185,842
Other Financing Sources (Uses):			
Transfers In	17,916	17,858	(58)
Transfers (Out)	(19,926)	(17,858)	2,068
Total Other Financing Sources (Uses)	(2,010)	0	2,010
Net Change in Fund Balance	(268,339)	(80,487)	187,852
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	428,713	428,713	0
Fund Balance - End of Year	\$160,374	\$348,226	\$187,852

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$302	\$302	\$0
Intergovernmental	951,865	951,857	(8)
Total Revenues	952,167	952,159	(8)
Expenditures:			
Current:			
Operation of Non-Instructional Services	1,156,447	1,156,437	10
Total Expenditures	1,156,447	1,156,437	10
Net Change in Fund Balance	(204,280)	(204,278)	2
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	204,279	204,279	0
Fund Balance - End of Year	(\$1)	\$1	\$2

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	OneNet Network Connectivity Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$9,000	\$9,000	\$0
Total Revenues	9,000	9,000	0
Expenditures:			
Current:			
Support Services:			
Central	9,000	9,000	0
Total Expenditures	9,000	9,000	0
Net Change in Fund Balance	0	0	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Gifted Supplemental Fund		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$116,585	\$116,585	\$0
Total Revenues	116,585	116,585	0
Expenditures:			
Current:			
Support Services:			
Pupil	64,200	59,135	5,065
Operations and Maintenance	62,953	57,986	4,967
Total Expenditures	127,153	117,121	10,032
Excess of Revenues Over (Under) Expenditures	(10,568)	(536)	10,032
Other Financing Sources (Uses):			
Advances In	11,583	11,583	0
Advances (Out)	(12,017)	(11,069)	948
Total Other Financing Sources (Uses)	(434)	514	948
Net Change in Fund Balance	(11,002)	(22)	10,980
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	11,002	11,002	0
Fund Balance - End of Year	\$0	\$10,980	\$10,980

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$1,903,110	\$1,903,110	\$0
Total Revenues	<u>1,903,110</u>	<u>1,903,110</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	1,799,428	1,519,281	280,147
Support Services:			
Pupil	355,112	299,826	55,286
Instructional Staff	84,854	71,643	13,211
Operation of Non-Instructional Services	110,844	93,587	17,257
Total Expenditures	<u>2,350,238</u>	<u>1,984,337</u>	<u>365,901</u>
Excess of Revenues Over (Under) Expenditures	<u>(447,128)</u>	<u>(81,227)</u>	<u>365,901</u>
Other Financing Sources (Uses):			
Advances In	521,443	521,443	0
Advances (Out)	(475,437)	(401,418)	74,019
Total Other Financing Sources (Uses)	<u>46,006</u>	<u>120,025</u>	<u>74,019</u>
Net Change in Fund Balance	(401,122)	38,798	439,920
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>401,122</u>	<u>401,122</u>	<u>0</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$439,920</u>	<u>\$439,920</u>

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Vocational Education Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Vocational	3,108	998	2,110
Total Expenditures	3,108	998	2,110
Net Change in Fund Balance	(3,108)	(998)	2,110
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	3,108	3,108	0
Fund Balance - End of Year	\$0	\$2,110	\$2,110

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$137,087	\$137,087	\$0
Total Revenues	<u>137,087</u>	<u>137,087</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	181,668	144,859	36,809
Support Services:			
Instructional Staff	7,225	5,761	1,464
Operation of Non-Instructional Services	<u>1,775</u>	<u>1,415</u>	<u>360</u>
Total Expenditures	<u>190,668</u>	<u>152,035</u>	<u>38,633</u>
Excess of Revenues Over (Under) Expenditures	<u>(53,581)</u>	<u>(14,948)</u>	<u>38,633</u>
Other Financing Sources (Uses):			
Advances In	90,206	90,206	0
Advances (Out)	<u>(106,235)</u>	<u>(84,710)</u>	<u>21,525</u>
Total Other Financing Sources (Uses)	<u>(16,029)</u>	<u>5,496</u>	<u>21,525</u>
Net Change in Fund Balance	(69,610)	(9,452)	60,158
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>69,610</u>	<u>69,610</u>	<u>0</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$60,158</u>	<u>\$60,158</u>

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$187,480	\$187,480	\$0
Total Revenues	187,480	187,480	0
Expenditures:			
Current:			
Instruction:			
Special	221,511	189,633	31,878
Total Expenditures	221,511	189,633	31,878
Excess of Revenues Over (Under) Expenditures	(34,031)	(2,153)	31,878
Other Financing Sources (Uses):			
Advances In	39,773	39,773	0
Advances (Out)	(54,858)	(46,963)	7,895
Total Other Financing Sources (Uses)	(15,085)	(7,190)	7,895
Net Change in Fund Balance	(49,116)	(9,343)	39,773
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	49,116	49,116	0
Fund Balance - End of Year	\$0	\$39,773	\$39,773

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Public School Preschool Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$38,122	\$38,123	\$1
Total Revenues	38,122	38,123	1
Expenditures:			
Current:			
Instruction:			
Special	43,669	38,141	5,528
Total Expenditures	43,669	38,141	5,528
Excess of Revenues Over (Under) Expenditures	(5,547)	(18)	5,529
Other Financing Sources (Uses):			
Advances In	6,907	6,907	0
Advances (Out)	(10,719)	(9,362)	1,357
Total Other Financing Sources (Uses)	(3,812)	(2,455)	1,357
Net Change in Fund Balance	(9,359)	(2,473)	6,886
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	9,358	9,358	0
Fund Balance - End of Year	(\$1)	\$6,885	\$6,886

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Improving Teacher Quality Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$171,464	\$171,466	\$2
Total Revenues	171,464	171,466	2
Expenditures:			
Current:			
Support Services:			
Instructional Staff	155,343	135,088	20,255
Operation of Non-Instructional Services	11,681	10,158	1,523
Total Expenditures	167,024	145,246	21,778
Excess of Revenues Over (Under) Expenditures	4,440	26,220	21,780
Other Financing Sources (Uses):			
Advances In	45,675	45,675	0
Advances (Out)	(95,487)	(83,037)	12,450
Total Other Financing Sources (Uses)	(49,812)	(37,362)	12,450
Net Change in Fund Balance	(45,372)	(11,142)	34,230
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	45,371	45,371	0
Fund Balance - End of Year	(\$1)	\$34,229	\$34,230

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Miscellaneous Federal Grants Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$23,000	\$23,000	\$0
Total Revenues	23,000	23,000	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	30,120	23,000	7,120
Operation of Non-Instructional Services	613	468	145
Total Expenditures	30,733	23,468	7,265
Excess of Revenues Over (Under) Expenditures	(7,733)	(468)	7,265
Other Financing Sources (Uses):			
Advances In	7,996	7,996	0
Advances (Out)	(1,114)	(851)	263
Premium and Accrued Interest on Notes	0	0	0
Total Other Financing Sources (Uses)	6,882	7,145	263
Net Change in Fund Balance	(851)	6,677	7,528
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	851	851	0
Fund Balance - End of Year	\$0	\$7,528	\$7,528

