



Mary Taylor, CPA
Auditor of State

MASON CITY SCHOOL DISTRICT
WARREN COUNTY

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**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	2008	10.550		\$410,587		\$412,627
<i>Nutrition Cluster:</i>						
National School Lunch Program	2008	10.555	\$341,301		\$341,301	
Total National School Lunch Program - Nutrition Cluster			<u>341,301</u>	<u>0</u>	<u>341,301</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>341,301</u>	<u>410,587</u>	<u>341,301</u>	<u>412,627</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Special Education Cluster:</i>						
Special Education_Grants to States	2007	84.027	0		115,971	
	2008		1,242,632		1,507,816	
Total Special Education_Grants to States			<u>1,242,632</u>	<u>0</u>	<u>1,623,787</u>	<u>0</u>
Special Education_Preschool Grants	2007	84.173	1,989		9,019	
	2008		35,853		35,829	
Total Special Education_Preschool Grants			<u>37,842</u>	<u>0</u>	<u>44,848</u>	<u>0</u>
Total Special Education Cluster			<u>1,280,474</u>	<u>0</u>	<u>1,668,635</u>	<u>0</u>
Title I Grants to Local Educational Agencies	2007	84.010	0		5,813	
	2008		147,922		157,813	
Total Title I Grants to Local Educational Agencies			<u>147,922</u>	<u>0</u>	<u>163,626</u>	<u>0</u>
Safe and Drug-Free Schools and Communities_State Grants	2007	84.186	0		422	
	2008		25,056		25,058	
Total Safe and Drug-Free Schools and Communities_State Grants			<u>25,056</u>	<u>0</u>	<u>25,480</u>	<u>0</u>
State Grants for Innovative Programs	2007	84.298	0		1,427	
	2008		14,457		23,927	
Total State Grants for Innovative Programs			<u>14,457</u>	<u>0</u>	<u>25,354</u>	<u>0</u>
Education Technology State Grants	2007	84.318	0		614	
	2008		1,757		1,757	
Total Education Technology State Grants			<u>1,757</u>	<u>0</u>	<u>2,371</u>	<u>0</u>
English Language Acquisition Grants		84.365				
Title III - LEP	2007		0		6,919	
Title III - LEP	2008		54,161		56,234	
Title III - Immigrant	2008		25,392		24,386	
Total English Language Acquisition Grants			<u>79,553</u>	<u>0</u>	<u>87,539</u>	<u>0</u>
Improving Teacher Quality State Grants	2007	84.367	6,524		16,604	
	2008		90,779		101,028	
Total Improving Teacher Quality State Grants			<u>97,303</u>	<u>0</u>	<u>117,632</u>	<u>0</u>
<i>Total Passed Through Ohio Department of Education:</i>			<u>1,646,522</u>	<u>0</u>	<u>2,090,637</u>	<u>0</u>
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>						
Vocational Education_Basic Grants to States	2008	84.048	19,317		15,114	0
<i>Total Passed Through Great Oaks Institute of Technology and Career Development</i>			<u>19,317</u>	<u>0</u>	<u>15,114</u>	<u>0</u>
Total U.S. Department of Education			<u>1,665,839</u>	<u>0</u>	<u>2,105,751</u>	<u>0</u>
Total Federal Assistance			<u>\$2,007,140</u>	<u>\$410,587</u>	<u>\$2,447,052</u>	<u>\$412,627</u>

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

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D – TRANSFERS

The School District generally must spend Federal assistance with 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education (ODE)'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2008, ODE authorized the following transfers:

CFDA Number	Program Title	Grant Year	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	2007	\$11,015	
84.010	Title I Grants to Local Educational Agencies	2008		\$11,015
84.027	Special Education – Grants to States	2007	146,366	
84.027	Special Education – Grants to States	2008		146,366
84.186	Safe and Drug-Free Schools and Communities	2007	1,629	
84.186	Safe and Drug-Free Schools and Communities	2008		1,629
84.298	State Grants for Innovative Programs	2007	375	
84.298	State Grants for Innovative Programs	2008		375
84.318	Education Technology State Grants	2007	614	
84.318	Education Technology State Grants	2008		614
84.365	English Language Acquisition Grants	2007	1,963	
84.365	English Language Acquisition Grants	2008		1,963
Totals			<u>\$161,962</u>	<u>\$161,962</u>



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the District's management in a separate letter dated December 1, 2008.

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, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 1, 2008.

We intend this report solely for the information and use of the management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 1, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Mason City School District, Warren County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Mason City School District, Warren County, Ohio complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008. In a separate letter to the District's management dated December 1, 2008, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 1, 2008.

Federal Awards Expenditures Schedule

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, Warren County, Ohio as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 1, 2008

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.027 and #84.173 – Special Education Cluster; CFDA #84.010 – Title 1
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

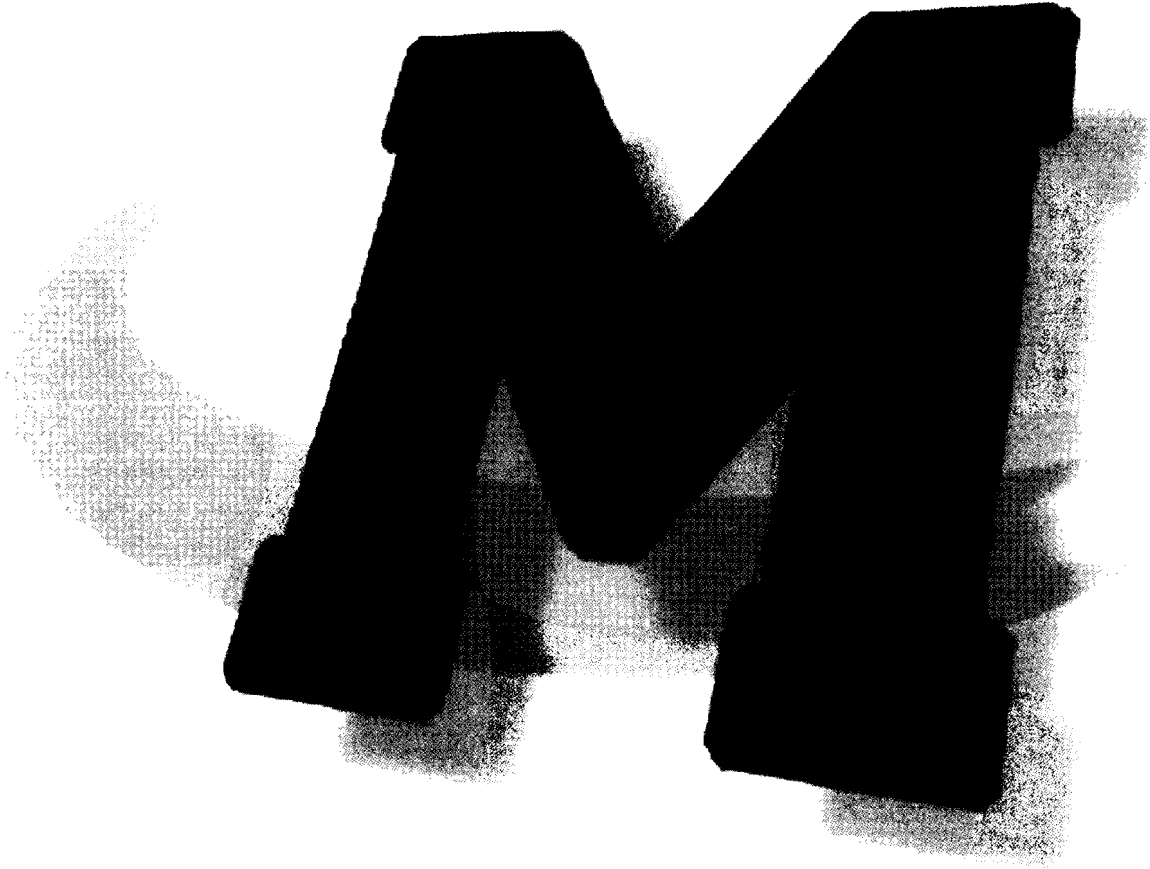
None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

MASON CITY SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended
June 30, 2008**

“Where Each Student Is Important”

MASON, OHIO

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MASON CITY SCHOOL DISTRICT
MASON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2008

Prepared by:
Treasurer's Office

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Introductory Section

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MASON CITY SCHOOLS

Treasurer's Office

211 North East Street • Mason, Ohio • 45040

Phone: (513) 398-3623 • Fax: (513) 398-4357

December 1, 2008

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, 2008.

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, 2008, 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 unqualified opinion that the Mason City School District's financial statements for the fiscal year ended June 30, 2008, 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, 2008, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Kevin Wise	Jan. 2008 - Dec. 2011	5 ½
Mrs. Marianne Culbertson	Jan. 2006 - Dec. 2009	14 ½
Mrs. Deborah Delp	Jan. 2009 - Dec. 2011	4 ½
Mrs. Jennifer Miller	Jan. 2006 - Dec. 2009	2 ½
Mrs. Connie Yingling	Jan. 2006 - Dec. 2009	8 ¾

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Dr. Kevin L. Bright was appointed Superintendent effective August 1, 1998 and his current contract expires July 31, 2009 with an option to extend for two more years.

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. Mr. Richard L. Gardner was initially appointed Treasurer effective May 1, 2000, and his current contract will expire on December 31, 2008. On August 27, 2008 he was given a new contract that will expire July 31, 2011 with an option to extend for two more years.

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, Little Leprechaun Academy, 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 10,710 students during the 2008 fiscal year in six buildings. The high school (9-12) was constructed in 2002 with additional space now under construction for occupancy in the fall of 2009. The middle school (7-8) was constructed in 1959, with additions in 1967, 1980, 1987 and 1997. 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 Heights Elementary School (2-3) was constructed in 1967, with additions in 1978 and 1987. Mason Early Childhood Center (PreK-1) was constructed in 2007.

The District employed 1,239 full-time equivalent employees as of June 30, 2008. The number of employees has been increasing due to the increase in student population. The District's current enrollment is 10,710. It is expected that the District's enrollment will be approximately 10,750 for fiscal year 2009 and will continue to increase for the next several years.

The District teachers, educational specialists, tutors and counselors are represented by the Mason Education Association (MEA). The current three year agreement on language, salary and fringe benefits will expire on June 30, 2009. The current agreement provided MEA members with a 2.0% base salary increase for the 2006-2007 school year, bringing the base teaching salary to \$34,896; a 2.25% base salary increase for the 2007-2008 school year, bringing the base teaching salary to \$35,681; and a 2.25% base salary increase for the 2008-2009 school year, bringing the base teaching salary to \$36,484.

The District custodial, grounds, maintenance and HVAC technicians voted on January 24, 2006, which was certified by SERB on February 16, 2006, to have the Ohio Association of Public School Employees (OAPSE) represent them. The establishment of a collective bargaining agreement on language, salary and fringe benefits is currently being negotiated.

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.

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 22,016 in the 2000 U.S. Census and has been growing steadily through planning and development. The District is served by Sprint Telephone and Duke Energy. The Mason Pulse Journal, Community Press and The Western Star newspapers regularly cover District events. The District is also served by newspapers, radio and television stations in both Cincinnati and Dayton. Major universities easily accessible from the District are the University of Cincinnati and Xavier University in Cincinnati, Miami University in Oxford, and Wright State University and the University of Dayton, both in Dayton.

Although the Mason City School District is being impacted by the current economic slowdown, it still currently enjoys a reasonably favorable economic environment. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate, which has averaged significantly less than the United States and State of Ohio averages in recent years. The City of Mason and Deerfield Township target high tech companies, corporate headquarters and light industry for the District's business community. The diverse business base is home to national and international blue chip corporations' headquarters and divisions that include a major health care research center, uniforms manufacturer and distributor, insurance, automotive component manufacturers, condiments, electronics, software and technology companies and institutions.

It is estimated that approximately 15% to 20% of the land area within the district remains available for development, and it is projected that these areas will continue to be developed over the next five to ten years with the associated additional investments in plant and equipment and increasing job opportunities.

Long-term financial planning. Student enrollment growth has been the priority for the Board and Administration for the last 15 years. Demographic projections indicate the District will see its population exceed 11,000 in the next few years. The District passed a bond issue in May 2007 to add a fourth

classroom wing to the high school. This will be completed in August 2009 and will give the District a student capacity of approximately 13,000, and should be the last major construction project that will be needed.

The District utilizes a continuous improvement process. A committee of parents, students, and community members meets regularly to address issues such as: What do we want for our students? What makes a high quality education? How do we reach success? It is the goal of the group to create a culture of continuous improvement in the District.

Cash management policies and practices. The District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in certificates of deposit, in the Ohio State Treasurer's Investment Pool (Star Ohio), U.S. Treasury and Agency Notes and Bonds, US Treasury Bills, repurchase agreements, commercial paper and mutual funds. The amount of interest income in fiscal year 2008 for all District funds was \$3,718,075. A more detailed description of the District's investment functions is provided in Note 3 to the financial statements.

Risk Management. The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss and boiler and machinery coverage are purchased from insurance companies licensed to do business in the State of Ohio. The maximum deductible amount for these coverages is \$5,000 per loss incurred.

The District pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The District was approved by the State Worker's Compensation Bureau for a self-funded program which was established as of October 1, 2008.

The District provides health, dental, optical and life insurance to all regular employees who work 20 or more hours per week. Employees share the cost of the monthly premium with the Board. The premium varies depending on the terms of the negotiated agreement with teachers and Board Policy. The health, dental and optical programs are all on a self-insured basis.