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$1,989	\$1,941	(\$48)
Intergovernmental	613,748	599,033	(14,715)
Charges for Services	3,110,191	3,035,624	(74,567)
Other Revenues	410	400	(10)
Total Revenues	3,726,338	3,636,998	(89,340)
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	607	561	46
Operation of Non-Instructional Services	4,077,658	3,771,685	305,973
Capital Outlay	637,399	589,571	47,828
Total Expenditures	4,715,664	4,361,817	353,847
Net Change in Fund Balance	(989,326)	(724,819)	264,507
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	2,072,618	2,072,618	0
Fund Balance - End of Year	\$1,083,292	\$1,347,799	\$264,507

NONMAJOR CAPITAL PROJECTS FUND

Fund Descriptions

Building - To account for receipts and expenditures related to the acquisition and construction of capital facilities including real property.

The District has only one nonmajor capital projects fund for the current fiscal year. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Building Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$9	\$9	\$0
Total Revenues	9	9	0
Expenditures:			
Current:			
Capital Outlay	6,918,645	6,870,684	47,961
Total Expenditures	6,918,645	6,870,684	47,961
Excess of Revenues Over (Under) Expenditures	(6,918,636)	(6,870,675)	47,961
Other Financing Sources (Uses):			
Transfers In	1,600,301	1,600,000	(301)
Total Other Financing Sources (Uses)	1,600,301	1,600,000	(301)
Net Change in Fund Balance	(5,318,335)	(5,270,675)	47,660
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	5,326,307	5,326,307	0
Fund Balance - End of Year	\$7,972	\$55,632	\$47,660

OTHER GENERAL FUNDS

With the implementation of GASB Statement No. 54, certain funds that the District prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The District has only presented the budget schedules for these funds.

Fund Descriptions

Public School Support - To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs. This fund is only presented for budgetary purposes.

Latchkey - To account for all revenues and expenses related to the operation of the Latchkey Program for the District students. This fund is only presented for budgetary purposes.

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Public School Support Fund (1)		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Tuition and Fees	\$984,165	\$983,177	(\$988)
Extracurricular Activities	583,561	582,975	(586)
Other Revenues	93,166	93,072	(94)
Total Revenues	1,660,892	1,659,224	(1,668)
Expenditures:			
Current:			
Instruction:			
Regular	651,302	634,086	17,216
Special	1,172,201	1,141,216	30,985
Support Services:			
General Administration	1,337	1,302	35
Operations and Maintenance	308	300	8
Pupil Transportation	867	844	23
Central	1,212	1,180	32
Operation of Non-Instructional Services	34,299	33,392	907
Extracurricular Activities	48,432	47,152	1,280
Total Expenditures	1,909,958	1,859,472	50,486
Excess of Revenues Over (Under) Expenditures	(249,066)	(200,248)	48,818
Other Financing Sources (Uses):			
Transfers In	2,693,112	2,690,407	(2,705)
Transfers (Out)	(2,601,123)	(2,532,367)	68,756
Total Other Financing Sources (Uses)	91,989	158,040	66,051
Net Change in Fund Balance	(157,077)	(42,208)	114,869
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	388,047	388,047	0
Fund Balance - End of Year	\$230,970	\$345,839	\$114,869

(1) - For GAAP reporting this fund is combined with the General Fund.

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Latchkey Fund (1)		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$1,414	\$1,404	(\$10)
Charges for Services	1,208,519	1,199,949	(8,570)
Total Revenues	<u>1,209,933</u>	<u>1,201,353</u>	<u>(8,580)</u>
Expenditures:			
Current:			
Instruction:			
Regular	6,526	5,246	1,280
Support Services:			
Operations and Maintenance	6,281	5,049	1,232
Operation of Non-Instructional Services	1,300,553	1,045,482	255,071
Extracurricular Activities	191,550	153,982	37,568
Total Expenditures	<u>1,504,910</u>	<u>1,209,759</u>	<u>295,151</u>
Net Change in Fund Balance	(294,977)	(8,406)	286,571
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>1,255,265</u>	<u>1,255,265</u>	<u>0</u>
Fund Balance - End of Year	<u>\$960,288</u>	<u>\$1,246,859</u>	<u>\$286,571</u>

(1) - For GAAP reporting this fund is combined with the General Fund.

NONMAJOR FUNDS

Fiduciary funds

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Fund Descriptions

Agency Fund - Student Activity - To account for the resources that belong to the various student groups in the District. The funds account for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program.

Agency Fund - Section 125 Insurance - To account for monies voluntarily withheld from employees on a pre-tax basis to reimburse employees for medical and dental expenses not covered by group insurance.

Agency Fund - District Agency - To account for assets held by the District as an agent for individuals, private organizations, other governmental units, and/or other funds.

Mason City School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$706,539	\$752,749	\$777,688	\$681,600
Receivables (Net):				
Accounts	1,543	3,305	1,543	3,305
Total Assets	708,082	756,054	779,231	684,905
Liabilities:				
Accounts Payable	11,231	20,530	11,231	20,530
Other Liabilities	696,851	735,524	768,000	664,375
Total Liabilities	\$708,082	\$756,054	\$779,231	\$684,905

	Section 125 Insurance			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$71,549	\$145,580	\$138,337	\$78,792
Total Assets	71,549	145,580	138,337	78,792
Liabilities:				
Other Liabilities	71,549	145,580	138,337	78,792
Total Liabilities	\$71,549	\$145,580	\$138,337	\$78,792

	District Agency			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$3,145	\$151,803	\$153,777	\$1,171
Total Assets	3,145	151,803	153,777	1,171
Liabilities:				
Other Liabilities	3,145	151,803	153,777	1,171
Total Liabilities	\$3,145	\$151,803	\$153,777	\$1,171

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$781,233	\$1,050,132	\$1,069,802	\$761,563
Receivables (Net):				
Accounts	1,543	3,305	1,543	3,305
Total Assets	782,776	1,053,437	1,071,345	764,868
Liabilities:				
Accounts Payable	11,231	20,530	11,231	20,530
Other Liabilities	771,545	1,032,907	1,060,114	744,338
Total Liabilities	\$782,776	\$1,053,437	\$1,071,345	\$764,868



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STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends - These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

Revenue Capacity - These schedules contain information to help the reader understand and assess the District's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Mason City School District, Ohio
 Net Position by Component,
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Schedule 1

	2010	2011	2012	2013
Governmental Activities				
Net Investment In Capital Assets	\$28,790,298	\$34,400,901	\$40,667,026	\$46,466,926
Restricted	22,124,030	23,791,786	25,059,547	27,840,790
Unrestricted	39,041,011	37,547,433	30,049,791	27,418,240
Total Net Position	\$89,955,339	\$95,740,120	\$95,776,364	\$101,725,956

Source: District Records

Note:

Due to implementation of GASB 68 in fiscal year 2015, fiscal year 2014 has been restated to reflect changes.