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, 2007. 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 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,



Richard L. Gardner
Treasurer and CFO

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



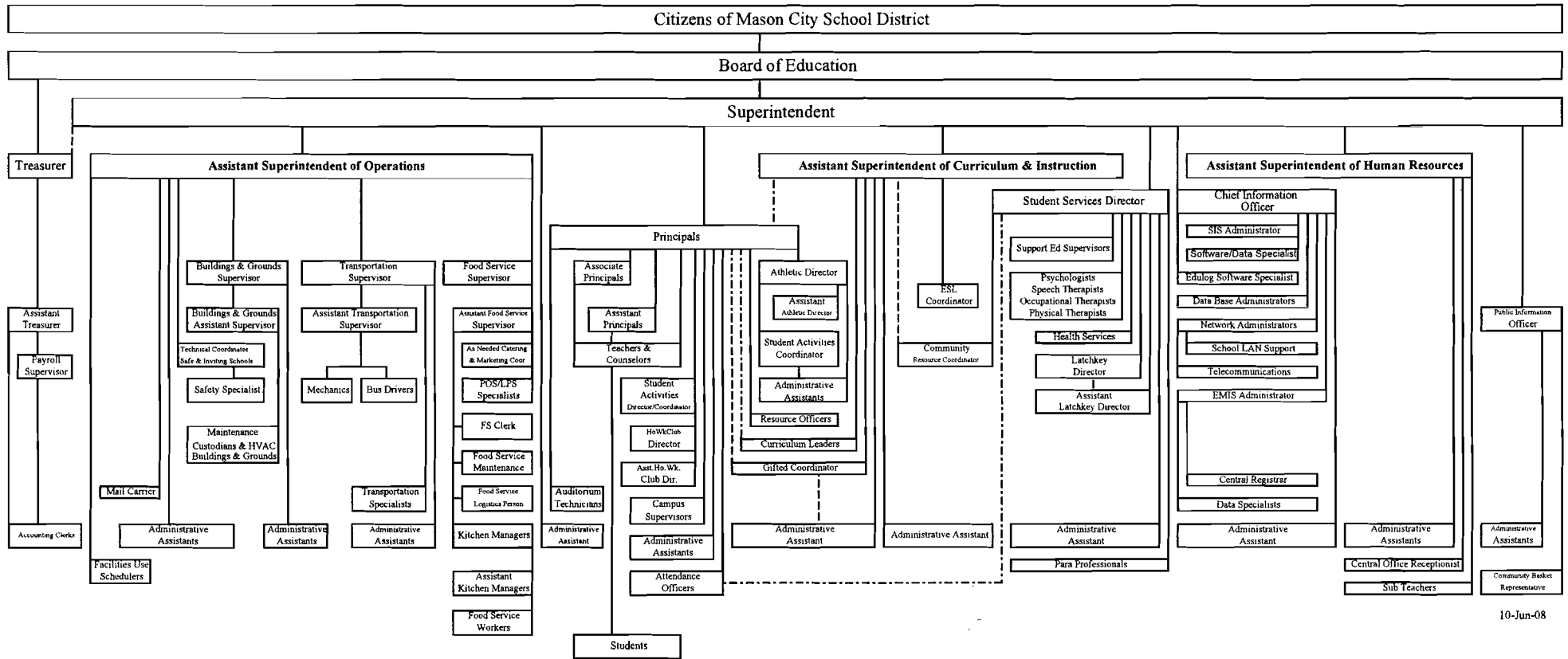
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

ORGANIZATIONAL CHART



IV

**MASON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2008**

ELECTED OFFICIALS

President, Board of Education	Kevin Wise
Vice President, Board of Education	Connie Yingling
Board Member	Marianne Culbertson
Board Member	Deborah Delp
Board Member	Jennifer Miller

ADMINISTRATIVE OFFICIALS

Superintendent	Kevin L. Bright
Assistant Superintendent - Curriculum and Instruction	Amy Spicher
Assistant Superintendent - Business	Michael Brannon
Assistant Superintendent - Human Resources	Craig C. Ullery
Treasurer	Richard L. Gardner
Assistant Treasurer.....	Chris Hofer
Pupil Personnel Director	Tom Morris
Chief Information Officer	Dave Hickey
Payroll Supervisor.....	Terri Ross
Building and Grounds Supervisor	George Highfill
Food Service Supervisor	Darlene Hicks
Support Education Supervisor	Jody Bergman
Support Education Supervisor	Susan Klein
Transportation Supervisor	Carole Abrams
Public Information Officer	Tracey Carson

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Financial Section

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management Discussion and Analysis and the budgetary comparison for the General Fund are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Mary Taylor, CPA
Auditor of State

December 1, 2008

**MASON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008
(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, 2008. 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 2008 are as follows:

- Net assets of governmental activities increased \$14,354,622 which represents a 23% increase from 2007.
- General revenues accounted for \$114,421,434 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,904,980 or 11% of total revenues of \$128,326,414 .
- The District had \$113,971,792 in expenses related to governmental activities; \$13,904,980 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$114,421,434 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 Assets* 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, and the Building 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 liabilities 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 assets* and changes in those assets. This change in net assets 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.

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 Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

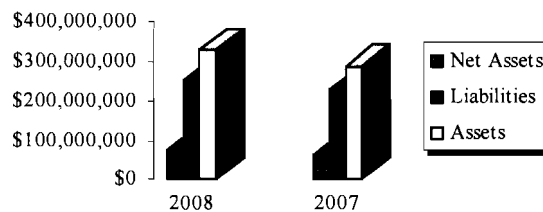
Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District’s net assets for 2008 compared to 2007:

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets:		
Current and Other Assets	\$170,350,513	\$135,627,802
Capital Assets	157,121,128	150,161,269
Total Assets	327,471,641	285,789,071
Liabilities:		
Other Liabilities	95,642,992	86,276,602
Long-Term Liabilities	155,988,524	138,026,966
Total Liabilities	251,631,516	224,303,568
Invested in Capital Assets, Net of Related Debt	18,655,396	12,537,357
Restricted	20,469,256	18,486,365
Unrestricted	36,715,473	30,461,781
Total Net Assets	\$75,840,125	\$61,485,503



Over time, net assets can serve as a useful indicator of a government’s financial position. At June 30, 2008, the District’s assets exceeded liabilities by \$75,840,125 .

At year-end, capital assets represented 48% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2008, was \$18,655,396. 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 assets, \$20,469,256 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.

Regarding significant changes in Table 1 above, current assets increased mainly due to an increase in the balance of investments in 2008 as compared to 2007. Long-term Liabilities increased mainly due to the issuance of \$23,000,000 in general obligation bonds.

The balance of unrestricted net assets of \$36,715,473 may be used to meet the District's ongoing obligations to the students and creditors.

Table 2 shows the changes in net assets for fiscal years 2008 and 2007.

Table 2
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues:		
Program Revenues		
Charges for Services	\$8,031,496	\$7,179,567
Operating Grants, Contributions	5,812,292	5,416,262
Capital Grants and Contributions	61,192	158,292
General Revenues:		
Property Taxes	73,734,056	70,347,061
Grants and Entitlements	34,292,967	33,634,902
Other	6,394,411	5,860,991
Total Revenues	<u>128,326,414</u>	<u>122,597,075</u>
Program Expenses:		
Instruction	53,120,606	47,562,678
Support Services:		
Pupil and Instructional Staff	12,607,299	11,491,896
School Administrative, General		
Administration, Fiscal and Business	7,990,413	7,538,206
Operations and Maintenance	13,072,818	14,141,628
Pupil Transportation	7,734,614	7,209,800
Central	4,569,098	3,759,249
Operation of Non-Instructional Services	5,553,265	5,505,957
Extracurricular Activities	2,312,308	2,170,808
Interest and Fiscal Charges	7,011,371	6,049,096
Total Program Expenses	<u>113,971,792</u>	<u>105,429,318</u>
Change in Net Assets	14,354,622	17,167,757
Net Assets Beginning of Year	<u>61,485,503</u>	<u>44,317,746</u>
Net Assets End of Year	<u><u>\$75,840,125</u></u>	<u><u>\$61,485,503</u></u>

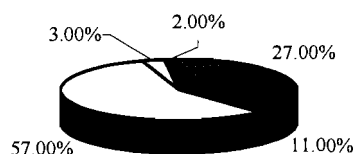
Governmental Activities

The District revenues are mainly from two sources. Property taxes and grants and entitlements comprised 84.2% 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.

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 57.4% of revenue for governmental activities for the District in fiscal year 2008.

<u>Revenue Sources</u>	<u>2008</u>	<u>Percent of Total</u>
General Grants	\$34,292,967	27.00%
Program Revenues	13,904,980	11.00%
General Tax Revenues	73,734,056	57.00%
Investment Earnings	3,718,075	3.00%
Other Revenues	2,676,336	2.00%
	<u>\$128,326,414</u>	<u>100.00%</u>



Instruction comprises 46.61% of governmental program expenses. Support services expenses were 40.34% of governmental program expenses. All other expenses and interest expense was 13.05%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property taxes increased mainly due to an increase in property tax receipts in 2008 as compared to 2007. Instructional expenses increased mainly due to increases in personnel costs and general inflationary costs.

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.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction	\$53,120,606	\$47,562,678	\$47,859,430	\$42,968,326
Support Services:				
Pupil and Instructional Staff	12,607,299	11,491,896	11,945,806	10,861,008
School Administrative, General				
Administration, Fiscal and Business	7,990,413	7,538,206	7,863,301	7,498,751
Operations and Maintenance	13,072,818	14,141,628	11,968,748	12,946,545
Pupil Transportation	7,734,614	7,209,800	7,409,795	6,936,936
Central	4,569,098	3,759,249	4,513,264	3,706,074
Operation of Non-Instructional Services	5,553,265	5,505,957	(94,834)	194,429
Extracurricular Activities	2,312,308	2,170,808	1,589,931	1,514,032
Interest and Fiscal Charges	7,011,371	6,049,096	7,011,371	6,049,096
Total Expenses	<u>\$113,971,792</u>	<u>\$105,429,318</u>	<u>\$100,066,812</u>	<u>\$92,675,197</u>

The District's Funds

The District has three major governmental funds: the General Fund, the Debt Service Fund and the Building Fund. Assets of the General Fund comprised \$109,172,538 (64%), the Debt Service Fund comprised \$22,810,632 (13%) and the Building Fund comprised \$27,126,509 (16%) of the total \$171,282,482 governmental funds assets.

General Fund: Fund balance at June 30, 2008 was \$37,667,080 including \$34,459,374 of unreserved balance. The primary reason for the increase in fund balance was due to an increase in property taxes revenue and grants revenue.

Debt Service Fund: Fund balance at June 30, 2008 was \$9,097,233 including \$8,570,237 of unreserved balance. The primary reason for the increase in fund balance was due to an increase in property taxes revenue.

Building Fund: Fund balance at June 30, 2008 was \$15,468,249 including (\$5,852,047) of unreserved balance. The increase in fund balance was due to debt proceeds of \$23,000,000 for the issuance of general obligation bonds.

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.

The final revenue budget for the General Fund was \$97,034,123. The original revenue budget estimate was \$93,652,178. The \$3,381,945 difference was primarily due to estimates for taxes and intergovernmental revenue.

The District's ending unobligated General Fund cash balance was \$414,141 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At year end, the District had \$157,121,128 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal 2008 balances compared to fiscal 2007:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$4,134,921	\$4,134,921
Construction in Progress	6,705,472	347,890
Buildings and Improvements	131,681,973	131,961,781
Equipment	14,598,762	13,716,677
Total Net Capital Assets	<u>\$157,121,128</u>	<u>\$150,161,269</u>

Overall, capital assets increased due to the completion and continuing progress of the building projects in the District. See Note 6 to the Basic Financial Statements for more details on the District's capital assets.

Debt

At year end, the District had \$152,283,855 in bonds outstanding, \$6,415,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2008	2007
General Obligation Bonds:		
2005 Refunding High School/Recreation Center and Intermediate Premium on 2005 Refunding Bonds	\$59,220,000	\$59,380,000
1995 Building Construction and Equipment	5,036,486	5,409,559
1998 Building Construction and Equipment	2,695,000	2,695,000
1998 Building Construction and Equipment	500,000	730,000
2001 High School/Recreation Center Construction and Equipment	16,705,000	19,615,000
2003 Refunding Middle/High School	11,080,000	12,235,000
2004 Early Childhood Center	5,775,000	6,080,000
2007 Refunding Early Childhood Center	27,230,000	27,565,000
Premium on 2007 Refunding Bonds	2,435,421	2,542,850
Deferred Amount on 2007 Refunding Bonds	(1,393,052)	(1,628,497)
2008 High School Addition	23,000,000	0
Total Bonds	<u>\$152,283,855</u>	<u>\$134,623,912</u>

See note 8 to the basic financial statements for further details on the District's debt.

For the Future

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts are being reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out.

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

It is no surprise that all of the District's financial management abilities and controls will be needed to meet the challenges of the future. However, with continued 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 Richard Gardner, Treasurer at Mason City Schools, 211 North East Street, Mason, Ohio 45040. Or E-mail at gardnerr@mason.k12.oh.us.

BASIC FINANCIAL STATEMENTS

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Mason City School District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$87,445,546
Restricted Cash and Investments	85,593
Cash and Cash Equivalents with Fiscal Agent	7,240,425
Receivables:	
Taxes	73,782,392
Accounts	296,069
Intergovernmental	628,821
Deferred Bond Issuance Costs	824,773
Inventory	46,894
Nondepreciable Capital Assets	10,840,393
Depreciable Capital Assets, Net	<u>146,280,735</u>
 Total Assets	 <u>327,471,641</u>
Liabilities:	
Accounts Payable	379,630
Accrued Wages and Benefits	14,041,267
Accrued Interest Payable	676,432
Unearned Revenue	68,914,003
Claims Payable	1,240,978
Contracts Payable	640,682
General Obligation Notes Payable	9,750,000
Long-Term Liabilities:	
Due Within One Year	6,969,030
Due In More Than One Year	<u>149,019,494</u>
 Total Liabilities	 <u>251,631,516</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	18,655,396
Restricted for:	
Special Revenue	4,006,773
Debt Service	8,966,212
Capital Projects	7,410,678
Set-Aside	85,593
Unrestricted	<u>36,715,473</u>
 Total Net Assets	 <u>\$75,840,125</u>

See accompanying notes to the Basic Financial Statements.

Mason City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$41,615,374	\$1,358,081	\$40,555	\$0	(\$40,216,738)
Special	10,434,201	442,413	3,111,039	0	(6,880,749)
Vocational	15,115	0	21,449	0	6,334
Other	1,055,916	77,540	210,099	0	(768,277)
Support Services:					
Pupil	5,914,562	6,245	427,747	0	(5,480,570)
Instructional Staff	6,692,737	4,183	223,318	0	(6,465,236)
General Administration	85,525	0	0	0	(85,525)
School Administration	5,412,530	0	43,676	0	(5,368,854)
Fiscal	2,053,489	0	0	0	(2,053,489)
Business	438,869	83,436	0	0	(355,433)
Operations and Maintenance	13,072,818	1,104,070	0	0	(11,968,748)
Pupil Transportation	7,734,614	46,014	217,613	61,192	(7,409,795)
Central	4,569,098	1,002	54,832	0	(4,513,264)
Operation of Non-Instructional Services	5,553,265	4,186,135	1,461,964	0	94,834
Extracurricular Activities	2,312,308	722,377	0	0	(1,589,931)
Interest and Fiscal Charges	7,011,371	0	0	0	(7,011,371)
Total Governmental Activities	\$113,971,792	\$8,031,496	\$5,812,292	\$61,192	(100,066,812)

General Revenues:

Property Taxes Levied for:

General Purposes	59,678,421
Debt Service Purposes	13,348,993
Capital Projects Purposes	706,642
Grants and Entitlements not Restricted to Specific Programs	34,292,967
Payment in Lieu of Taxes	2,328,775
Investment Earnings	3,718,075
Refunds and Reimbursements	72,056
Other Revenues	275,505

Total General Revenues 114,421,434

Change in Net Assets 14,354,622

Net Assets Beginning of Year 61,485,503

Net Assets End of Year \$75,840,125

See accompanying notes to the Basic Financial Statements.

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Mason City School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$48,422,659	\$8,570,237	\$19,883,692	\$10,568,958	\$87,445,546
Restricted Cash and Investments	85,593	0	0	0	85,593
Cash and Cash Equivalents with Fiscal Agent	0	0	7,240,425	0	7,240,425
Receivables:					
Taxes	58,839,875	14,240,395	0	702,122	73,782,392
Accounts	67,669	0	2,392	226,008	296,069
Intergovernmental	0	0	0	628,821	628,821
Interfund	1,756,742	0	0	0	1,756,742
Inventory	0	0	0	46,894	46,894
Total Assets	109,172,538	22,810,632	27,126,509	12,172,803	171,282,482
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	225,083	0	80,931	73,616	379,630
Accrued Wages and Benefits	13,100,953	0	0	940,314	14,041,267
Compensated Absences	158,095	0	0	1,915	160,010
Accrued Interest Payable	0	0	105,016	0	105,016
Interfund Payable	0	0	1,081,631	675,111	1,756,742
Deferred Revenue	56,780,349	13,713,399	0	958,085	71,451,833
Claims Payable	1,240,978	0	0	0	1,240,978
Contracts Payable	0	0	640,682	0	640,682
General Obligation Notes Payable	0	0	9,750,000	0	9,750,000
Total Liabilities	71,505,458	13,713,399	11,658,260	2,649,041	99,526,158
Fund Balances:					
Reserved for Encumbrances	1,059,584	0	21,320,296	2,061,760	24,441,640
Reserved for Inventory	0	0	0	46,894	46,894
Reserved for Property Tax Advances	2,062,529	526,996	0	26,472	2,615,997
Reserved for Set-Aside	85,593	0	0	0	85,593
Unreserved, Undesignated, Reported in:					
General Fund	34,459,374	0	0	0	34,459,374
Special Revenue Funds	0	0	0	3,377,932	3,377,932
Debt Service Funds	0	8,570,237	0	0	8,570,237
Capital Projects Funds	0	0	(5,852,047)	4,010,704	(1,841,343)
Total Fund Balances	37,667,080	9,097,233	15,468,249	9,523,762	71,756,324
Total Liabilities and Fund Balances	\$109,172,538	\$22,810,632	\$27,126,509	\$12,172,803	\$171,282,482

See accompanying notes to the Basic Financial Statements.

Mason City School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008

Total Governmental Fund Balance		\$71,756,324
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		157,121,128
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	2,252,392	
Intergovernmental	157,679	
Other	<u>127,759</u>	
		2,537,830
In the statement of net assets 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.		(571,416)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(3,544,659)</u>	
		(3,544,659)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		824,773
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds		<u>(152,283,855)</u>
Net Assets of Governmental Activities		<u>\$75,840,125</u>

See accompanying notes to the Basic Financial Statements.

Mason City School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$53,095,267	\$12,416,743	\$0	\$649,128	\$66,161,138
Revenue in lieu of taxes	0	0	0	2,688,343	2,688,343
Tuition and Fees	851,387	0	0	614,203	1,465,590
Investment Earnings	2,022,931	205,938	1,228,023	261,183	3,718,075
Intergovernmental	40,997,600	2,108,900	0	3,892,159	46,998,659
Extracurricular Activities	0	0	0	1,209,310	1,209,310
Charges for Services	0	0	0	5,444,011	5,444,011
Other Revenues	180,400	0	2,392	408,085	590,877
Total Revenues	97,147,585	14,731,581	1,230,415	15,166,422	128,276,003
Expenditures:					
Current:					
Instruction:					
Regular	40,368,497	0	0	885,954	41,254,451
Special	8,613,495	0	0	1,832,765	10,446,260
Vocational	0	0	0	15,115	15,115
Other	882,543	0	0	173,373	1,055,916
Support Services:					
Pupil	5,414,656	0	0	472,386	5,887,042
Instructional Staff	6,392,547	0	0	219,399	6,611,946
General Administration	85,525	0	0	0	85,525
School Administration	5,322,132	14,726	0	37,670	5,374,528
Fiscal	1,894,767	192,594	0	33,057	2,120,418
Business	347,817	0	0	90,984	438,801
Operations and Maintenance	10,145,378	0	0	1,839,278	11,984,656
Pupil Transportation	6,656,372	0	0	972,975	7,629,347
Central	2,987,145	0	0	1,635,636	4,622,781
Operation of Non-Instructional Services	27,125	0	0	5,473,155	5,500,280
Extracurricular Activities	1,531,994	0	0	830,875	2,362,869
Capital Outlay	0	0	6,865,347	1,646,983	8,512,330
Debt Service:					
Principal Retirement	0	5,095,000	0	0	5,095,000
Interest and Fiscal Charges	0	6,914,091	354,478	0	7,268,569
Total Expenditures	90,669,993	12,216,411	7,219,825	16,159,605	126,265,834
Excess of Revenues Over (Under) Expenditures	6,477,592	2,515,170	(5,989,410)	(993,183)	2,010,169
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	21,588	0	0	76,941	98,529
Issuance of Long-Term Capital-Related Debt	0	0	23,000,000	0	23,000,000
Transfers In	0	9,750,000	10,301,962	289,743	20,341,705
Transfers (Out)	(289,743)	(10,301,962)	(9,750,000)	0	(20,341,705)
Total Other Financing Sources (Uses)	(268,155)	(551,962)	23,551,962	366,684	23,098,529
Net Change in Fund Balance	6,209,437	1,963,208	17,562,552	(626,499)	25,108,698
Fund Balance Beginning of Year	31,457,643	7,134,025	(2,094,303)	10,150,261	46,647,626
Fund Balance End of Year	\$37,667,080	\$9,097,233	\$15,468,249	\$9,523,762	\$71,756,324

See accompanying notes to the Basic Financial Statements.

Mason City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balance - Total Governmental Funds \$25,108,698

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	10,943,869	
Depreciation Expense	<u>(3,652,610)</u>	7,291,259

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. (331,400)

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

Delinquent Property Taxes	690,014	
Intergovernmental	50,695	
Other	<u>(457,427)</u>	283,282

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets.

Principal payments	<u>5,095,000</u>	5,095,000
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In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 64,283

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	(349,415)	
Amortization of Deferred Charge	(235,445)	
Amortization of Bond Issuance Cost	(52,142)	
Amortization of Bond Premium	<u>480,502</u>	(156,500)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (23,000,000)

Change in Net Assets of Governmental Activities \$14,354,622

See accompanying notes to the Basic Financial Statements.

Mason City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Education Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$147,940	\$331,781
Total Assets	147,940	\$331,781
Liabilities:		
Accounts Payable	375	3,954
Other Liabilities	0	327,827
Total Liabilities	375	\$331,781
Net Assets:		
Held in Trust	147,565	
Total Net Assets	\$147,565	

See accompanying notes to the Basic Financial Statements.

Mason City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2008

	Education Private Purpose Trust
Additions:	
Donations	\$6,825
Investment Earnings	3,663
Total Additions	<u>10,488</u>
Deductions:	
Scholarships	<u>4,530</u>
Total Deductions	<u>4,530</u>
Change in Net Assets	5,958
Net Assets Beginning of Year	<u>141,607</u>
Net Assets End of Year	<u>\$147,565</u>

See accompanying notes to the Basic Financial Statements.

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**MASON CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008**

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 six instructional facilities, staffed by 627 classified personnel, 681 certified full-time 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 10,710. The District operates one early childhood center (Pre-K-1), two elementary schools and (2-3), one intermediate school (4-6), one middle school (7-8) and a high school (9-12).

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 organizations, which are defined as jointly governed. These organizations are presented in Note 18 to the basic financial statements.

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. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

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.

Building Fund – The building fund is used to account for financial resources used in the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 two agency funds. The private purpose trust fund accounts for scholarship programs for students. The student managed activity fund accounts for those student activity programs. The Section 125 insurance fund accounts for employee insurance contributions.

MEASUREMENT FOCUS

Government-wide Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets. 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.

Fiduciary Funds, excluding the agency funds, are 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 within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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 Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of fiscal year end, but which were levied to finance subsequent fiscal year operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

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. The District utilizes a financial institution for escrow related to retainage liabilities and to service bonded debt as principal and interest payments come due. These balances are presented on the financial statements as "Cash and Cash 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.

The District has invested certain funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the current fiscal year. STAR 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 does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for at year end.

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 \$2,022,931 credited to the General Fund; \$205,938 credited to the Debt Service Fund; \$1,228,023 credited to the Building Fund and \$261,183 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 fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). 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 and construction in progress. 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:

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

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	10-20 days per year depending on length of service
Maximum Accumulation	Not Applicable	Amount equal to yearly accrual	Amount equal to yearly accrual
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave</u>			
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	240 days	240 days	240 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%

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through 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 assets are available. Of the District's \$20,469,256 in restricted net assets, 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 Assets.

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.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, set aside, and property tax advances. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

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 assets when due.

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.

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 assets 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the 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. 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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2008, \$42,971,908 of the District's bank balance of \$43,118,714 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2008, the District had the following investments:

Investment Type	Fair Value	Aggregate Credit Risk	Weighted Average Maturity (Years)
US Treasury Notes	\$205,913	0.39%	0.30
First American Government Obligation Fund	7,311,577	13.72%	0.42
Money Market Funds	19,130	0.04%	0.00
STAR Ohio	553,720	1.04%	0.11
Federal Home Loan Bank	22,046,617	41.36%	1.54
Federal Home Loan Mortgage Corporation	3,841,453	7.21%	1.12
Federal Home Loan Mortgage Corporation - Discount Note	3,871,464	7.26%	0.25
Freddie Mac	568,156	1.07%	0.81
Fannie Mae	918,515	1.72%	0.88
Federal National Mortgage Association	6,337,259	11.89%	1.76
Federal National Mortgage Association - Discount Note	7,635,190	14.32%	0.33
Total Fair Value	<u>\$53,308,994</u>	100.00%	
Portfolio Weighted Average Maturity			1.08

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.

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 First American Government Obligation Fund, Money Market Funds, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Home Loan Mortgage Corporation – Discount Note, Freddie Mac, Fannie Mae, Federal National Mortgage Association, and Federal National Mortgage Association – Discount Note were rated AAA by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service. Investments in STAR Ohio were rated AAA by Standard& Poor’s.

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities.

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.

4. PROPERTY TAXES

Real property taxes collected in 2008 were levied in April on the assessed values as of January 1, 2007, 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.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). Each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing and equipment first reportable on the 2006 and subsequent year returns is not subject to the personal property tax.

Real property taxes are payable annually or semi-annually. In 2007, 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 represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2008. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2008. 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. The amount available as an advance at June 30, 2008, was \$2,615,997 and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these available advances for fiscal year 2008 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 2008 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,530,034,250
Public Utility	20,283,610
Tangible Personal Property	<u>48,975,855</u>
Total	<u><u>\$1,599,293,715</u></u>

5. RECEIVABLES

Receivables at fiscal year end, consisted of taxes, accounts, 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.

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$4,134,921	\$0	\$0	\$4,134,921
Construction in Progress	347,890	6,357,582	0	6,705,472
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	148,161,567	1,412,122	0	149,573,689
Equipment	<u>26,188,829</u>	<u>3,174,165</u>	<u>1,295,442</u>	<u>28,067,552</u>
Totals at Historical Cost	<u>178,833,207</u>	<u>10,943,869</u>	<u>1,295,442</u>	<u>188,481,634</u>
Less Accumulated Depreciation:				
Buildings and Improvements	16,199,786	1,691,930	0	17,891,716
Equipment	<u>12,472,152</u>	<u>1,960,680</u>	<u>964,042</u>	<u>13,468,790</u>
Total Accumulated Depreciation	<u>28,671,938</u>	<u>3,652,610</u>	<u>964,042</u>	<u>31,360,506</u>
Governmental Activities Capital Assets, Net	<u>\$150,161,269</u>	<u>\$7,291,259</u>	<u>\$331,400</u>	<u>\$157,121,128</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$599,390
Special	5,131
Support Services:	
Pupil	21,568
Instructional Staff	38,442
School Administration	22,889
Fiscal	13,975
Business	1,247
Operations and Maintenance	1,774,107
Pupil Transportation	620,162
Central	258,808
Operation of Non-Instructional Services	198,359
Extracurricular Activities	98,532
Total Depreciation Expense	<u><u>\$3,652,610</u></u>

7. SHORT-TERM NOTES PAYABLE

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

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Principal Outstanding</u>
Mason Intermediate				
Construction 2007 4.50%	\$3,000,000	\$0	\$3,000,000	\$0
Mason School Improvement Bond				
Anticipation Note 4.20%	0	7,000,000	7,000,000	0
Mason Intermediate				
Construction 2008 2.75%	<u>0</u>	<u>9,750,000</u>	<u>0</u>	<u>9,750,000</u>
Total	<u><u>\$3,000,000</u></u>	<u><u>\$16,750,000</u></u>	<u><u>\$10,000,000</u></u>	<u><u>\$9,750,000</u></u>

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.

Principal and interest requirements to retire these short-term notes payable outstanding at year end are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$9,750,000	\$301,962	\$10,051,962

8. LONG-TERM LIABILITIES

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
2001 High School/Recreation Center	5.06%	\$19,615,000	\$0	(\$2,910,000)	\$16,705,000	\$3,025,000
2005 Refunding High School/ Recreation Center	5.16%	59,380,000	0	(160,000)	59,220,000	140,000
2005 Refund Bond Premium	0.00%	5,409,559	0	(373,073)	5,036,486	0
1995 High School Addition/ Bus Garage	5.65%	2,695,000	0	0	2,695,000	0
1998 Intermediate School	5.24%	730,000	0	(230,000)	500,000	240,000
2003 Refunding Middle/High School	3.97%	12,235,000	0	(1,155,000)	11,080,000	1,270,000
2004 Early Childhood Center	4.76%	6,080,000	0	(305,000)	5,775,000	450,000
2007 Refunding Early Childhood Center	4.98%	27,565,000	0	(335,000)	27,230,000	0
2007 Refund Bond Premium	0.00%	2,542,850	0	(107,429)	2,435,421	0
Deferred Amount on 2007 Refunding	0.00%	(1,628,497)	0	235,445	(1,393,052)	0
2008 High School Addition	4.00%	0	23,000,000	0	23,000,000	1,290,000
Total General Obligation Bonds		134,623,912	23,000,000	(5,340,057)	152,283,855	6,415,000
Compensated Absences		3,403,054	864,633	(563,018)	3,704,669	554,030
Total Governmental Activities		\$138,026,966	\$23,864,633	(\$5,903,075)	\$155,988,524	\$6,969,030

General obligation bonds will be paid from the debt service 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.

During fiscal year 2008, the District issued \$23,000,000 of General Obligation Bonds to finance the High School POD addition construction project.

During fiscal year 2007, the District issued \$27,565,000 of School Improvement Refunding General Obligation Bonds to partially defease the 2004 Early Childhood Center General Obligation Bonds.

The net proceeds of the Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned was and will be used to pay the principal and interest on the refunded bonds. The refunded 2004 General Obligation Bonds are not included in the District's outstanding debt since the District has in-substance satisfied its obligation through the current and advance refunding.

The District reduced its aggregate debt service payments over the life of the refunded General Obligation Bonds by \$1,606,462 and obtained an economic gain of \$993,830.

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

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2009	\$6,415,000	\$6,945,312	\$13,360,312
2010	6,925,000	6,632,704	13,557,704
2011	7,540,000	6,287,918	13,827,918
2012	8,545,000	5,934,698	14,479,698
2013	9,460,000	5,551,929	15,011,929
2014-2018	49,015,000	21,007,094	70,022,094
2019-2023	30,235,000	10,450,688	40,685,688
2024-2028	11,960,000	5,697,961	17,657,961
2029-2033	12,920,000	2,290,232	15,210,232
2034-2036	3,190,000	244,500	3,434,500
Total	<u>\$146,205,000</u>	<u>\$71,043,036</u>	<u>\$217,248,036</u>

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

9. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2008, \$60,770,000 of bonds outstanding are considered defeased.

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ended June 30, 2008, 2007, and 2006 were \$2,429,772, \$2,332,272, and \$2,285,304, respectively; 49% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited members accounts as employers submit their payroll information to STRS Ohio, generally biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2007, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2008, 2007, and 2006 were \$5,911,040, \$5,446,008, and \$5,214,768, respectively; 82% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006.

11. POST EMPLOYMENT BENEFITS

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007, the actuarially required allocation was .68%. District contributions for the year ended June 30, 2007 were \$113,282, which equaled the required contributions for the year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The District contributions for the years ended June 30, 2008, 2007, and 2006 were \$576,203, \$553,082, and \$559,899, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes 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.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multi-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current programs includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care cost in the form of monthly premiums.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2008, 2007 and 2006. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2008, 2007, and 2006 were \$422,217, \$389,001, and \$392,495, respectively.

12. CONTINGENT LIABILITIES

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of fiscal year end.

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 Indiana Insurance for general liability insurance with a \$2,000,000 aggregate plus excess umbrella of an additional \$4,000,000 limit covering all employees and volunteers of the District.

Property and Fleet Insurance is provided by Indiana Insurance and holds a \$5,000 deductible and a \$1,000,000 automobile liability limit per occurrence, plus excess umbrella of an additional \$4,000,000 limit.