Due to implementation of GASB 75 in fiscal year 2018, fiscal year 2017 has been restated to reflect changes.

2014	2015	2016	2017	2018	2019
\$50,767,119	\$51,834,565	\$60,022,603	\$66,402,057	\$86,330,715	\$129,766,300
27,740,454	31,879,104	33,340,612	32,778,083	60,611,546	32,435,558
(129,592,529)	(120,034,729)	(120,047,956)	(123,113,369)	(98,679,933)	(103,475,454)
(\$51,084,956)	(\$36,321,060)	(\$26,684,741)	(\$23,933,229)	\$48,262,328	\$58,726,404

Mason City School District, Ohio
Expenses, Program Revenues and Net (Expense)/Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 2

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
Instruction	\$59,693,695	\$62,149,103	\$64,220,741	\$65,304,074
Pupil	6,467,313	7,015,312	6,997,992	6,620,329
Instructional Staff	7,349,240	8,118,256	7,965,043	1,422,550
General Administration	46,528	60,567	58,014	250,134
School Administration	5,623,539	5,894,519	5,473,265	5,245,939
Fiscal	1,952,877	1,851,351	1,788,154	1,797,291
Business	418,485	422,415	453,915	472,876
Operation and Maintenance	13,318,720	13,504,242	12,666,272	13,096,862
Pupil Transportation	7,895,529	7,615,345	6,686,897	6,497,196
Central	4,357,847	3,790,359	3,700,107	3,542,809
Operation of Non-instructional Services	5,759,571	6,058,518	6,449,265	6,119,224
Extracurricular Activities	2,408,819	2,848,531	3,052,085	3,241,891
Interest and Fiscal Charges	6,725,808	6,348,747	6,025,236	5,148,229
Total Government Expenses	122,017,971	125,677,265	125,536,986	118,759,404
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	1,930,782	3,295,198	3,695,339	3,581,819
Pupil	58,884	55,023	5,834	1,034
Instructional Staff	6,067	12,302	366	16,647
School Administration	0	0	0	0
Business	66,345	185,500	131,781	96,480
Operations and Maintenance	1,792,142	1,322,932	1,133,157	826,183
Pupil Transportation	6,291	0	0	0
Central	3,826	0	590	1
Operation of Non-Instructional Services	4,230,020	3,525,476	3,645,072	3,501,751
Extracurricular Activities	864,221	1,481,703	1,947,812	1,794,764
Operating Grants and Contributions	7,748,872	9,870,113	5,697,717	5,360,476
Total Government Revenues	16,707,450	19,748,247	16,257,668	15,179,155
Net (Expense)/Revenue				
Total Government Net Expense	(\$105,310,521)	(\$105,929,018)	(\$109,279,318)	(\$103,580,249)

Source: District Records

2014	2015	2016	2017	2018	2019
\$65,567,175	\$71,759,192	\$66,906,992	\$74,489,440	\$35,941,935	\$69,241,151
6,956,891	6,915,158	7,915,545	7,736,352	3,800,082	7,372,124
2,384,639	2,389,958	2,572,243	3,110,272	2,796,433	3,064,046
57,685	60,845	64,284	136,638	138,899	111,245
5,345,653	5,269,714	5,459,816	6,131,843	972,419	4,572,650
1,932,376	1,859,141	1,826,523	2,160,384	1,005,830	1,754,587
447,303	421,654	463,923	531,596	110,619	468,664
12,976,097	12,433,209	12,445,936	12,799,417	9,664,573	12,731,323
6,619,587	6,221,325	6,262,821	6,613,893	3,280,142	6,415,481
3,279,666	3,105,493	2,437,029	2,528,808	1,324,691	2,468,899
5,988,246	6,484,771	6,400,287	6,671,478	4,860,953	6,082,681
3,351,887	3,290,127	3,466,056	3,428,746	1,697,858	3,235,015
7,025,687	4,503,141	4,111,137	3,679,221	2,859,926	2,500,391
121,932,892	124,713,728	120,332,592	130,018,088	68,454,360	120,018,257
4,074,943	4,517,089	3,798,624	5,123,863	4,455,855	4,346,747
1,522	4,222	8,675	1,442	1,800	779
11,783	6,661	13,303	0	0	0
0	5,468	8,895	9,702	7,069	84,718
174,176	160,911	176,699	184,040	129,194	27,283
1,445,552	1,258,416	1,343,914	1,378,993	824,587	133,945
422	3,588	0	0	0	0
17	0	0	0	0	0
3,281,890	3,418,897	3,397,489	3,267,274	3,152,483	3,040,079
2,037,073	1,940,095	2,009,068	1,886,329	1,864,828	1,940,650
6,630,987	7,040,629	7,126,928	7,844,513	7,625,002	8,706,812
17,658,365	18,355,976	17,883,595	19,696,156	18,060,818	18,281,013
(\$104,274,527)	(\$106,357,752)	(\$102,448,997)	(\$110,321,932)	(\$50,393,542)	(\$101,737,244)

Mason City School District, Ohio
 General Revenues and Total Change in Net Position,
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Schedule 3

	2010	2011	2012	2013
Net (Expense)/Revenue				
Total Government Net Expense	(\$105,310,521)	(\$105,929,018)	(\$109,279,318)	(\$103,580,249)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	45,848,200	52,288,070	49,004,611	50,625,797
Property Taxes Levied for Debt Service Purposes	11,152,734	12,121,055	11,350,361	11,837,442
Property Taxes Levied for Capital Projects	560,240	608,871	570,167	572,491
Grants and Entitlements not Restricted	44,953,615	43,721,854	42,386,226	41,301,384
Payment in Lieu of Taxes	3,246,149	2,239,232	4,778,155	5,555,468
Unrestricted Contributions	0	0	31,069	101,247
Investment Earnings	546,300	199,006	486,293	21,871
Grants and Entitlements for Capital Construction	0	0	0	0
Other Revenues	1,557,714	535,711	708,680	393,022
Total Primary Government	107,864,952	111,713,799	109,315,562	110,408,722
Change in Net Position				
Total primary government	\$2,554,431	\$5,784,781	\$36,244	\$6,828,473

Source: District Records

2014	2015	2016	2017	2018	2019
(\$104,274,527)	(\$106,357,752)	(\$102,448,997)	(\$110,321,932)	(\$50,393,542)	(\$101,737,244)
46,641,011	56,481,261	48,393,144	58,117,164	57,835,024	48,776,828
10,948,558	13,292,896	11,132,818	13,277,230	13,246,320	11,346,575
518,442	629,514	673,718	666,047	692,986	609,889
43,444,518	45,646,771	45,479,897	44,840,676	43,829,088	42,967,258
3,771,193	4,318,908	5,635,305	4,630,395	5,046,252	4,801,885
150,018	108,151	39,017	50,000	0	29,542
185,110	85,326	149,052	191,392	633,027	1,640,777
0	0	0	33,794,366	0	0
681,835	558,821	582,365	642,262	1,306,402	2,028,566
106,340,685	121,121,648	112,085,316	156,209,532	122,589,099	112,201,320
\$2,066,158	\$14,763,896	\$9,636,319	\$45,887,600	\$72,195,557	\$10,464,076

Mason City School District, Ohio
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

	2010	2011	2012	2013
General Fund				
Reserved	\$2,915,141			
Unreserved	39,064,608			
Assigned		915,078	\$453,699	\$6,458,415
Unassigned		38,344,772	31,456,329	25,600,588
Total General Fund	41,979,749	39,259,850	31,910,028	32,059,003
All Other Governmental Funds				
Reserved	2,036,230			
Unreserved, Reported in:				
Special Revenue Funds	2,865,349			
Debt Service Funds	8,791,501			
Capital Project Funds	(1,096,645)			
Nonspendable		98,674	40,450	60,368
Restricted		20,685,463	23,567,432	27,134,389
Committed		10,811	0	9,977
Assigned		0	0	0
Unassigned		(6,895,100)	(7,257,846)	(7,315,115)
Total All Other Governmental Funds	\$12,596,435	\$13,899,848	\$16,350,036	\$19,889,619

Source: District Records

Note:

Due to implementation of GASB 54 in fiscal year 2012, fiscal year 2011 has been restated to reflect changes.

2014	2015	2016	2017	2018	2019
\$2,085,713	\$1,090,919	\$1,069,724	\$4,255,497	\$11,982,081	\$24,574,143
28,026,632	36,194,522	34,427,290	38,177,226	31,304,113	5,337,067
30,112,345	37,285,441	35,497,014	42,432,723	43,286,194	29,911,210
0	0	0	0	0	0
27,995,049	32,147,340	33,514,871	33,191,172	38,430,592	29,183,267
9,977	0	0	0	0	0
2,085,713	1,090,919	1,069,724	4,255,497	0	0
20,363,548	29,847,003	28,925,499	37,675,537	(549,940)	(640,683)
\$50,454,287	\$63,085,262	\$63,510,094	\$75,122,206	\$37,880,652	\$28,542,584

Mason City School District, Ohio
 Governmental Funds Revenues,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 5

	2010	2011	2012	2013
Revenues:				
Taxes	\$57,194,629	\$63,731,625	\$60,288,880	\$65,182,145
Revenue in Lieu of Taxes	3,246,149	2,239,232	4,778,155	5,555,468
Tuition and Fees	1,509,382	2,329,960	2,515,311	2,655,445
Investment Earnings	406,189	199,756	603,465	26,968
Intergovernmental	52,871,835	52,069,359	49,089,810	46,877,573
Extracurricular Activities	1,329,655	1,439,532	1,884,715	1,681,678
Charges for Services	5,643,348	6,669,397	6,215,452	5,562,734
Other Revenues	1,589,710	454,073	679,903	395,557
Total Revenues	\$123,790,897	\$129,132,934	\$126,055,691	\$127,937,568

Source: District Records

2014	2015	2016	2017	2018	2019
\$58,136,666	\$70,578,586	\$58,898,232	\$73,379,471	\$71,375,267	\$61,108,412
3,771,193	4,318,908	5,635,305	4,630,395	4,848,792	4,756,647
3,040,814	3,437,268	2,731,732	4,064,377	3,506,887	3,577,503
177,608	92,767	93,934	230,885	636,666	1,568,440
49,608,589	52,820,730	52,630,047	52,538,177	62,720,709	69,829,570
1,853,772	1,680,111	1,723,057	1,607,507	1,602,987	1,611,856
6,227,734	6,315,917	6,396,579	6,222,941	5,407,416	4,383,704
771,206	549,023	526,682	649,084	1,384,109	1,914,935
<u>\$123,587,582</u>	<u>\$139,793,310</u>	<u>\$128,635,568</u>	<u>\$143,322,837</u>	<u>\$151,482,833</u>	<u>\$148,751,067</u>

Mason City School District, Ohio
 Governmental Funds Expenditures and Debt Service Ratio,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 6

	2010	2011	2012	2013
Instruction	\$59,143,129	\$61,249,413	\$63,516,740	\$64,031,836
Pupil	6,444,095	6,983,336	7,042,546	6,547,920
Instructional Staff	7,355,141	8,077,645	7,896,816	1,518,557
General Administration	46,528	60,567	58,014	250,134
School Administration	5,568,335	5,932,932	5,401,632	5,206,190
Fiscal	1,943,552	1,830,777	1,766,689	1,788,716
Business	411,529	423,721	453,580	441,407
Operation and Maintenance	11,557,719	11,476,277	10,593,149	11,144,409
Pupil Transportation	7,611,602	7,542,715	5,998,494	5,832,777
Central	4,254,192	3,596,498	3,666,498	3,174,086
Operation of Non-instructional Services	5,664,258	5,886,282	6,300,558	5,899,742
Extracurricular Activities	2,660,674	2,732,756	2,868,870	3,034,665
Capital Outlay	4,257,718	605,199	532,743	523,717
Debt Service				
Principal Retirement	6,949,000	7,595,000	8,612,000	9,538,000
Interest and Fiscal Charges	6,945,574	6,571,523	6,246,996	5,390,008
Bond Issuance Cost	0	0	0	314,815
Total Expenditures	\$130,813,046	\$130,564,641	\$130,955,325	\$124,636,979
Debt Service as a Percentage of Noncapital Expenditures	11.10%	11.00%	11.46%	12.29%

Source: District Records

2014	2015	2016	2017	2018	2019
\$64,497,627	\$68,181,928	\$67,201,564	\$70,047,255	\$72,328,986	\$77,540,881
6,914,148	7,054,999	7,480,831	7,354,465	7,618,774	8,193,687
2,365,585	2,404,644	2,706,886	3,104,463	4,100,505	3,358,703
57,685	61,315	64,662	135,545	153,385	113,286
5,269,650	5,481,341	5,515,942	5,591,558	5,948,006	5,655,720
1,957,646	1,931,843	1,835,162	2,066,361	1,892,449	1,952,534
445,040	434,372	453,876	522,844	443,311	553,665
11,538,247	10,807,624	10,809,004	11,712,430	11,555,490	11,615,780
6,556,743	5,730,801	6,418,207	6,284,309	6,136,955	6,772,352
2,911,398	2,920,588	2,249,808	2,344,341	2,488,998	2,676,973
5,503,217	6,460,795	6,236,907	6,458,499	6,411,535	6,601,288
3,168,911	3,244,502	3,413,531	3,187,316	3,360,655	3,469,749
20,507	92,741	448,244	26,206	10,022,711	29,933,462
6,647,000	8,466,000	8,873,000	20,358,000	9,615,000	9,883,000
7,228,513	4,913,373	4,503,112	3,890,033	3,500,012	2,522,351
0	0	0	168,110	0	78,999
<u>\$125,081,917</u>	<u>\$128,186,866</u>	<u>\$128,210,736</u>	<u>\$143,251,735</u>	<u>\$145,576,772</u>	<u>\$170,922,430</u>
11.18%	10.49%	10.59%	17.29%	9.85%	7.30%