The Travelers Insurance Company maintains a \$20,000 performance bond for the Board President and Superintendent and Nationwide maintains a \$50,000 public official bond for the Treasurer. Cincinnati Insurance 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 pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District offers medical on a self-insured basis with third party administration services provided by Custom Design Benefits. Monthly premiums for medical coverage are \$1,043 to \$1,254 for family coverage or \$410 to \$493 for individual coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

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 \$93 for family coverage and \$35 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 \$9.30 for family coverage and \$4.31 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 \$1,240,978 reported in the general fund 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 total amount of the liability for claims has been reported as claims payable in the Government-wide Financial Statements since based on past history no claims are expected to exceed one year. In the Fund Financial Statements, the total amount of the liability for claims has been reported as a fund liability since based on past history all claims are expected to be paid with expendable available financial resources.

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

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2006	\$406,947	\$9,278,379	\$9,114,570	\$570,756
2007	\$570,756	\$10,430,178	\$9,736,807	\$1,264,127
2008	\$1,264,127	\$12,423,394	\$12,446,543	\$1,240,978

14. ACCOUNTABILITY

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Public School Support	\$70,211
Title VI B	109,434
Title III	8,192
Title I	17,043
Public Preschool	4,222

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

15. FUND BALANCE RESERVES FOR 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 purchase of textbooks and other instructional materials and an equal amount 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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2007	(\$558,074)	\$0	\$85,593
Current Year Set-aside Requirement	1,580,933	1,580,933	0
Qualified Disbursements	(1,609,566)	(1,024,080)	0
Current Year Offsets	0	(32,053,130)	0
Set-Aside Reserve Balance as of June 30, 2008	<u>(\$586,707)</u>	<u>(\$31,496,277)</u>	<u>\$85,593</u>
Restricted Cash as of June 30, 2008			<u>\$85,593</u>
Carried Forward as of June 30, 2008	<u>(\$586,707)</u>		

16. INTERFUND TRANSACTIONS

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

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$1,756,742	\$0	\$0	\$289,743
Debt Service Fund	0	0	9,750,000	10,301,962
Building Fund	0	1,081,631	10,301,962	9,750,000
Other Governmental Funds	<u>0</u>	<u>675,111</u>	<u>289,743</u>	<u>0</u>
Total All Funds	<u>\$1,756,742</u>	<u>\$1,756,742</u>	<u>\$20,341,705</u>	<u>\$20,341,705</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.

17. SIGNIFICANT CONTRACTUAL OBLIGATIONS

Listed below are the District's contracts that had outstanding balances in excess of \$100,000 at year end:

Beacon Electronic Company	\$3,258,840
Cincinnati Fireprotection, Inc.	202,237
George Steel Fabricating, Inc.	1,127,912
HC Nutting	157,840
JMD Architectural Products	430,246
Kendall Construction Co.	6,948,007
Milter Masonry Contractors, Inc.	2,557,618
Norcom, Inc.	170,527
Queen City Mechanicals, Inc.	874,200
Sungard Public Sector	168,318
The Motz Group	425,096
TP Mechanical Contractors	3,422,176
Turner Construction Co.	1,025,997
Voorhis, Slone, Welsh	1,030,548
WM Kramer & Sons	<u>1,196,100</u>
Total	<u><u>\$22,995,662</u></u>

18. JOINTLY GOVERNED ORGANIZATIONS

- A. 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 Michael Crumley, who serves as director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

- B. The Great Oaks Joint Vocational School, 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 the Great Oaks Vocational School, Mr. Robert Giuffrè, Chief Financial Officer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.
- C. 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. Financial information can be obtained from the director of planned giving, Rick Wood, at P.O. Box 854, Lebanon, Ohio 45036.

19. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Statement No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. This also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Collectively, these benefits are commonly referred to as "other postemployment benefits (OPEB)."

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

REQUIRED SUPPLEMENTARY INFORMATION

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	General Fund			Variance from Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$51,040,484	\$52,922,917	\$52,922,917	\$0
Tuition and Fees	881,512	911,374	914,023	2,649
Investment Earnings	2,072,161	2,084,862	2,148,585	63,723
Intergovernmental	39,539,343	40,996,810	40,997,600	790
Other Revenues	118,678	118,160	123,055	4,895
Total Revenues	93,652,178	97,034,123	97,106,180	72,057
Expenditures:				
Current:				
Instruction:				
<u>Regular</u>				
Salaries and Wages	27,969,835	27,879,988	27,879,836	152
Fringe Benefits	9,411,105	9,382,309	9,380,823	1,486
Purchased Services	53,360	54,037	53,188	849
Materials and Supplies	2,187,324	2,204,759	2,180,286	24,473
Capital Outlay	30,662	38,761	30,563	8,198
Capital Outlay - Replacement	16,427	18,174	16,374	1,800
Other Expenditures	5,693	6,473	5,675	798
Total Regular	39,674,406	39,584,501	39,546,745	37,756
<u>Special</u>				
Salaries and Wages	5,933,433	5,921,427	5,914,341	7,086
Fringe Benefits	2,090,719	2,084,440	2,083,992	448
Purchased Services	149,227	152,294	148,747	3,547
Materials and Supplies	66,490	69,446	66,276	3,170
Capital Outlay	253	277	252	25
Other Expenditures	233,697	233,822	232,945	877
Total Special	8,473,819	8,461,706	8,446,553	15,153
<u>Other</u>				
Purchased Services	915,484	913,239	912,538	701
Total Other	915,484	913,239	912,538	701
Support Services:				
<u>Pupil</u>				
Salaries and Wages	3,498,970	3,487,711	3,487,711	0
Fringe Benefits	1,308,878	1,304,822	1,304,666	156
Purchased Services	412,756	424,932	411,428	13,504
Materials and Supplies	38,030	57,641	37,908	19,733
Capital Outlay	55,604	56,425	55,425	1,000
Other Expenditures	331	400	330	70
Total Pupil	5,314,569	5,331,931	5,297,468	34,463

Continued

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	General Fund			Variance from Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Instructional Staff</u>				
Salaries and Wages	4,208,273	4,223,517	4,194,732	28,785
Fringe Benefits	2,062,512	2,062,273	2,055,875	6,398
Purchased Services	36,380	42,655	36,263	6,392
Materials and Supplies	72,312	94,736	72,079	22,657
Capital Outlay	4,001	4,328	3,988	340
Capital Outlay - Replacement	46	90	46	44
Other Expenditures	14,161	15,810	14,115	1,695
Total Instructional Staff	6,397,685	6,443,409	6,377,098	66,311
<u>General Administration</u>				
Salaries and Wages	12,917	17,950	12,875	5,075
Fringe Benefits	2,535	3,516	2,527	989
Purchased Services	1,716	1,723	1,710	13
Materials and Supplies	110	122	110	12
Other Expenditures	68,523	75,889	68,303	7,586
Total Board of Education	85,801	99,200	85,525	13,675
<u>School Administration</u>				
Salaries and Wages	3,490,917	3,488,510	3,479,684	8,826
Fringe Benefits	1,402,774	1,399,972	1,398,260	1,712
Purchased Services	232,890	236,320	232,141	4,179
Materials and Supplies	26,843	28,483	26,757	1,726
Capital Outlay	2,170	2,162	2,163	(1)
Other Expenditures	117,685	106,381	117,306	(10,925)
Total Administration	5,273,279	5,261,828	5,256,311	5,517
<u>Fiscal</u>				
Salaries and Wages	594,044	592,611	592,133	478
Fringe Benefits	245,275	245,111	244,486	625
Purchased Services	34,487	37,601	34,376	3,225
Materials and Supplies	29,303	38,866	29,209	9,657
Capital Outlay	1,587	2,000	1,582	418
Other Expenditures	977,541	954,090	974,396	(20,306)
Total Fiscal	1,882,237	1,870,279	1,876,182	(5,903)
<u>Business</u>				
Salaries and Wages	214,195	218,942	213,506	5,436
Fringe Benefits	88,216	88,726	87,932	794
Purchased Services	48,319	54,471	48,164	6,307
Materials and Supplies	5,904	6,413	5,885	528
Other Expenditures	1,675	2,051	1,670	381
Total Business	358,309	370,603	357,157	13,446

Continued

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	General Fund			Variance from Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Operations and Maintenance</u>				
Salaries and Wages	2,966,491	2,968,817	2,956,946	11,871
Fringe Benefits	1,502,830	1,504,191	1,497,994	6,197
Purchased Services	5,143,760	5,129,066	5,127,209	1,857
Materials and Supplies	724,159	722,017	721,829	188
Capital Outlay	89,259	107,247	88,972	18,275
Capital Outlay - Replacement	9,776	30,000	9,745	20,255
Total Operations and Maintenance	10,436,275	10,461,338	10,402,695	58,643
<u>Pupil Transportation</u>				
Salaries and Wages	3,652,840	3,641,891	3,641,086	805
Fringe Benefits	1,536,300	1,531,968	1,531,357	611
Purchased Services	239,737	239,054	238,966	88
Materials and Supplies	1,101,150	1,109,099	1,097,607	11,492
Capital Outlay	23,889	28,575	23,812	4,763
Capital Outlay - Replacement	102,048	102,000	101,720	280
Other Expenditures	0	100	0	100
Total Pupil Transportation	6,655,964	6,652,687	6,634,548	18,139
<u>Central</u>				
Salaries and Wages	1,498,480	1,494,060	1,493,658	402
Fringe Benefits	588,302	586,753	586,409	344
Purchased Services	395,465	396,635	394,193	2,442
Materials and Supplies	504,978	509,425	503,353	6,072
Capital Outlay	28,824	29,018	28,731	287
Capital Outlay - Replacement	296,034	295,168	295,081	87
Other Expenditures	1,048	1,196	1,045	151
Total Central	3,313,131	3,312,255	3,302,470	9,785
<u>Operation of Non-Instructional Services</u>				
Salaries and Wages	7,981	8,145	7,955	190
Fringe Benefits	1,699	1,822	1,694	128
Purchased Services	7,642	21,841	7,617	14,224
Materials and Supplies	4,417	4,902	4,403	499
Other Expenditures	5,729	6,598	5,711	887
Total Non- Instructional Services	27,468	43,308	27,380	15,928
<u>Extracurricular Activities</u>				
Salaries and Wages	1,086,525	1,084,803	1,083,029	1,774
Fringe Benefits	252,881	252,611	252,067	544
Purchased Services	170,824	212,366	170,274	42,092
Materials and Supplies	15,179	27,023	15,130	11,893
Other Expenditures	9,583	11,413	9,552	1,861
Total Extracurricular Activities	1,534,992	1,588,216	1,530,052	58,164
Total Expenditures	90,343,419	90,394,500	90,052,722	341,778
Excess of Revenues Over (Under) Expenditures	3,308,759	6,639,623	7,053,458	413,835

Continued

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	20,820	21,588	21,588	0
Advances In	3,014,913	3,126,107	3,126,107	0
Advances (Out)	(1,762,412)	(1,756,741)	(1,756,741)	0
Transfers (Out)	(290,678)	(290,049)	(289,743)	306
Total Other Financing Sources (Uses)	982,643	1,100,905	1,101,211	306
Net Change in Fund Balance	4,291,402	7,740,528	8,154,669	414,141
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,032,291	33,032,291	33,032,291	0
Fund Balance End of Year	<u>\$37,323,693</u>	<u>\$40,772,819</u>	<u>\$41,186,960</u>	<u>\$414,141</u>

See accompanying notes to the required supplementary information.

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MASON CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2008

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 2008.

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 (Non-GAAP Basis) and Actual 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 a reservation 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.

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

Net Change in Fund Balance

	<u>General Fund</u>
GAAP Basis	\$6,209,437
Revenue Accruals	(41,405)
Expenditures Accruals	1,862,243
Advances In	3,126,107
Advances (Out)	(1,756,741)
Encumbrances	<u>(1,244,972)</u>
Budget Basis	<u><u>\$8,154,669</u></u>

**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS: Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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.

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 ACTIVITIES: 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 as well as the band, cheerleaders, flag corps 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.

MANAGEMENT INFORMATION SYSTEM: To account for state funds which are provided to assist the District in implementing a staff, student and financial system to comply with Senate Bill 140.

ENTRY YEAR PROGRAMS: To account for state funds provided for entry year programs.

ONENET NETWORK CONNECTIVITY: To account for state funds designed to provide network connections for technology in the District.

SCHOOLNET PROFESSIONAL DEVELOPMENT: To account for a limited number of professional development subsidy grants.

OHIO READS: To account for state funds, which are designated reading.

VOCATIONAL EDUCATION ENHANCEMENT: To account for funds which are used for vocational education.

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, disadvantaged and 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.

REFUGEE IMPACT: To account for federal funds to provide supplemental services to refugees.

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

TITLE VI: To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

DRUG FREE SCHOOLS: To account for federal funds used for establishment, operation and improvement of programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

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.

E-RATE: To account for funds to be used for telecommunications.

IMPROVING TEACHER QUALITY: To account for state funds provided for staff development programs.

CONTINUOUS IMPROVEMENT: To account for federal funds received through the state for the development of a continuous improvement plan.

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.

LATCHKEY: To account for all revenues and expenses related to the operation of the Latchkey Program for the District students.

CAPITAL PROJECTS FUNDS: The Capital Projects Funds is used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

CAPITAL PROJECTS: To account for all transactions related to improvements to existing District facilities.

SCHOOL NET PLUS: To account for state funds received to implement technology into K-4 classrooms.

INSURANCE REPLACEMENT: To account for all transactions related to equipment replacement of the District.

Mason City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$4,984,604	\$5,584,354	\$10,568,958
Receivables:			
Taxes	0	702,122	702,122
Accounts	73,340	152,668	226,008
Intergovernmental	628,821	0	628,821
Inventory	46,894	0	46,894
Total Assets	5,733,659	6,439,144	12,172,803
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	48,552	25,064	73,616
Accrued Wages and Benefits	940,314	0	940,314
Compensated Absences	1,915	0	1,915
Interfund Payable	675,111	0	675,111
Deferred Revenue	168,356	789,729	958,085
Total Liabilities	1,834,248	814,793	2,649,041
Fund Balances:			
Reserved for Encumbrances	474,585	1,587,175	2,061,760
Reserved for Inventory	46,894	0	46,894
Reserved for Property Tax Advances	0	26,472	26,472
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	3,377,932	0	3,377,932
Capital Projects Funds	0	4,010,704	4,010,704
Total Fund Balances	3,899,411	5,624,351	9,523,762
Total Liabilities and Fund Balances	\$5,733,659	\$6,439,144	\$12,172,803

Mason City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$649,128	\$649,128
Revenue in lieu of taxes	0	2,688,343	2,688,343
Tuition and Fees	614,203	0	614,203
Investment Earnings	99,548	161,635	261,183
Intergovernmental	3,786,903	105,256	3,892,159
Extracurricular Activities	1,209,310	0	1,209,310
Charges for Services	5,444,011	0	5,444,011
Other Revenues	383,776	24,309	408,085
Total Revenues	11,537,751	3,628,671	15,166,422
Expenditures:			
Current:			
Instruction:			
Regular	792,744	93,210	885,954
Special	1,819,478	13,287	1,832,765
Vocational	15,115	0	15,115
Other	173,373	0	173,373
Support Services:			
Pupil	456,893	15,493	472,386
Instructional Staff	219,399	0	219,399
School Administration	36,930	740	37,670
Fiscal	0	33,057	33,057
Business	90,984	0	90,984
Operations and Maintenance	1,195,477	643,801	1,839,278
Pupil Transportation	58,575	914,400	972,975
Central	46,706	1,588,930	1,635,636
Operation of Non-Instructional Services	5,473,155	0	5,473,155
Extracurricular Activities	794,030	36,845	830,875
Capital Outlay	0	1,646,983	1,646,983
Total Expenditures	11,172,859	4,986,746	16,159,605
Excess of Revenues Over (Under) Expenditures	364,892	(1,358,075)	(993,183)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	0	76,941	76,941
Transfers In	275,694	14,049	289,743
Total Other Financing Sources (Uses)	275,694	90,990	366,684
Net Change in Fund Balance	640,586	(1,267,085)	(626,499)
Fund Balance Beginning of Year	3,258,825	6,891,436	10,150,261
Fund Balance End of Year	\$3,899,411	\$5,624,351	\$9,523,762

Mason City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2008

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Management Information System	Entry Year Programs
Assets:						
Equity in Pooled Cash and Investments	\$364,096	\$2,313,512	\$247,321	\$137,810	\$6,831	\$905
Receivables:						
Accounts	6,147	50,558	6,417	0	0	0
Intergovernmental	0	0	0	0	0	0
Inventory	0	0	0	0	0	0
Total Assets	370,243	2,364,070	253,738	137,810	6,831	905
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	8,359	3,259	6,264	15,550	0	0
Accrued Wages and Benefits	0	115,315	0	20,834	0	0
Compensated Absences	0	0	0	0	0	0
Interfund Payable	432,095	3,142	77,814	0	0	0
Deferred Revenue	0	10,677	0	0	0	0
Total Liabilities	440,454	132,393	84,078	36,384	0	0
Fund Balances:						
Reserved for Encumbrances	101,639	34,976	21,696	63,506	0	901
Reserved for Inventory	0	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	(171,850)	2,196,701	147,964	37,920	6,831	4
Total Fund Balances	(70,211)	2,231,677	169,660	101,426	6,831	905
Total Liabilities and Fund Balances	\$370,243	\$2,364,070	\$253,738	\$137,810	\$6,831	\$905

OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Gifted Supplemental	Title VI-B	Vocational Education	Title III
\$4,519	\$193	\$2,000	\$464	\$2,990	\$15,818	\$5,751	\$1,007
0	0	0	0	0	0	0	0
0	0	0	0	0	441,501	3,733	18,191
0	0	0	0	0	0	0	0
<u>4,519</u>	<u>193</u>	<u>2,000</u>	<u>464</u>	<u>2,990</u>	<u>457,319</u>	<u>9,484</u>	<u>19,198</u>
0	0	0	0	0	4,786	0	0
0	0	0	0	0	335,481	0	23,477
0	0	0	0	0	0	0	0
0	0	0	0	0	134,492	1,496	110
0	0	0	0	0	91,994	0	3,803
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>566,753</u>	<u>1,496</u>	<u>27,390</u>
4,519	0	0	0	0	9,698	1,733	0
0	0	0	0	0	0	0	0
0	193	2,000	464	2,990	(119,132)	6,255	(8,192)
<u>4,519</u>	<u>193</u>	<u>2,000</u>	<u>464</u>	<u>2,990</u>	<u>(109,434)</u>	<u>7,988</u>	<u>(8,192)</u>
<u>\$4,519</u>	<u>\$193</u>	<u>\$2,000</u>	<u>\$464</u>	<u>\$2,990</u>	<u>\$457,319</u>	<u>\$9,484</u>	<u>\$19,198</u>

Continued

Mason City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Refugee Impact	Title I	Title VI	Drug-Free Schools	Public School Preschool	E-Rate
Assets:						
Equity in Pooled Cash and Investments	\$455	\$1,124	\$1,344	\$1,628	\$23	\$0
Receivables:						
Accounts	0	0	0	0	0	0
Intergovernmental	0	38,383	10,444	2,227	8,286	0
Inventory	0	0	0	0	0	0
Total Assets	455	39,507	11,788	3,855	8,309	0
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	0	31	0	0	0	0
Accrued Wages and Benefits	0	49,645	0	0	12,531	0
Compensated Absences	0	0	0	0	0	0
Interfund Payable	0	0	10,444	0	0	0
Deferred Revenue	0	6,874	199	2,227	0	0
Total Liabilities	0	56,550	10,643	2,227	12,531	0
Fund Balances:						
Reserved for Encumbrances	0	330	1,149	423	0	0
Reserved for Inventory	0	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	455	(17,373)	(4)	1,205	(4,222)	0
Total Fund Balances	455	(17,043)	1,145	1,628	(4,222)	0
Total Liabilities and Fund Balances	\$455	\$39,507	\$11,788	\$3,855	\$8,309	\$0

Improving Teacher Quality	Continuous Improvement	Food Service	Latchkey	Total Nonmajor Special Revenue Funds
\$5,269	\$614	\$1,643,511	\$227,419	\$4,984,604
0	0	9,828	390	73,340
65,657	1,162	39,237	0	628,821
0	0	46,894	0	46,894
<u>70,926</u>	<u>1,776</u>	<u>1,739,470</u>	<u>227,809</u>	<u>5,733,659</u>
1,581	0	8,502	220	48,552
0	0	294,126	88,905	940,314
0	0	1,915	0	1,915
15,518	0	0	0	675,111
51,420	1,162	0	0	168,356
<u>68,519</u>	<u>1,162</u>	<u>304,543</u>	<u>89,125</u>	<u>1,834,248</u>
3,278	0	229,612	1,125	474,585
0	0	46,894	0	46,894
(871)	614	1,158,421	137,559	3,377,932
<u>2,407</u>	<u>614</u>	<u>1,434,927</u>	<u>138,684</u>	<u>3,899,411</u>
<u>\$70,926</u>	<u>\$1,776</u>	<u>\$1,739,470</u>	<u>\$227,809</u>	<u>\$5,733,659</u>

Mason City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Management Information System	Entry Year Programs
Revenues:						
Tuition and Fees	\$488,411	\$125,792	\$0	\$0	\$0	\$0
Investment Earnings	0	44,753	5,644	3,525	0	0
Intergovernmental	0	0	0	674,823	36,832	29,600
Extracurricular Activities	497,216	21,795	690,299	0	0	0
Charges for Services	0	1,302,216	0	0	0	0
Other Revenues	275,537	34,088	34,023	0	0	0
Total Revenues	1,261,164	1,528,644	729,966	678,348	36,832	29,600
Expenditures:						
Current:						
Instruction:						
Regular	534,978	184,217	0	0	0	34,765
Special	351,259	9,459	0	0	0	0
Vocational	0	0	0	0	0	0
Other	1,322	9,687	0	0	0	0
Support Services:						
Pupil	0	9,541	0	0	0	0
Instructional Staff	386	7,842	0	0	0	1,000
School Administration	0	0	0	0	0	0
Business	0	90,984	0	0	0	0
Operations and Maintenance	400	1,195,077	0	0	0	0
Pupil Transportation	2,499	56,076	0	0	0	0
Central	874	88	0	0	32,263	0
Operation of Non-Instructional Services	22,858	18,609	0	626,171	0	0
Extracurricular Activities	23,294	10,482	760,254	0	0	0
Total Expenditures	937,870	1,592,062	760,254	626,171	32,263	35,765
Excess of Revenues Over (Under) Expenditures	323,294	(63,418)	(30,288)	52,177	4,569	(6,165)
Other Financing Sources (Uses):						
Transfers In	0	275,694	0	0	0	0
Total Other Financing Sources (Uses)	0	275,694	0	0	0	0
Net Change in Fund Balance	323,294	212,276	(30,288)	52,177	4,569	(6,165)
Fund Balance Beginning of Year	(393,505)	2,019,401	199,948	49,249	2,262	7,070
Fund Balance End of Year	(\$70,211)	\$2,231,677	\$169,660	\$101,426	\$6,831	\$905

OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Gifted Supplemental	Title VI-B	Vocational Education	Title III
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
18,000	4,770	0	0	27,191	1,738,505	14,933	95,904
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
18,000	4,770	0	0	27,191	1,738,505	14,933	95,904
0	0	0	0	0	0	0	0
0	0	0	0	49,403	1,208,523	0	48,667
0	0	0	0	0	0	15,115	0
0	402	0	0	0	146,366	0	1,963
0	0	0	0	0	422,418	0	0
0	5,677	0	0	0	12,814	0	49,109
0	0	0	0	0	18,049	0	1,504
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
13,481	0	0	0	0	0	0	0
0	0	0	0	0	32,896	0	0
0	0	0	0	0	0	0	0
13,481	6,079	0	0	49,403	1,841,066	15,115	101,243
4,519	(1,309)	0	0	(22,212)	(102,561)	(182)	(5,339)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
4,519	(1,309)	0	0	(22,212)	(102,561)	(182)	(5,339)
0	1,502	2,000	464	25,202	(6,873)	8,170	(2,853)
<u>\$4,519</u>	<u>\$193</u>	<u>\$2,000</u>	<u>\$464</u>	<u>\$2,990</u>	<u>(\$109,434)</u>	<u>\$7,988</u>	<u>(\$8,192)</u>

Continued

Mason City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Refugee Impact	Title I	Title VI	Drug-Free Schools	Public School Preschool	E-Rate
Revenues:						
Tuition and Fees	\$0	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0	0
Intergovernmental	0	190,447	25,076	26,685	46,128	0
Extracurricular Activities	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Other Revenues	0	0	0	0	0	0
Total Revenues	0	190,447	25,076	26,685	46,128	0
Expenditures:						
Current:						
Instruction:						
Regular	0	0	23,215	0	0	88
Special	0	152,167	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	11,015	375	1,629	0	0
Support Services:						
Pupil	0	0	0	24,934	0	0
Instructional Staff	0	0	0	0	44,344	0
School Administration	0	8,972	713	445	1,155	0
Business	0	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	0	6,134	1,427	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Total Expenditures	0	178,288	25,730	27,008	45,499	88
Excess of Revenues Over (Under) Expenditures	0	12,159	(654)	(323)	629	(88)
Other Financing Sources (Uses):						
Transfers In	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	0	12,159	(654)	(323)	629	(88)
Fund Balance Beginning of Year	455	(29,202)	1,799	1,951	(4,851)	88
Fund Balance End of Year	\$455	(\$17,043)	\$1,145	\$1,628	(\$4,222)	\$0

Improving Teacher Quality	Continuous Improvement	Food Service	Latchkey	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$614,203
0	0	39,658	5,968	99,548
111,540	2,371	744,098	0	3,786,903
0	0	0	0	1,209,310
0	0	3,501,112	640,683	5,444,011
0	0	39,738	390	383,776
<u>111,540</u>	<u>2,371</u>	<u>4,324,606</u>	<u>647,041</u>	<u>11,537,751</u>
13,881	1,600	0	0	792,744
0	0	0	0	1,819,478
0	0	0	0	15,115
0	614	0	0	173,373
0	0	0	0	456,893
98,162	65	0	0	219,399
6,000	92	0	0	36,930
0	0	0	0	90,984
0	0	0	0	1,195,477
0	0	0	0	58,575
0	0	0	0	46,706
1,170	0	4,114,131	649,759	5,473,155
0	0	0	0	794,030
<u>119,213</u>	<u>2,371</u>	<u>4,114,131</u>	<u>649,759</u>	<u>11,172,859</u>
<u>(7,673)</u>	<u>0</u>	<u>210,475</u>	<u>(2,718)</u>	<u>364,892</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>275,694</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>275,694</u>
<u>(7,673)</u>	<u>0</u>	<u>210,475</u>	<u>(2,718)</u>	<u>640,586</u>
<u>10,080</u>	<u>614</u>	<u>1,224,452</u>	<u>141,402</u>	<u>3,258,825</u>
<u>\$2,407</u>	<u>\$614</u>	<u>\$1,434,927</u>	<u>\$138,684</u>	<u>\$3,899,411</u>

Mason City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008

	Capital Projects	SchoolNet Plus	Insurance Replacement	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$5,576,827	\$0	\$7,527	\$5,584,354
Receivables:				
Taxes	702,122	0	0	702,122
Accounts	152,668	0	0	152,668
Total Assets	6,431,617	0	7,527	6,439,144
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	25,064	0	0	25,064
Deferred Revenue	789,729	0	0	789,729
Total Liabilities	814,793	0	0	814,793
Fund Balances:				
Reserved for Encumbrances	1,579,649	0	7,526	1,587,175
Reserved for Property Tax Advances	26,472	0	0	26,472
Unreserved, Undesignated, Reported in: Capital Projects Funds	4,010,703	0	1	4,010,704
Total Fund Balances	5,616,824	0	7,527	5,624,351
Total Liabilities and Fund Balances	\$6,431,617	\$0	\$7,527	\$6,439,144

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Mason City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008

	Capital Projects	SchoolNet Plus	Insurance Replacement	Total Nonmajor Capital Projects Funds
Revenues:				
Taxes	\$649,128	\$0	\$0	\$649,128
Revenue in lieu of taxes	2,688,343	0	0	2,688,343
Investment Earnings	161,635	0	0	161,635
Intergovernmental	105,256	0	0	105,256
Other Revenues	24,309	0	0	24,309
Total Revenues	3,628,671	0	0	3,628,671
Expenditures:				
Current:				
Instruction:				
Regular	93,024	186	0	93,210
Special	13,287	0	0	13,287
Support Services:				
Pupil	15,493	0	0	15,493
School Administration	740	0	0	740
Fiscal	33,057	0	0	33,057
Operations and Maintenance	643,801	0	0	643,801
Pupil Transportation	914,400	0	0	914,400
Central	1,588,930	0	0	1,588,930
Extracurricular Activities	36,845	0	0	36,845
Capital Outlay	1,629,856	0	17,127	1,646,983
Total Expenditures	4,969,433	186	17,127	4,986,746
Excess of Revenues Over (Under) Expenditures	(1,340,762)	(186)	(17,127)	(1,358,075)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	200	0	76,741	76,941
Transfers In	0	0	14,049	14,049
Total Other Financing Sources (Uses)	200	0	90,790	90,990
Net Change in Fund Balance	(1,340,562)	(186)	73,663	(1,267,085)
Fund Balance Beginning of Year	6,957,386	186	(66,136)	6,891,436
Fund Balance End of Year	\$5,616,824	\$0	\$7,527	\$5,624,351

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Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Public School Support Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Tuition and Fees	488,411	488,411	0
Extracurricular Activities	550,516	501,682	\$1,166
Other Revenues	292,767	298,132	5,365
Total Revenues	1,281,694	1,288,225	6,531
Expenditures:			
Current:			
Instruction:			
Regular	685,568	551,302	134,266
Special	431,170	431,170	0
Other	1,322	1,322	0
Support Services:			
Instructional Staff	1,500	482	1,018
General Administration	200	0	200
Operations and Maintenance	462	400	62
Pupil Transportation	2,509	2,499	10
Central	1,100	874	226
Operation of Non-Instructional Services	83,645	58,934	24,711
Total Expenditures	1,207,476	1,046,983	160,493
Excess of Revenues Over (Under) Expenditures	74,218	241,242	167,024
Other financing sources (uses):			
Advances In	432,095	432,095	0
Advances (Out)	(717,653)	(717,653)	0
Total Other Financing Sources (Uses)	(285,558)	(285,558)	0
Net Change in Fund Balance	(211,340)	(44,316)	167,024
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	298,467	298,467	0
Fund Balance End of Year	\$87,127	\$254,151	\$167,024

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Community Services Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Tuition and Fees	\$120,229	\$122,275	\$2,046
Investment Earnings	42,521	44,753	2,232
Extracurricular Activities	21,795	21,795	0
Other Revenues	1,328,143	1,338,492	10,349
Total Revenues	1,512,688	1,527,315	14,627
Expenditures:			
Current:			
Instruction:			
Regular	277,820	185,859	91,961
Special	85	0	85
Other	9,687	9,687	0
Support Services:			
Pupil	25,777	6,770	19,007
Instructional Staff	33,815	6,899	26,916
Business	94,500	89,126	5,374
Operations and Maintenance	1,244,451	1,198,845	45,606
Pupil Transportation	46,344	46,344	0
Central	88	88	0
Operation of Non-Instructional Services	60,436	34,104	26,332
Extracurricular Activities	16,217	9,270	6,947
Total Expenditures	1,809,220	1,586,992	222,228
Excess of Revenues Over (Under) Expenditures	(296,532)	(59,677)	236,855
Other financing sources (uses):			
Advances In	3,142	3,142	0
Transfers In	275,694	275,694	0
Total Other Financing Sources (Uses)	278,836	278,836	0
Net Change in Fund Balance	(17,696)	219,159	236,855
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,056,040	2,056,040	0
Fund Balance End of Year	\$2,038,344	\$2,275,199	\$236,855