Mason City School District, Ohio
 Other Financing Sources and Uses and Net Change in Fund Balances,
 Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Schedule 7

	2010	2011	2012	2013
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	\$378,104	\$15,221	\$0	\$73,154
Issuance of Refunding Bonds	0	0	0	20,460,000
Payment to Refunded Bonds Escrow Agent	0	0	0	(23,808,438)
Refunding Bond Premium	0	0	0	0
Premium on Bonds and Notes Issued	0	0	0	3,663,253
Transfers In	18,513,505	18,036,569	16,951,461	16,060,000
Transfers Out	(18,513,505)	(18,036,569)	(16,951,461)	(16,060,000)
Total Other Financing Sources (Uses)	378,104	15,221	0	387,969
Net Change in Fund Balances	(\$6,644,045)	(\$1,416,486)	(\$4,899,634)	\$3,688,558

Source: District Records

2014	2015	2016	2017	2018	2019
\$0	\$0	\$0	\$0	\$138,579	\$197,614
0	0	0	10,170,000	0	15,015,000
0	0	0	0	0	(16,019,788)
0	0	0	1,371,010	0	265,485
0	0	0	0	0	0
15,819,000	15,297,229	14,092,243	17,237,749	10,276,000	5,960,000
(15,819,000)	(15,297,229)	(14,092,243)	(17,237,749)	(10,276,000)	(5,960,000)
0	0	0	11,541,010	138,579	(541,689)
(\$1,494,335)	\$11,606,444	\$424,832	\$11,612,112	\$6,044,640	(\$22,713,052)

Mason City School District, Ohio
 Assessed Value and Actual Value of Taxable Property
 Last Ten Calendar Years
 Schedule 8

Calendar Year	Assessed Value			Total Assessed Value	Total Estimated Value	Total Direct Rate
	Real Property	Public Utility Personal	Tangible Personal			
2009	\$1,480,572,180	\$22,788,680	\$4,489,250	\$1,507,850,110	\$4,308,143,171	83.45
2010	1,492,898,890	10,198,936	0	1,503,097,826	4,294,565,217	83.45
2011	1,505,970,130	21,168,660	0	1,527,138,790	4,363,253,686	83.45
2012	1,443,664,060	27,216,000	0	1,470,880,060	4,202,514,457	83.97
2013	1,461,234,590	29,850,640	0	1,491,085,230	4,260,243,514	83.97
2014	1,482,387,830	32,320,460	0	1,514,708,290	4,327,737,971	83.97
2015	1,629,258,740	33,913,130	0	1,663,171,870	4,751,919,629	83.11
2016	1,663,905,800	34,841,600	0	1,698,747,400	4,853,564,000	83.11
2017	1,695,789,200	37,827,010	0	1,733,616,210	4,953,189,171	83.11
2018	1,912,206,480	40,462,230	0	1,952,668,710	5,579,053,457	82.79

Source: County Auditor

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Mason City School District, Ohio
 Direct and Overlapping Property Tax Rates,
 Last Ten Calendar Years
 Schedule 9

Calendar Year	District Direct Rate				Overlapping Rates		
	General	Bond	Permanent Improvement	Total	Warren County	City of Mason	Mason Public Library
2009	74.46	8.56	0.43	83.45	5.78	6.44	0.00
2010	74.46	8.56	0.43	83.45	5.78	7.32	0.75
2011	74.46	8.56	0.43	83.45	7.78	7.32	0.75
2012	74.46	9.08	0.43	83.97	7.78	7.32	0.75
2013	74.46	9.08	0.43	83.97	7.78	6.72	0.75
2014	74.46	9.08	0.43	83.97	7.78	6.72	0.75
2015	74.46	8.22	0.43	83.11	7.78	6.72	0.75
2016	74.46	8.22	0.43	83.11	7.78	6.72	0.75
2017	74.46	8.22	0.43	83.11	7.78	6.72	0.75
2018	74.46	7.90	0.43	82.79	6.28	6.72	0.50

Source: County Auditor

Overlapping Rates							
Deerfield Township	Great Oaks JVSD	Warren-Clinton Community Mental Health	Turtlecreek Township	Union Township	Warren County Health District	City of Lebanon	Lebanon Library
10.60	2.70	1.00	9.12	9.20	0.50	7.82	1.00
12.60	2.70	1.00	9.12	9.20	0.50	8.32	1.00
12.60	2.70	1.00	9.12	9.20	0.50	7.82	1.00
12.60	2.70	1.00	9.12	9.20	0.50	7.82	1.00
14.10	2.70	1.00	9.12	9.20	0.50	8.32	1.00
14.10	2.70	1.00	9.12	9.20	0.50	9.32	1.00
14.10	2.70	1.00	9.12	9.20	0.50	9.32	1.00
14.10	2.70	1.00	9.12	9.20	0.50	9.32	1.00
14.10	2.70	1.00	9.12	13.10	0.50	9.32	1.00
14.10	2.70	1.00	9.12	13.10	0.50	9.32	1.00

Mason City School District, Ohio
Principal Property Tax Payers -- Warren County
Tax Collection Year 2019 and 2010
Schedule 10

Taxpayer	2019	
	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	\$41,166,700	31.13%
Somerset at Deerfield	15,887,550	12.02%
GC Net Lease	15,717,210	11.88%
Hills Properties LTD	10,995,500	8.31%
LSREF 4 Skyline (OH/NE)	9,064,800	6.85%
Lenscrafters INC	8,518,700	6.44%
CVG Partners IV LLC	8,419,830	6.37%
Twin Fountains of Mason	8,044,720	6.08%
Kenwood Lincoln Mercury	7,478,770	5.65%
M/I Homes of Cincinnati	6,975,030	5.27%
Total:	\$132,268,810	100.00%

Taxpayer	2010	
	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	\$22,170,930	20.59%
Deerfield Realty Holding	16,779,528	15.58%
Duke Realty Ohio	12,326,699	11.45%
Community Insurance	9,832,420	9.13%
Twin Fountains of Mason	8,913,748	8.28%
Craig & Frances Lindner Center of Hope	8,695,050	8.07%
Mason Christian Village	8,226,281	7.64%
Kenwood Lincoln Mercury	7,489,412	6.95%
Sterling Lakes Apartments	6,969,967	6.47%
Core Governors Pointe	6,284,243	5.84%
Total:	\$107,688,278	100.00%

Source: County Auditor

Note:

The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

Mason City School District, Ohio
 Property Tax Levies and Collections,
 Last Ten Calendar Years
 Schedule 11

Calendar Year	Taxes Levied	Collected within the Calendar Year of the Levy		Delinquent Collections in Subsequent Levy Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$68,754,298	\$66,782,787	97.13%	\$1,334,015	\$68,116,802	99.07%
2010	68,964,253	66,990,013	97.14%	1,297,700	68,287,713	99.02%
2011	70,093,350	68,714,230	98.03%	1,379,120	68,287,713	97.42%
2012	70,237,102	69,277,930	98.63%	959,172	70,237,102	100.00%
2013	71,446,609	70,531,504	98.72%	915,105	71,446,609	100.00%
2014	71,144,660	69,751,930	98.04%	1,038,720	70,790,650	99.50%
2015	73,825,100	72,825,654	98.65%	999,446	73,825,100	100.00%
2016	75,428,947	74,177,960	98.34%	1,065,126	75,243,086	99.75%
2017	76,823,664	75,781,755	98.64%	1,041,978	76,823,733	100.00%
2018	80,642,224	79,788,968	98.94%	857,255	80,646,223	100.00%

Source: County Auditor

Mason City School District, Ohio
 Outstanding Debt by Type,
 Last Ten Fiscal Years
 Schedule 12

Fiscal Year	Capital Leases	General Obligation Bonds	Debt Service Fund Balance	Net General Obligation Bonds
2010	\$5,225,000	\$138,453,741	\$9,226,109	\$129,227,632
2011	5,170,000	130,668,684	8,754,032	121,914,652
2012	5,103,000	121,878,627	6,936,422	114,942,205
2013	5,025,000	112,488,385	6,528,744	105,959,641
2014	4,933,000	108,878,030	5,878,777	102,999,253
2015	4,827,000	99,945,595	7,802,150	92,143,445
2016	4,704,000	90,643,770	7,047,669	83,596,101
2017	4,566,000	79,968,080	9,112,953	70,855,127
2018	4,411,000	69,943,580	10,056,950	59,886,630
2019	4,238,000	59,668,117	6,284,418	53,383,699

Source: District Records

Net Bonded Debt Per Capita	Ratio of Net Bonded Debt to Estimated Value	Primary Government		
		Total Outstanding Debt	Percentage of Personal Income	Per Capita
\$613	3.00%	\$143,678,741	1.75%	\$682
573	2.84%	135,838,684	1.57%	639
535	2.63%	126,981,627	1.38%	591
488	2.52%	117,513,385	1.19%	541
470	2.42%	113,811,030	1.12%	519
416	2.13%	104,772,595	0.95%	473
372	1.76%	95,347,770	0.82%	425
312	1.46%	84,534,080	0.68%	372
262	1.21%	74,354,580	0.57%	325
230	0.92%	63,906,117	0.46%	275

Mason City School District, Ohio
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2019
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County	\$29,139,290	0.06%	\$17,484
Lebanon City	12,406,603	0.00%	0
City of Mason	22,275,000	89.35%	19,902,713
Deerfield Township	4,170,000	58.91%	2,456,547
Union Township	104,612	2.72%	2,845
West Chester Township	34,485,000	0.24%	82,764
Great Oaks Joint Vocational School	3,105,000	8.78%	272,619
Subtotal, Overlapping Debt	105,685,505		22,734,972
District direct debt	63,906,117	100.00%	63,906,117
Total direct and overlapping debt	\$169,591,622		\$86,641,089

Source: Ohio Municipal Advisory Council

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the District by the total assessed valuation of the government.

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Mason City School District, Ohio
 Legal Debt Margin Information,
 Last Ten Fiscal Years (1)
 Schedule 14

	2010	2011	2012	2013
Debt Limit	\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540
Total Net Debt Applicable to Limit	132,638,891	125,070,968	117,843,578	125,413,385
Legal Debt Margin	\$115,219,649	\$122,787,572	\$130,014,962	\$122,445,155
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	53.51%	50.46%	47.54%	50.60%

Source: District Records

- (1) Assessed values are on a calendar year basis (i.e. fiscal year 2018 is calendar year 2017)
- (2) Under Section 133.06(E) of the Ohio Revised Code, if a board of education determines that its students are not being adequately serviced by existing facilities, and that sufficient funds to provide such facilities cannot be obtained when needed by the issuance of bonds within the nine percent limitation, it may qualify as a "special needs district", and thereby be permitted to incur net indebtedness in excess of the nine mill limitation. The district applied for and received approval of the Ohio Department of Taxation and the Ohio Department of Education to become a special needs district.

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$1,952,668,710
Debt Limit (9% of Assessed Value)	175,740,184
Debt Limit - Special Needs District (2)	247,858,540
Debt Applicable to Limit	59,668,117
Legal Debt Margin	<u>\$188,190,423</u>

2014	2015	2016	2017	2018	2019
\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540
121,611,030	112,172,595	90,643,700	79,968,080	69,943,580	59,668,117
<u>\$126,247,510</u>	<u>\$135,685,945</u>	<u>\$157,214,840</u>	<u>\$167,890,460</u>	<u>\$177,914,960</u>	<u>\$188,190,423</u>
49.06%	45.26%	36.57%	32.26%	28.22%	24.07%

Mason City School District, Ohio
 Demographic and Economic Statistics
 Last Ten Calendar Years
 Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2009	210,712	\$8,189,840	\$38,867	9.30%
2010	212,693	8,645,056	40,536	8.10%
2011	214,910	9,202,095	42,818	6.30%
2012	217,241	9,880,531	45,482	6.50%
2013	219,169	10,131,284	46,226	6.40%
2014	221,659	10,990,640	49,584	5.20%
2015	224,469	11,572,120	51,553	4.10%
2016	227,063	12,442,832	54,941	4.20%
2017	228,882	13,002,293	56,808	4.10%
2018	232,173	13,883,738	59,799	3.90%

Source:

- (1) Population estimates provided by U.S. Census Bureau for Warren County
- (2) Bureau of Economic Analysis Data. Information for Warren County
- (3) State of Ohio Bureau of Employment Services Annual averages. Information for Warren County.
- (4) Ohio Bureau of Employment Services, rates are for Warren County

Mason City School District, Ohio
Principal Employers,
Current Year and Nine Years Prior
Schedule 16