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	District Managed Student Activity Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$5,387	\$5,641	\$254
Extracurricular Activities	732,857	737,836	4,979
Other Revenues	74,981	74,981	0
Total Revenues	813,225	818,458	5,233
Expenditures:			
Current:			
Extracurricular Activities	875,967	784,678	91,289
Total Expenditures	875,967	784,678	91,289
Excess of Revenues Over (Under) Expenditures	(62,742)	33,780	96,522
Other financing sources (uses):			
Advances In	77,814	77,814	0
Advances (Out)	(72,383)	(72,383)	0
Total Other Financing Sources (Uses)	5,431	5,431	0
Net Change in Fund Balance	(57,311)	39,211	96,522
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	180,363	180,363	0
Fund Balance End of Year	\$123,052	\$219,574	\$96,522

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Auxiliary Services Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$3,359	\$3,525	\$166
Intergovernmental	667,892	667,892	0
Other Revenues	6,932	6,932	0
Total Revenues	678,183	678,349	166
Expenditures:			
Current:			
Operation of Non-Instructional Services	820,253	758,644	61,609
Total Expenditures	820,253	758,644	61,609
Net Change in Fund Balance	(142,070)	(80,295)	61,775
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	142,073	142,073	0
Fund Balance End of Year	\$3	\$61,778	\$61,775

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Management Information System Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$36,832	\$36,832	\$0
Total Revenues	36,832	36,832	0
Expenditures:			
Current:			
Support Services:			
Central	35,136	35,136	0
Total Expenditures	35,136	35,136	0
Net Change in Fund Balance	1,696	1,696	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,135	5,135	0
Fund Balance End of Year	\$6,831	\$6,831	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Entry Year Programs Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$29,600	\$29,600	\$0
Total Revenues	29,600	29,600	0
Expenditures:			
Current:			
Instruction:			
Regular	35,670	35,665	5
Support Services:			
Instructional Staff	1,000	1,000	0
Total Expenditures	36,670	36,665	5
Net Change in Fund Balance	(7,070)	(7,065)	5
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,070	7,070	0
Fund Balance End of Year	\$0	\$5	\$5

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	OneNet Network Connectivity Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$18,000	\$18,000	\$0
Total Revenues	18,000	18,000	0
Expenditures:			
Current:			
Support Services:			
Central	18,000	18,000	0
Total Expenditures	18,000	18,000	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
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	SchoolNet Professional Development Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$4,770	\$4,770	\$0
Total Revenues	4,770	4,770	0
Expenditures:			
Current:			
Instruction:			
Other	402	402	0
Support Services:			
Instructional Staff	5,970	5,777	193
Total Expenditures	6,372	6,179	193
Net Change in Fund Balance	(1,602)	(1,409)	193
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,602	1,602	0
Fund Balance End of Year	\$0	\$193	\$193

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	2,000	0	2,000
Total Expenditures	2,000	0	2,000
Net Change in Fund Balance	(2,000)	0	2,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,000	2,000	0
Fund Balance End of Year	\$0	\$2,000	\$2,000

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Summer Intervention Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	463	0	463
Total Expenditures	463	0	463
Net Change in Fund Balance	(463)	0	463
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	463	463	0
Fund Balance End of Year	<u>\$0</u>	<u>\$463</u>	<u>\$463</u>

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Gifted Supplemental Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$27,191	\$27,191	\$0
Total Revenues	27,191	27,191	0
Expenditures:			
Current:			
Instruction:			
Special	52,393	49,403	2,990
Total Expenditures	52,393	49,403	2,990
Net Change in Fund Balance	(25,202)	(22,212)	2,990
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	25,202	25,202	0
Fund Balance End of Year	\$0	\$2,990	\$2,990

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$1,388,998	\$1,388,998	\$0
Total Revenues	1,388,998	1,388,998	0
Expenditures:			
Current:			
Instruction:			
Special	1,159,104	1,158,962	142
Other	146,366	146,366	0
Support Services:			
Pupil	411,745	411,745	0
Instructional Staff	14,004	12,814	1,190
School Administration	20,173	20,173	0
Operation of Non-Instructional Services	34,577	34,577	0
Total Expenditures	1,785,969	1,784,637	1,332
Excess of Revenues Over (Under) Expenditures	(396,971)	(395,639)	1,332
Other financing sources (uses):			
Advances In	134,492	134,492	0
Total Other Financing Sources (Uses)	134,492	134,492	0
Net Change in Fund Balance	(262,479)	(261,147)	1,332
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	262,481	262,481	0
Fund Balance End of Year	\$2	\$1,334	\$1,332

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Vocational Education Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$19,317	\$19,317	\$0
Total Revenues	19,317	19,317	0
Expenditures:			
Current:			
Instruction:			
Vocational	20,864	16,846	4,018
Total Expenditures	20,864	16,846	4,018
Excess of Revenues Over (Under) Expenditures	(1,547)	2,471	4,018
Other financing sources (uses):			
Advances In	1,495	1,495	0
Advances (Out)	(5,566)	(5,566)	0
Total Other Financing Sources (Uses)	(4,071)	(4,071)	0
Net Change in Fund Balance	(5,618)	(1,600)	4,018
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,618	5,618	0
Fund Balance End of Year	\$0	\$4,018	\$4,018

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$81,516	\$81,516	\$0
Total Revenues	81,516	81,516	0
Expenditures:			
Current:			
Instruction:			
Special	37,709	37,709	0
Other	1,963	1,963	0
Support Services:			
Instructional Staff	49,331	48,325	1,006
School Administration	1,505	1,505	0
Total Expenditures	90,508	89,502	1,006
Excess of Revenues Over (Under) Expenditures	(8,992)	(7,986)	1,006
Other financing sources (uses):			
Advances In	110	110	0
Total Other Financing Sources (Uses)	110	110	0
Net Change in Fund Balance	(8,882)	(7,876)	1,006
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,882	8,882	0
Fund Balance End of Year	\$0	\$1,006	\$1,006

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Refugee Impact Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	455	0	455
Total Expenditures	455	0	455
Net Change in Fund Balance	(455)	0	455
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	455	455	0
Fund Balance End of Year	<u>\$0</u>	<u>\$455</u>	<u>\$455</u>

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Title I Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$158,938	\$158,938	\$0
Total Revenues	<u>158,938</u>	<u>158,938</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	149,283	148,520	763
Other	11,015	11,015	0
Support Services:			
School Administration	8,972	8,972	0
Operation of Non-Instructional Services	6,495	6,495	0
Total Expenditures	<u>175,765</u>	<u>175,002</u>	<u>763</u>
Net Change in Fund Balance	(16,827)	(16,064)	763
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>16,827</u>	<u>16,827</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$763</u>	<u>\$763</u>

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Title VI Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$14,831	\$14,831	\$0
Total Revenues	14,831	14,831	0
Expenditures:			
Current:			
Instruction:			
Regular	23,215	23,215	0
Other	375	375	0
Support Services:			
School Administration	713	713	0
Operation of Non-Instructional Services	2,771	2,576	195
Total Expenditures	27,074	26,879	195
Excess of Revenues Over (Under) Expenditures	(12,243)	(12,048)	195
Other financing sources (uses):			
Advances In	10,444	10,444	0
Total Other Financing Sources (Uses)	10,444	10,444	0
Net Change in Fund Balance	(1,799)	(1,604)	195
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,799	1,799	0
Fund Balance End of Year	\$0	\$195	\$195

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Drug-Free Schools Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$26,685	\$26,685	\$0
Total Revenues	<u>26,685</u>	<u>26,685</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Other	1,629	1,629	0
Support Services:			
Pupil	26,139	24,934	1,205
School Administration	445	445	0
Operation of Non-Instructional Services	423	423	0
Total Expenditures	<u>28,636</u>	<u>27,431</u>	<u>1,205</u>
Net Change in Fund Balance	(1,951)	(746)	1,205
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,951</u>	<u>1,951</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$1,205</u>	<u>\$1,205</u>

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Public School Preschool Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$37,842	\$37,842	\$0
Total Revenues	37,842	37,842	0
Expenditures:			
Current:			
Instruction:			
Special	0	0	0
Support Services:			
Instructional Staff	43,717	43,694	23
School Administration	1,155	1,155	0
Total Expenditures	44,872	44,849	23
Net Change in Fund Balance	(7,030)	(7,007)	23
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,030	7,030	0
Fund Balance End of Year	\$0	\$23	\$23

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	E-Rate Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	0	88	(88)
Total Expenditures	0	88	(88)
Net Change in Fund Balance	0	(88)	(88)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	88	88	0
Fund Balance End of Year	<u>\$88</u>	<u>\$0</u>	<u>(\$88)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Improving Teacher Quality Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$97,302	\$97,302	\$0
Total Revenues	97,302	97,302	0
Expenditures:			
Current:			
Instruction:			
Regular	13,881	13,881	0
Support Services:			
Instructional Staff	100,985	100,575	410
School Administration	6,000	6,000	0
Operation of Non-Instructional Services	2,034	2,034	0
Total Expenditures	122,900	122,490	410
Excess of Revenues Over (Under) Expenditures	(25,598)	(25,188)	410
Other financing sources (uses):			
Advances In	15,518	15,518	0
Total Other Financing Sources (Uses)	15,518	15,518	0
Net Change in Fund Balance	(10,080)	(9,670)	410
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,080	10,080	0
Fund Balance End of Year	\$0	\$410	\$410

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Continuous Improvement Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$2,371	\$2,371	\$0
Total Revenues	2,371	2,371	0
Expenditures:			
Current:			
Instruction:			
Regular	1,637	1,600	37
Other	614	614	0
Support Services:			
Instructional Staff	565	65	500
School Administration	92	92	0
Operation of Non-Instructional Services	77	0	77
Total Expenditures	2,985	2,371	614
Net Change in Fund Balance	(614)	0	614
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	614	614	0
Fund Balance End of Year	\$0	\$614	\$614

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$38,000	\$39,658	\$1,658
Intergovernmental	345,847	345,847	0
Charges for Services	3,499,957	3,501,102	1,145
Other Revenues	33,709	33,806	97
Total Revenues	3,917,513	3,920,413	2,900
Expenditures:			
Current:			
Operation of Non-Instructional Services	4,446,301	3,922,347	523,954
Total Expenditures	4,446,301	3,922,347	523,954
Net Change in Fund Balance	(528,788)	(1,934)	526,854
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,408,925	1,408,925	0
Fund Balance End of Year	\$880,137	\$1,406,991	\$526,854

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Latchkey Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$5,707	\$5,967	\$260
Other Revenues	643,547	643,485	(62)
Total Revenues	649,254	649,452	198
Expenditures:			
Current:			
Operation of Non-Instructional Services	731,000	645,542	85,458
Total Expenditures	731,000	645,542	85,458
Net Change in Fund Balance	(81,746)	3,910	85,656
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	222,181	222,181	0
Fund Balance End of Year	\$140,435	\$226,091	\$85,656

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Taxes	\$12,395,190	\$12,395,190	\$0
Investment Earnings	200,000	205,938	5,938
Intergovernmental	2,108,900	2,108,900	0
Total Revenues	14,704,090	14,710,028	5,938
Expenditures:			
Current:			
Support Services:			
School Administration	22,000	14,726	7,274
Fiscal	193,343	192,594	749
Debt Service:			
Principal Retirement	15,095,000	15,095,000	0
Interest and Fiscal Charges	7,216,053	7,216,053	0
Total Expenditures	22,526,396	22,518,373	8,023
Excess of Revenues Over (Under) Expenditures	(7,822,306)	(7,808,345)	13,961
Other financing sources (uses):			
Proceeds of Short-Term Notes	9,750,000	9,750,000	0
Total Other Financing Sources (Uses)	9,750,000	9,750,000	0
Net Change in Fund Balance	1,927,694	1,941,655	13,961
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,628,582	6,628,582	0
Fund Balance End of Year	\$8,556,276	\$8,570,237	\$13,961

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Building Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$868,500	\$923,106	\$54,606
Total Revenues	868,500	923,106	54,606
Expenditures:			
Current:			
Support Services:			
Capital Outlay	29,526,572	28,116,822	1,409,750
Total Expenditures	29,526,572	28,116,822	1,409,750
Excess of Revenues Over (Under) Expenditures	(28,658,072)	(27,193,716)	1,464,356
Other financing sources (uses):			
Proceeds of Long-Term Capital-Related Debt	23,000,000	23,000,000	0
Proceeds of Short-Term Notes	7,000,000	7,000,000	0
Advances In	1,107,102	1,107,102	0
Advances (Out)	(2,176,298)	(2,176,298)	0
Transfers (Out)	(50,000)	0	50,000
Total Other Financing Sources (Uses)	28,880,804	28,930,804	50,000
Net Change in Fund Balance	222,732	1,737,088	1,514,356
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,121,135	3,121,135	0
Fund Balance End of Year	\$3,343,867	\$4,858,223	\$1,514,356

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Capital Projects Fund		Variance from Final Budget Favorable (Unfavorable)
	Final Budget	Actual	
Revenues:			
Taxes	\$622,656	\$622,656	\$0
Investment Earnings	156,500	161,634	5,134
Intergovernmental	105,256	105,256	0
Other Revenues	3,543,142	3,543,142	0
Total Revenues	4,427,554	4,432,688	5,134
Expenditures:			
Current:			
Instruction:			
Regular	173,591	170,138	3,453
Special	15,000	13,287	1,713
Support Services:			
Pupil	16,160	15,481	679
School Administration	1,000	740	260
Fiscal	47,400	46,957	443
Operations and Maintenance	695,674	681,996	13,678
Pupil Transportation	915,000	914,400	600
Central	2,332,915	2,326,955	5,960
Extracurricular Activities	44,605	39,382	5,223
Capital Outlay	2,708,011	2,666,704	41,307
Total Expenditures	6,949,356	6,876,040	73,316
Excess of Revenues Over (Under) Expenditures	(2,521,802)	(2,443,352)	78,450
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	200	200	0
Transfers In	2,000,000	2,000,000	0
Transfers (Out)	(2,000,000)	(2,000,000)	0
Total Other Financing Sources (Uses)	200	200	0
Net Change in Fund Balance	(2,521,602)	(2,443,152)	78,450
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,415,266	6,415,266	0
Fund Balance End of Year	\$3,893,664	\$3,972,114	\$78,450

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	SchoolNet Plus Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	186	186	0
Total Expenditures	186	186	0
Net Change in Fund Balance	(186)	(186)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	186	186	0
Fund Balance End of Year	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2008

	Insurance Replacement Fund		
	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	7,526	7,526	0
Capital Outlay	17,127	17,127	0
Total Expenditures	24,653	24,653	0
Excess of Revenues Over (Under) Expenditures	(24,653)	(24,653)	0
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	76,741	76,741	0
Advances (Out)	(179,678)	(179,678)	0
Transfers In	14,049	14,049	0
Total Other Financing Sources (Uses)	(88,888)	(88,888)	0
Net Change in Fund Balance	(113,541)	(113,541)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	113,541	113,541	0
Fund Balance End of Year	\$0	\$0	\$0

FUND DESCRIPTIONS

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 unites and/or other funds.

EDUCATION PRIVATE PURPOSE TRUST: To account for donations received by the District in a trustee capacity. Used for scholarships.

AGENCY FUND - STUDENT ACTIVITIES: 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.

Mason City School District
Combining Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2008

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$251,306	\$517,125	\$485,407	\$283,024
Receivables:				
Accounts	8,962	0	8,962	0
Total Assets	260,268	517,125	494,369	283,024
Liabilities:				
Accounts Payable	11,728	3,954	11,728	3,954
Other Liabilities	248,540	513,171	482,641	279,070
Total Liabilities	\$260,268	\$517,125	\$494,369	\$283,024
	Section 125 Insurance			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$46,994	\$217,590	\$215,827	\$48,757
Total Assets	46,994	217,590	215,827	48,757
Liabilities:				
Other Liabilities	46,994	217,590	215,827	48,757
Total Liabilities	\$46,994	\$217,590	\$215,827	\$48,757
	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$298,300	\$734,715	\$701,234	\$331,781
Receivables:				
Accounts	8,962	0	8,962	0
Total Assets	307,262	734,715	710,196	331,781
Liabilities:				
Accounts Payable	11,728	3,954	11,728	3,954
Other Liabilities	295,534	730,761	698,468	327,827
Total Liabilities	\$307,262	\$734,715	\$710,196	\$331,781

Statistical Section

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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 factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School 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 School 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 School District's financial report relates to the services the School 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. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

Mason City School District
Net Assets by Component,
Last Five Fiscal Years (1)
 (accrual basis of accounting)
Schedule 1

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$5,012,945	\$10,271,853	\$8,832,373	\$12,537,357	\$18,655,396
Restricted	8,332,744	8,584,599	18,181,961	18,486,365	20,469,256
Unrestricted	11,958,407	13,379,457	17,303,412	30,461,781	36,715,473
Total Net Assets	\$25,304,096	\$32,235,909	\$44,317,746	\$61,485,503	\$75,840,125

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003.

Mason City School District
Expenses, Program Revenues and Net (Expense)/Revenue
Last Five Fiscal Years (1)
 (accrual basis of accounting)
Schedule 2

	2004	2005	2006	2007	2008
Expenses					
Governmental Activities:					
Instruction	\$37,987,024	\$38,037,993	\$43,643,552	\$47,562,678	\$53,120,606
Pupil	3,937,365	4,178,645	5,240,623	5,170,132	5,914,562
Instructional Staff	5,727,348	6,039,669	6,455,313	6,321,764	6,692,737
General Administration	58,484	98,266	96,342	83,619	85,525
School Administration	4,458,914	4,598,463	5,016,431	5,134,189	5,412,530
Fiscal	1,619,621	1,704,142	1,882,749	2,018,476	2,053,489
Business	247,289	291,309	345,429	301,922	438,869
Operation and Maintenance	8,869,440	10,758,017	11,819,228	14,141,628	13,072,818
Pupil Transportation	4,665,435	6,689,568	7,083,596	7,209,800	7,734,614
Central	2,512,887	2,861,293	3,518,288	3,759,249	4,569,098
Operation of Non-instructional Services	3,820,453	4,347,526	4,645,785	5,505,957	5,553,265
Extracurricular Activities	1,821,481	1,919,330	2,107,599	2,170,808	2,312,308
Interest and Fiscal Charges	5,292,728	7,173,821	6,980,128	6,049,096	7,011,371
Total Government Expenses	81,018,469	88,698,042	98,835,063	105,429,318	113,971,792
Program Revenues					
Governmental Activities:					
Charges for Services					
Instruction	882,932	1,018,751	1,141,570	1,457,026	1,878,034
Pupil	10,380	506	149	928	6,245
Instructional Staff	31,321	498	292	538	4,183
General Administration	0	0	1,264	75	0
School Administration	0	23	705	0	0
Business	0	0	5,307	6,681	83,436
Operations and Maintenance	1,186,160	1,032,622	1,281,079	1,194,715	1,104,070
Pupil Transportation	12,915	3,137	1,597	2,984	46,014
Central	5,576	1,276	0	377	1,002
Operation of Non-Instructional Services	1,423,327	1,699,740	2,960,034	3,859,467	4,186,135
Extracurricular Activities	194,223	614,992	615,389	656,776	722,377
Operating Grants and Contributions	2,459,993	3,060,804	3,204,017	5,416,262	5,812,292
Capital Grants and Contributions	60,920	132,965	51,235	158,292	61,192
Total Government Revenues	6,267,747	7,565,314	9,262,638	12,754,121	13,904,980
Net (Expense)/Revenue					
Total Government Net Expense	(\$74,750,722)	(\$81,132,728)	(\$89,572,425)	(\$92,675,197)	(\$100,066,812)

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003.

Mason City School District
General Revenues and Total Change in Net Assets,
Last Five Fiscal Years (1)
 (accrual basis of accounting)
Schedule 3

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Total Government Net Expense	(\$74,750,722)	(\$81,132,728)	(\$89,572,425)	(\$92,675,197)	(\$100,066,812)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes Levied for General Purposes	33,595,910	40,300,691	47,623,796	56,849,004	59,678,421
Property Taxes Levied for Debt Service Purposes	8,517,335	10,703,660	11,408,572	12,919,464	13,348,993
Property Taxes Levied for Capital Projects	573,794	329,277	536,353	578,593	706,642
Grants and Entitlements not Restricted to Specific Programs	27,842,523	31,184,738	33,333,355	33,634,902	34,292,967
Payment in Lieu of Taxes	1,137,880	2,742,551	2,402,107	2,508,735	2,328,775
Unrestricted Contributions	60,000	60,000	60,000	81,274	0
Investment Earnings	460,050	1,268,520	2,282,902	2,741,989	3,718,075
Gain on Sale of Capital Assets	0	0	2,226,474	212,123	72,056
Other Revenues	1,221,063	1,475,104	1,780,703	316,870	275,505
Total primary government	73,408,555	88,064,541	101,654,262	109,842,954	114,421,434
Change in Net Assets					
Total primary government	(\$1,342,167)	\$6,931,813	\$12,081,837	\$17,167,757	\$14,354,622

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$3,275,611	\$4,293,506	\$3,312,777	\$3,624,112	\$5,029,376	\$1,350,525	\$2,051,968	\$2,754,393	\$2,692,180	\$3,207,706
Unreserved	1,994,518	3,814,470	5,203,832	8,316,487	9,520,847	9,610,324	11,684,736	16,689,386	28,765,463	34,459,374
Total General Fund	5,270,129	8,107,976	8,516,609	11,940,599	14,550,223	10,960,849	13,736,704	19,443,779	31,457,643	37,667,080
All Other Governmental Funds										
Reserved	1,983,201	770,376	44,741,035	14,347,567	2,840,486	3,964,348	27,732,286	7,938,306	4,546,107	23,982,418
Unreserved, Reported in:										
Special Revenue Funds	195,313	327,061	314,204	366,227	1,690,293	2,671,887	2,621,230	3,067,590	3,065,602	3,377,932
Debt Service Funds	634,378	1,432,982	76,797,395	3,439,015	4,138,379	5,537,284	5,499,453	5,989,954	6,628,582	8,570,237
Capital Project Funds	(8,850,551)	(9,919,350)	4,729,007	(2,368,985)	(4,641,774)	28,621,609	288,265	1,460,524	949,692	(1,841,343)
	(\$6,037,659)	(\$7,388,931)	\$126,581,641	\$15,783,824	\$4,027,384	\$40,795,128	\$36,141,234	\$18,456,374	\$15,189,983	\$34,089,244

Source: District Records

Mason City School District
 Governmental Funds Revenues,
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)
 Schedule 5

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes	\$22,177,817	\$26,396,397	\$28,319,067	\$36,486,582	\$46,418,347	\$42,426,616	\$51,170,425	\$58,668,824	\$65,126,501	\$66,161,138
Revenue in Lieu of Taxes	0	341,718	221,385	705,150	645,754	1,197,880	2,802,551	2,462,107	2,150,536	2,688,343
Tuition and Fees	90,810	393,868	450,375	440,925	546,664	470,613	706,679	862,322	1,019,509	1,465,590
Investment Earnings	869,349	769,425	2,347,998	1,802,328	524,448	460,050	1,268,520	2,282,903	2,741,989	3,718,075
Intergovernmental	12,613,295	15,319,985	18,588,027	23,988,531	25,187,926	30,572,312	34,303,286	37,324,432	43,458,744	46,998,659
Extracurricular Activities	414,582	487,775	533,441	509,670	541,095	809,739	1,003,782	1,009,189	1,118,356	1,209,310
Charges for Services	0	82,081	74,779	568,190	1,426,402	3,112,721	3,322,430	4,709,748	4,943,610	5,444,011
Other Revenues	618,947	240,942	382,841	269,092	442,497	1,064,266	801,351	1,228,441	930,211	590,877
Total Revenues	\$36,784,800	\$44,032,191	\$50,917,913	\$64,770,468	\$75,733,133	\$80,114,197	\$95,379,024	\$108,547,966	\$121,489,456	\$128,276,003

Source: District Records

(1) - Prior to 2004 the district reported the food service fund as an enterprise fund. Starting in 2004 the food service fund was reported as a special revenue fund, therefore charges for services shows a significant increase.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Instruction	\$16,473,607	\$18,939,102	\$22,269,328	\$25,708,714	\$29,901,082	\$35,752,050	\$37,338,247	\$42,354,099	\$46,602,549	\$52,771,742
Pupil	\$1,718,768	1,966,905	2,343,013	2,850,382	3,704,090	3,886,250	4,147,389	5,210,686	5,108,372	5,887,042
Instructional Staff	\$2,097,866	2,710,144	3,216,773	3,918,314	5,152,696	5,634,872	5,994,854	6,347,333	6,224,230	6,611,946
General Administration	\$42,098	40,083	46,824	58,415	72,318	58,484	98,266	95,124	83,619	85,525
School Administration	\$2,293,235	2,434,400	2,695,491	3,647,493	4,542,798	4,389,162	4,481,342	4,900,814	5,100,493	5,374,528
Fiscal	\$731,478	839,665	1,022,459	1,166,220	1,349,296	1,542,305	1,684,906	1,841,158	1,999,081	2,120,418
Business	\$97,767	154,879	177,658	122,103	282,150	223,220	302,768	315,862	324,550	438,801
Operation and Maintenance	\$3,513,031	3,940,808	4,384,078	4,907,212	8,900,007	8,686,778	9,564,467	10,189,943	11,695,982	11,984,656
Pupil Transportation	\$2,707,302	2,820,730	3,220,706	4,017,016	4,345,139	4,186,035	6,246,443	6,472,242	6,471,731	7,629,347
Central	\$695,616	881,897	1,750,738	4,759,057	3,249,443	2,353,829	2,697,180	3,343,900	3,460,243	4,622,781
Operation of Non-instructional Services	\$179,139	291,303	335,689	369,775	554,650	3,583,084	4,201,562	4,449,404	5,258,877	5,500,280
Extracurricular Activities	\$629,815	790,968	813,271	1,193,021	1,685,878	1,717,739	1,866,052	1,996,818	2,057,756	2,362,869
Capital Outlay	\$10,290,522	3,154,428	13,179,953	37,374,378	12,832,680	1,552,024	7,484,458	25,917,835	7,257,028	8,512,330
Debt Service										
Principal Retirement	\$1,339,015	1,166,632	1,563,891	75,363,309	2,330,000	3,212,122	3,792,045	4,250,000	4,990,000	5,095,000
Interest and Fiscal Charges	\$2,992,059	2,961,845	4,193,438	6,685,315	5,978,730	5,304,061	7,188,793	6,894,023	6,556,069	7,268,569
Total Expenditures	\$45,801,318	\$43,093,789	\$61,213,310	\$172,140,724	\$84,880,957	\$82,082,015	\$97,088,772	\$124,579,241	\$113,190,580	\$126,265,834
Debt Service as a Percentage of Noncapital Expenditures	14.21%	11.79%	13.93%	159.22% (1)	13.34%	12.10%	14.29%	13.03%	12.51%	12.00%

Source: District Records

(1) - The district refinanced High School/Recreation Center debt in 2002, resulting in an unusually high ratio.

Mason City School District
Other Financing Sources and Uses and Net Change in Fund Balances,
Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 7

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other Financing Sources (Uses)										
Issuance of Capital Leases	\$0	\$528,309	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Sale of Capital Assets	0	19,864	0	0	1,008	0	460,040	4,053,490	132,275	98,529
Issuance of Bonds	450,000	0	0	0	0	0	0	0	0	0
Issuance of Long Term Debt	0	0	144,674,602	0	0	35,000,000	0	0	0	23,000,000
Issuance of Refunding Bonds	0	0	0	0	0	15,705,000	0	59,380,000	27,565,000	0
Payment to Refunded Bonds Escrow Agent	0	0	0	0	0	(15,705,000)	0	(65,349,169)	(29,826,979)	0
Refunding Bond Premium	0	0	0	0	0	0	0	5,969,169	2,578,301	0
Transfers in	1,400,883	405,686	610,773	2,249,197	17,874,000	15,939,000	14,377,750	13,187,317	8,621,787	20,341,705
Refund of Prior Year Expenditures	21,593									
Transfers Out	(1,405,883)	(405,686)	(610,773)	(2,249,197)	(17,874,000)	(15,939,000)	(14,377,750)	(13,187,317)	(8,621,787)	(20,341,705)
Total Other Financing Sources (Uses)	466,593	548,173	144,674,602	0	1,008	35,000,000	460,040	4,053,490	448,597	23,098,529
Net Change in Fund Balances	(\$8,549,925)	\$1,486,575	\$134,379,205	(\$107,370,256)	(\$9,146,816)	\$33,032,182	(\$1,249,708)	(\$11,977,785)	\$8,747,473	\$25,108,698

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Source: District Records

**Mason City School District
 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			
1998	\$507,879,160	\$28,916,380	\$99,696,766	\$636,492,306	\$1,891,509,965	61.95
1999	584,567,320	27,966,800	110,006,159	722,540,279	2,150,489,171	61.95
2000	766,334,940	31,930,770	111,364,313	909,630,023	2,680,965,961	64.57
2001	844,804,830	20,324,550	152,292,210	1,017,421,590	3,052,164,278	71.11
2002	920,126,080	22,811,670	159,181,600	1,102,119,350	3,298,506,862	72.61
2003	1,053,132,200	23,694,270	158,872,721	1,235,699,191	3,678,559,776	74.11
2004	1,147,072,040	22,924,120	150,765,500	1,320,761,660	3,913,421,419	74.11
2005	1,224,869,470	23,975,720	128,380,195	1,377,225,385	4,047,672,874	80.65
2006	1,461,205,840	27,382,510	109,110,197	1,597,698,547	4,548,619,680	81.76
2007	1,530,034,250	20,283,610	48,975,855	1,599,293,715	4,786,382,823	83.45

Source: County Auditor

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

Calendar Year	District Direct Rate	Overlapping Rates							
		Warren County	City of Mason	Deerfield Township	Great Oaks JVSD	Warren-Clinton Community Mental Health	Turtlecreek Township	Union Township	Warren County Health District
1998	61.95	4.75	2.32	9.75	2.70	1.00	5.62	6.20	0.50
1999	61.95	4.00	7.32	9.75	2.70	1.00	5.62	6.20	0.50
2000	64.57	4.00	7.32	9.75	2.70	1.00	5.62	6.20	0.50
2001	71.11	4.00	7.32	10.60	2.70	1.00	5.62	6.20	1.00
2002	72.61	4.96	7.32	10.60	2.70	1.00	5.62	9.20	0.50
2003	74.11	6.53	7.32	10.60	2.70	1.00	5.62	9.20	0.50
2004	74.11	6.46	7.32	10.60	2.70	1.00	5.62	9.20	0.50
2005	80.65	6.46	7.32	10.60	2.70	1.00	5.62	9.20	0.50
2006	81.76	6.71	7.32	10.60	2.70	1.00	5.62	9.20	0.50
2007	83.45	6.71	7.32	10.60	2.70	1.00	5.62	9.20	0.50

116 Source: County Auditor

Mason City School District
Principal Property Tax Payers -- Warren County
Tax Collection Year (1)
Schedule 10

Taxpayer	2007	
	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	\$26,587,540	1.66%
Deerfield Realty Holding	14,726,450	0.92%
Duke Realty Ohio	9,940,290	0.62%
Mitsubishi Electric Automotive	9,268,235	0.58%
Community Insurance	8,913,750	0.56%
Twin Fountains of Mason	8,695,050	0.54%
Kenwood Lincoln Mercury	7,108,200	0.44%
Mason Christian Village	6,966,730	0.44%
Sterling Lakes Apartments	6,284,240	0.39%
Cintas Sales Corp.	6,091,480	0.38%
Total:	<u>\$104,581,965</u>	6.55%

Taxpayer	2006	
	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas and Electric	\$25,120,134	1.57%
Somerset Deerfield Holdings	14,726,453	0.92%
Mitsubishi Electric Automotive	13,487,815	0.84%
Cintas Corporation	11,277,817	0.71%
Duke Realty Ltd. Partnership	9,940,290	0.62%
Twin Fountains of Mason	8,695,050	0.54%
Mason Christian Village	6,966,732	0.44%
Proctor & Gamble	6,841,274	0.43%
Kenwood Lincoln Mercury	6,784,235	0.42%
Sterling Lakes Apartments	6,284,243	0.39%
Total:	<u>\$110,124,043</u>	6.89%

Source: County Auditor

(1) - Information for prior years not available from the County Auditor in the format needed.