Employer	2019 (1)	
	Number of Employees	Percentage of Total Employment
Macy's Credit and Customer Service	3,000	2.57%
Proctor & Gamble	1,943	1.66%
Luxottica	1,853	1.59%
Cintas Corporation	1,512	1.30%
Wellpoint	1,300	1.11%
Anthem Blue Cross and Blue Shield	1,300	1.11%
Atrium Medical Center	1,200	1.03%
Cincinnati Premium Outlets	1,000	0.86%
Huma Care	1,000	0.86%
Advics Manufacturing	969	0.83%
	<u>15,077</u>	<u>12.92%</u>
Total County Employment (3)	116,700	

Employer	2010 (1)	
	Number of Employees	Percentage of Total Employment
Procter & Gamble	1,943	1.95%
WellPoint	1,743	1.75%
Luxottica Retail	1,533	1.54%
Mason City Schools	1,439	1.44%
Cintas Corporate	1,322	1.32%
L3 Cincinnati Electronics	609	0.61%
Cengage Learning, Inc.	575	0.58%
Portion Pac	444	0.44%
Mitsubishi Electric	395	0.40%
Lindner Center of Hope	300	0.30%
	<u>10,303</u>	<u>10.32%</u>
Total County Employment (3)	99,800	

Source:

(1) Warren County Economic Development Department and City of Mason Economic Development

(2) City of Mason Income Tax Department

(3) Historical Civilian Labor Force Estimates

Mason City School District, Ohio
 Full-time-Equivalent District Employees by Type
 Last Ten Fiscal Years
 Schedule 17

	2010	2011	2012	2013
Office/Administrative				
Superintendent/Associate/Assistants	4.00	4.00	3.00	3.00
Principals/Assistant	26.00	26.00	23.00	21.00
Other	21.75	21.00	20.00	17.90
Official/Administrative	51.75	51.00	46.00	41.90
Professional- Educational				
Total General Education	547.53	544.00	527.26	511.05
Special Education	96.51	94.91	93.12	88.67
Curriculum Specialist	12.00	12.00	10.50	12.50
Counseling	22.10	21.00	21.00	20.00
Librarian/Media	2.00	2.00	2.00	2.00
Other Professional	1.00	1.00	1.00	0.00
Professional-Educational	681.14	674.91	654.88	634.22
Professional - Other				
Public Relations	1.00	1.00	1.00	1.00
Psychologists	8.00	9.00	9.00	9.00
Social Work	1.00	1.00	1.00	1.00
Speech, OT, PT	13.87	14.15	13.95	14.12
Professional - Other	23.87	25.15	24.95	25.12
Technical				
Information Technology	13.00	12.00	11.00	11.00
Practical Nursing	9.46	9.93	8.99	8.52
Library Aide	9.70	10.20	10.20	7.20
Other Technical	2.00	2.00	2.00	2.00
Technical	34.16	34.13	32.19	28.72
Office/ Clerical	69.99	67.89	62.50	56.77
Crafts & Trades	13.00	13.00	12.00	11.00
Bus Drivers	90.81	80.28	68.80	69.75
Service Work/ Laborer				
Attendance Officer	0.94	0.94	0.94	0.94
Custodian	59.00	56.00	44.00	41.00
Groundskeeping	2.00	2.00	2.00	3.00
Food Service	54.64	51.48	48.43	46.77
Guard/ Watchman	4.00	4.00	4.00	1.00
Monitoring (Recess)	21.50	24.57	28.24	22.08
Attendent (Paraprofessionals)	163.55	171.04	158.94	141.71
Other Services Worker/ Laborer	1.14	0.27	0.27	0.00
Total support and administration	306.77	310.30	286.82	256.50
Total Employees	1,271.49	1,256.66	1,188.14	1,123.98

Source: State Department of Education

2014	2015	2016	2017	2018	2019
3.00	3.00	4.00	4.00	4.00	4.00
20.33	21.00	21.00	21.00	20.50	20.00
17.00	19.00	19.50	18.00	18.50	17.00
40.33	43.00	44.50	43.00	43.00	41.00
513.00	482.33	483.91	482.13	486.80	486.93
87.72	78.63	74.15	75.00	79.00	78.00
10.00	8.00	6.00	8.00	8.00	8.00
20.00	19.80	19.80	20.00	20.00	21.00
2.00	2.00	2.00	2.00	2.00	2.00
0.00	14.00	12.50	2.65	2.65	2.56
632.72	604.76	598.36	589.78	598.45	598.49
1.00	1.00	1.00	1.00	1.00	1.00
9.00	10.00	9.00	9.00	9.00	9.00
1.00	1.00	1.00	1.00	1.00	1.00
14.88	13.34	13.34	12.94	12.94	12.94
25.88	25.34	24.34	23.94	23.94	23.94
9.00	8.00	8.00	7.00	6.00	5.00
8.46	8.46	10.46	11.58	8.70	8.70
7.20	8.63	8.63	8.63	7.63	7.20
1.00	1.00	1.00	1.00	1.00	1.00
25.66	26.09	28.09	28.21	23.33	21.90
55.52	58.03	59.46	59.16	56.03	60.13
9.00	10.00	11.50	9.50	6.50	6.50
66.37	70.56	71.68	81.80	74.49	76.33
0.94	0.94	0.94	0.94	0.94	0.00
37.00	34.00	30.00	29.00	24.00	24.00
3.00	3.00	2.00	2.00	2.00	2.00
45.18	47.76	47.00	49.90	47.29	40.15
1.00	0.00	0.00	0.00	0.00	0.00
21.86	24.95	19.51	27.85	24.61	18.33
134.11	130.32	134.87	152.08	149.66	159.41
0.00	9.43	8.81	0.00	0.00	0.00
243.09	250.40	243.13	261.77	248.50	243.89
1,098.57	1,088.18	1,081.06	1,097.16	1,074.24	1,072.18

Mason City School District, Ohio
 Operating Statistics
 Last Ten Fiscal Years
 Schedule 18

Fiscal Year	Enrollment	Operating Expenditure	Cost Per Pupil	Percentage Change	Expenses
2010	10,974	\$112,660,754	\$10,266	-1.56%	\$122,017,971
2011	11,013	115,792,919	10,514	2.42%	125,677,265
2012	10,991	115,563,586	10,514	0.00%	125,536,986
2013	10,911	108,870,439	9,978	-5.10%	118,759,404
2014	10,773	111,185,897	10,321	3.44%	121,932,892
2015	10,715	114,714,752	10,706	3.73%	124,713,728
2016	10,713	114,386,380	10,677	-0.27%	120,332,592
2017	10,728	118,809,386	11,075	3.72%	130,018,088
2018	10,664	122,439,049	11,482	3.67%	69,454,360
2019	10,420	128,504,618	12,332	7.41%	119,332,017

Source: Nonfinancial information from district records.

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
\$11,119	-1.56%	761.00	14.4	5.37%
11,412	2.63%	755.00	14.6	6.44%
11,422	0.09%	708.50	15.5	6.94%
10,884	-4.71%	691.50	15.8	7.68%
11,318	3.99%	672.50	16.0	8.00%
11,639	2.83%	656.00	16.3	8.00%
11,232	-3.49%	646.50	16.6	8.00%
12,120	7.90%	637.60	16.8	8.00%
6,513	-46.26%	645.60	16.5	8.00%
11,452	75.84%	645.93	16.1	8.00%

Mason City School District, Ohio
 School Building Information,
 Last Ten Fiscal Years
 Schedule 19

	2010	2011	2012	2013
Elementary				
Mason Early Childhood (2006)				
Square feet	172,211	172,211	172,211	172,211
Capacity	2,100	2,100	2,100	2,100
Enrollment	1,747	1,706	1,549	1,905
Mason Heights (1965)				
Square feet	101,863	101,863	101,863	
Capacity	1,200	1,200	1,200	
Enrollment	833	821	838	
Western Row (1961)				
Square feet	100,002	100,002	100,002	100,002
Capacity	1,200	1,200	1,200	1,200
Enrollment	866	855	840	1,164
Mason Intermediate (1998/1994)				
Square feet	356,700	356,700	356,700	356,700
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,715	2,700	2,678	2,617
Junior High School				
Mason Middle (1958)				
Square feet	276,378	276,378	276,378	276,378
Capacity	1,850	1,850	1,850	1,850
Enrollment	1,724	1,773	1,800	1,845
High School				
William Mason High (2002) (2010)				
Square feet	539,236	539,236	539,236	539,236
Capacity	3,513	3,513	3,700	3,700
Enrollment	3,089	3,158	3,286	3,380

Source: School District Records

2014	2015	2016	2017	2018	2019
172,211	172,211	172,211	172,211	172,211	201,963
2,100	2,100	2,100	2,100	2,100	2,400
1,854	1,825	1,833	1,861	1,834	2,085
100,002	100,002	100,002	100,002	100,002	100,002
1,200	1,200	1,200	1,200	1,200	1,200
1,050	1,025	974	1,012	1,022	741
356,700	356,700	356,700	356,700	356,700	356,700
3,000	3,000	3,000	3,000	3,000	3,000
2,606	2,554	2,486	2,430	2,412	2,383
276,378	276,378	276,378	276,378	276,378	276,378
1,850	1,850	1,850	1,850	1,850	1,850
1,853	1,749	1,799	1,834	1,765	1,713
539,236	539,236	539,236	539,236	539,236	539,236
3,700	3,700	3,700	3,700	3,700	3,700
3,410	3,562	3,621	3,591	3,631	3,498

Mason City School District, Ohio
 Miscellaneous Statistical Data
 Schedule 20

Year of Original Charter	June 10, 1968
Current Charter	September 9, 1991
Form of Government	Public School District
Area of District	25 Square Miles
Number Miles Traveled by Transportation	
Fleet for the 2018-2019 School Year	1,009,080
Number Meals Served by Food Service	
Department for the 2018-2019 School Year	1,075,937

School Buildings	Grade Levels	Enrollment
Mason Early Childhood Center	PS-2	2,085
Western Row Elementary	2-3	741
Mason Intermediate	4-6	2,383
Mason Middle School	7-8	1,713
William Mason High School	9-12	3,498
		10,420

Degree	Number of Certified Staff	Percentage of Total
Bachelor's Degree	22.5	3.48%
Bachelor + 150	54.8	8.48%
Master's Degree	566.6	87.72%
Doctorate	2.0	0.31%
Total	645.9	100.00%

Years of Experience	Number of Certified Staff	Percentage of Total
0 - 5	57.5	8.90%
6 - 10	72.5	11.22%
11 - 15	179.0	27.71%
16 - 20	174.8	27.06%
21 - 25	96.5	14.94%
26 - 30	49.5	7.66%
31 - 35	16.1	2.49%
36 - 40	0.0	0.00%
	645.9	100.00%

Source: School District Records

Mason City School District, Ohio
 Student Population by Sex and by Race
 For the 2018-2019 School Year
 Schedule 21

Race	Total	Percent
American Indian/Alaskan	32	0.31%
Asian	2,871	27.55%
Black	495	4.75%
Caucasian	6,829	65.54%
Hispanic	65	0.62%
Multi-Racial	103	0.99%
Hawaiian/Pac Island	25	0.24%
	10,420	100.00%

Source: School District Financial Records.

Mason City School District, Ohio
 Enrollment History
 Last Ten School Years
 Schedule 22

School Year (1)	Grade						
	Preschool	KDN	1	2	3	4	5
2018-19	171	550	648	716	741	760	781
2017-18	165	539	677	719	756	763	806
2016-17	171	553	675	734	740	768	820
2015-16	165	544	676	687	735	777	826
2014-15	164	580	662	702	742	806	862
2013-14	171	575	679	713	766	867	876
2012-13	191	601	687	743	847	872	866
2011-12	193	623	733	826	852	845	872
2010-11	201	689	816	828	848	862	959
2009-10	211	727	809	827	872	931	885

Source: School District Records

(1) All figures represent actual enrollment during the first full week of October each school year.

Grade							Total
6	7	8	9	10	11	12	% Increase or Decrease
842	857	856	892	883	854	869	10,420 -2.29%
843	846	919	882	878	870	1,001	10,664 -0.60%
842	903	931	864	871	946	910	10,728 0.14%
883	910	889	859	962	888	912	10,713 -0.02%
886	872	877	941	873	883	865	10,715 -0.54%
863	878	977	857	878	832	841	10,773 -1.26%
879	969	877	867	828	812	872	10,911 -0.73%
961	880	917	850	809	851	779	10,991 -0.20%
879	899	874	814	849	755	740	11,013 0.36%
899	867	857	852	768	719	750	10,974 1.58%

Mason City School District, Ohio
Directory of School Facilities
As of June 30, 2019
Schedule 23

<u>Facility</u>	<u>Address</u>	<u>Administrator/Contact</u>	<u>Grades</u>	<u>Phone Numbers</u>
Early Childhood Center	4631 Hickory Woods Dr.	Melissa Bly	PS-2	398-3741
Western Row School	755 Western Row Road	Vivian Alvarez	3	398-5821
Mason Intermediate	6307 Mason-Montgomery Rd.	Eric Messer	4-6	459-2850
Mason Middle School	6370 Mason-Montgomery Rd.	Lauren Gentene	7-8	398-9035
Mason High School	6100 Mason-Montgomery Rd.	Bobby Dodd	9-12	398-5025
Mason Central Administration	211 North East Street	Jonathan Cooper		398-0474
Transportation Center	5025 Enterprise Drive	Carolyn Thornton		398-6682
Maintenance Garage	5120 Enterprise Drive	George Highfill		398-2784

Source: School District Records

OHIO AUDITOR OF STATE KEITH FABER



MASON CITY SCHOOL DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2020**