**Mason City School District
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 Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$22,694,987	\$22,594,774	99.56%	\$339,122	\$22,933,896	101.05%
1999	25,101,477	24,590,242	97.96%	305,654	24,895,896	99.18%
2000	27,474,665	26,821,127	97.62%	1,526,426	28,347,553	103.18%
2001	34,057,794	33,144,606	97.32%	967,840	34,112,446	100.16%
2002	35,546,237	34,843,236	98.02%	1,044,746	35,887,982	100.96%
2003	47,752,879	47,142,230	98.72%	2,427,285	49,569,515	103.80%
2004	52,725,826	52,648,787	99.85%	2,378,777	55,027,564	104.37%
2005	54,223,863	53,944,910	99.49%	1,092,669	55,037,579	101.50%
2006	56,733,533	56,472,883	99.54%	1,171,575	57,644,458	101.61%
2007	62,500,926	61,130,056	97.81%	1,182,624	62,312,680	99.70%

Source: County Auditor and district records

(1) - Delinquent Collections by levy year are not available and therefore are presented by collection year

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

Fiscal Year	Governmental Activities		Total Primary Government	Ratio of General Bonded Debt to Estimated Actual Value (1)	Percentage of Personal Income	Per Capita (1)
	Capital Leases	General Obligation Bonds and Notes				
1999	\$16,614	\$48,250,000	\$48,266,614	2.55%	1.17%	346
2000	483,291	47,145,000	47,628,291	2.21%	1.06%	328
2001	359,400	189,575,000	189,934,400	7.08%	3.84%	1,246
2002	231,091	114,340,000	114,571,091	3.75%	2.17%	723
2003	100,398	112,010,000	112,110,398	3.40%	2.03%	669
2004	17,045	143,885,000	143,902,045	3.91%	2.49%	822
2005	0	140,110,000	140,110,000	3.58%	2.26%	768
2006	0	139,627,632	139,627,632	3.45%	2.12%	738
2007	0	134,623,912	134,623,912	2.96%	1.87%	685
2008	0	152,283,855	152,283,855	3.18%	N/A	745

Source: District Records

N/A - Information not available

(1) - The district refinanced High School/Recreation Center debt in 2002, resulting in an unusually high debt per capita.

**Mason City School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2008
 Schedule 13**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt:			
Butler County	\$72,359,680	0.05%	\$36,180
Warren County	248,465	28.36%	70,465
Lebanon City	12,697,627	0.00%	0
City of Mason	27,130,000	91.65%	24,864,645
Deerfield Township	16,280,000	57.70%	9,393,560
Turtle Creek Township	2,475,000	0.07%	1,733
Union Township	118,800	4.00%	4,752
West Chester Township	57,060,000	0.22%	125,532
Great Oaks Joint Vocational School	<u>7,965,000</u>	9.16%	<u>729,594</u>
Subtotal, Overlapping Debt	<u>196,334,572</u>		<u>35,226,460</u>
District direct debt	155,955,000	100.00%	155,955,000
Total direct and overlapping debt	<u>\$352,289,572</u>		<u>\$191,181,460</u>

Source: Ohio Municipal Advisory Council

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

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$1,599,293,715
Debt Limit (9% of Assessed Value)	143,936,434
Debt Limit - Special Needs District (2)	247,858,540
Debt Applicable to Limit	<u>146,857,767</u>
Legal Debt Margin	<u><u>\$91,745,078</u></u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$57,284,308	\$57,248,308	\$215,789,380	\$232,627,457	\$215,911,053	\$215,911,053	\$215,911,053	\$215,911,053	\$215,911,053	\$247,858,540
Total Net Debt Applicable to Limit	<u>\$57,215,000</u>	<u>55,910,000</u>	<u>198,460,000</u>	<u>118,874,044</u>	<u>114,416,075</u>	<u>145,259,259</u>	<u>140,579,547</u>	<u>132,582,084</u>	<u>124,165,975</u>	<u>146,857,767</u>
Legal Debt Margin	<u>\$69,308</u>	<u>\$1,338,308</u>	<u>\$17,329,380</u>	<u>\$113,753,413</u>	<u>\$101,494,978</u>	<u>\$70,651,794</u>	<u>\$75,331,506</u>	<u>\$83,328,969</u>	<u>\$91,745,078</u>	<u>\$101,000,773</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	99.88%	97.66%	91.97%	51.10%	52.99%	67.28%	65.11%	61.41%	57.51%	59.25%

Source: District Records

- (1) - Assessed values are on a calendar year basis (i.e. fiscal year 2006 is calendar year 2005)
- (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.

**Mason City School District
 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)
1998	145,427	\$4,113,058	\$28,283	3.40%
1999	152,448	4,501,708	29,529	3.20%
2000	158,383	4,946,103	30,660	3.20%
2001	167,507	5,286,564	31,512	3.30%
2002	175,041	5,521,565	31,522	4.60%
2003	182,330	5,786,295	31,699	4.70%
2004	189,276	6,213,055	32,745	4.00%
2005	196,622	6,597,227	33,524	4.70%
2006	195,575	7,211,608	36,134	4.50%
2007	204,390	N/A	N/A	4.90%

(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

N/A - Information not available

**Mason City School District
Principal Employers,
Current Year and Ten Years Ago
Schedule 16**

<u>Employer</u>	<u>2007 (1)</u>	
	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Anthem	2,243	2.23%
Procter & Gamble	2,100	2.09%
Cintas Corporate	1,800	1.79%
Mason City Schools	1,230	1.23%
Luxotica Retail	1,166	1.16%
Siemens Business Services	525	0.52%
Blackhawk Automotive	512	0.51%
Portion Pac	506	0.50%
Thompson Learning	479	0.48%
Mitsubishi Electric	423	0.42%
CNG Financial	260	0.26%
	<u>11,244</u>	<u>11.20%</u>
Total County Employment (3)	100,400	

<u>Employer</u>	<u>1997 (2)</u>	
	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Procter & Gamble	1,400	1.39%
Cintas	1,004	1.00%
Worthington Plastics	585	0.58%
Mason City Schools	444	0.44%
Leggett & Platt	350	0.35%
Portion Pac	349	0.35%
Cincinnati Electronics	320	0.32%
Mitsubishi Electric	300	0.30%
Deerfield Manufacturing	265	0.26%
A-Mold Corp.	260	0.26%
Cincinnati Fan & Ventilation	100	0.10%
	<u>5,377</u>	<u>5.36%</u>
Total County Employment (3)	71,600	

Source: (1) Warren County Economic Development Department - most recent information available

Source: (2) City of Mason Income Tax Department

Source: (3) Historical Civilian Labor Force Estimates

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Supervisory										
Instructional administrators	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Noninstructional administrators	15.00	10.00	12.00	15.00	16.75	15.75	16.00	17.81	23.55	19.75
Consultant/supervisors of instruction	11.00	11.00	14.00	18.00	17.00	19.00	18.00	18.12	18.00	19.50
Principals	6.00	6.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Assistant Principals	9.00	9.00	10.00	12.00	14.00	16.00	17.00	17.00	18.00	18.00
Total Supervisory	<u>43.00</u>	<u>38.00</u>	<u>43.00</u>	<u>52.00</u>	<u>54.75</u>	<u>58.75</u>	<u>59.00</u>	<u>60.93</u>	<u>67.55</u>	<u>65.25</u>
Instruction										
Elementary classroom teachers	177.00	193.00	233.00	265.00	288.01	300.05	317.45	329.50	363.15	348.00
Secondary classroom teachers	141.00	154.00	172.00	198.00	211.20	235.60	245.69	258.60	273.40	278.75
ESE teachers	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Other teachers (adult)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other professionals (instructional)	3.50	4.50	5.50	6.50	7.50	8.06	11.36	12.26	14.80	14.13
Aides	31.87	48.82	59.33	88.35	101.80	123.42	137.00	147.50	151.52	155.31
Total Instruction	<u>353.37</u>	<u>400.32</u>	<u>469.83</u>	<u>557.85</u>	<u>608.51</u>	<u>667.13</u>	<u>712.50</u>	<u>748.86</u>	<u>803.87</u>	<u>797.19</u>
Student Services										
Guidance counselors	11.00	12.00	13.64	12.64	11.80	16.64	16.00	17.00	17.00	20.50
Visiting teachers/social workers	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Psychologists	0.00	1.00	2.00	3.60	5.22	4.79	5.00	5.00	5.00	5.00
Librarians	5.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Other professionals (noninstructional)	6.00	7.00	7.64	7.50	9.62	8.78	7.60	8.52	8.02	8.02
Technicians	14.32	16.67	18.33	22.67	26.57	25.81	24.77	24.77	26.84	26.97
Total student services	<u>36.32</u>	<u>39.67</u>	<u>45.61</u>	<u>50.41</u>	<u>57.21</u>	<u>60.02</u>	<u>56.37</u>	<u>58.29</u>	<u>59.86</u>	<u>63.49</u>
Support and Administration										
Clerical/secretarial	39.93	40.93	44.14	52.77	54.70	58.40	57.30	58.23	60.73	68.73
Service workers	79.87	81.72	86.69	105.95	129.70	144.04	139.81	138.81	139.84	141.01
Skilled crafts	7.00	9.00	10.00	11.00	14.00	15.00	15.00	17.00	16.00	14.00
Vehicle Operator (buses)	38.68	44.14	51.98	71.05	71.45	73.61	74.63	80.71	82.38	89.04
Unskilled laborers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total support and administration	<u>165.48</u>	<u>175.79</u>	<u>192.81</u>	<u>240.77</u>	<u>269.85</u>	<u>291.05</u>	<u>286.74</u>	<u>294.75</u>	<u>298.95</u>	<u>312.78</u>
Total employees	<u>598.17</u>	<u>653.78</u>	<u>751.25</u>	<u>901.03</u>	<u>990.32</u>	<u>1076.95</u>	<u>1114.61</u>	<u>1162.83</u>	<u>1230.23</u>	<u>1238.71</u>

Source: State Department of Education

**Mason City School District
Operating Statistics
Last Ten Fiscal Years (1)
Schedule 18**

Fiscal Year	Enrollment	Operating Expenditure	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1999	5,364	\$31,179,722	5,813	7.94%	N/A	N/A	N/A	318.00	16.9	NA
2000	6,057	35,810,884	5,912	1.71%	N/A	N/A	N/A	347.00	17.5	NA
2001	6,711	42,276,028	6,300	6.55%	N/A	N/A	N/A	405.00	16.6	NA
2002	7,363	52,717,722	7,160	13.66%	N/A	N/A	N/A	463.00	15.9	3.00%
2003	8,003	63,739,547	7,964	11.24%	\$68,788,647	8,595	N/A	499.21	16.0	3.75%
2004	8,636	72,013,808	8,339	4.70%	81,018,469	9,381	9.15%	535.65	16.1	4.15%
2005	9,246	78,623,476	8,504	1.98%	88,698,042	9,593	2.26%	563.14	16.4	4.37%
2006	9,792	87,517,383	8,938	5.11%	98,835,063	10,093	5.22%	588.10	16.7	4.48%
2007	10,379	94,387,483	9,094	1.75%	105,429,318	10,158	0.64%	681.00	15.2	4.47%
2008	10,710	105,389,935	9,840	8.21%	113,971,792	10,642	4.76%	711.00	15.1	3.83%

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Source: Nonfinancial information from district records.

N/A - Information not available

(1)- Expenses were not reported prior to the implementation of GASB 34 in 2003.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
School										
Elementary										
MECC - Annex- Preschool (1973)										
Square feet				9,034	9,034	9,034	9,034	9,034		
Capacity				175	175	175	175	175		
Enrollment				86	93	104	134	161		
Mason Early Childhood (1911)										
Square feet	56,926	56,926	56,926	56,926	56,926	56,926	56,926	56,926		
Capacity	475	475	475	475	475	475	475	475		
Enrollment	488	622	701	648	698	751	757	801		
Mason Early Childhood (2006)										
Square feet									172,211	172,211
Capacity									2,100	2,100
Enrollment									1,850	1,797
Mason Heights (1965)										
Square feet	101,863	101,863	101,863	101,863	101,863	101,863	101,863	101,863	101,863	101,863
Capacity	850	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	909	1,005	1,124	1,294	1,119	1,190	1,226	1,216	844	890
Western Row (1961)										
Square feet	100,002	100,002	100,002	100,002	100,002	100,002	100,002	100,002	100,002	100,002
Capacity	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	921	1,079	1,111	1,191	967	1,039	1,139	1,208	857	888
Mason Intermediate (1998)										
Square feet	145,276	145,276	145,276	145,276						
Capacity	1,200	1,200	1,200	1,200						
Enrollment	822	926	1,098	1,244						
Mason Intermediate (1998/1994)										
Square feet					290,552	290,552	290,552	290,552	356,700	356,700
Capacity					2,400	2,400	2,400	2,400	3,000	3,000
Enrollment					1,883	2,052	2,211	2,387	2,519	2,592
Junior High School										
Mason Middle (1994)										
Square feet	150,503	150,503	150,503	150,503						
Capacity	1,200	1,200	1,200	1,200						
Enrollment	822	930	1,003	1,076						
Mason Middle (1958)										
Square feet					276,378	276,378	276,378	276,378	276,378	276,378
Capacity					1,850	1,850	1,850	1,850	1,850	1,850
Enrollment					1,256	1,366	1,371	1,452	1,542	1,663
High School										
William Mason High (1958)										
Square feet	276,378	276,378	276,378	276,378						
Capacity	1,850	1,850	1,850	1,850						
Enrollment	1,402	1,495	1,674	1,824						
William Mason High (2002)										
Square feet					375,010	375,010	375,010	375,010	375,010	375,010
Capacity					2,950	2,950	2,950	2,950	2,950	2,950
Enrollment					1,987	2,134	2,408	2,567	2,767	2,880

Source: School District Records

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 2007-2008 School Year:	1,257,226
Number Meals Served by Food Service Department for the 2007-2008 School Year:	1,177,982

School Buildings	Grade Levels	Enrollment
Mason Early Childhood Center	PS-1	1,797
Mason Heights Elementary	2-3	890
Western Row Elementary	2-3	888
Mason Intermediate	5-6	2,592
Mason Middle School	7-8	1,663
William Mason High School	9-12	2,880
		<u>10,710</u>

Degree	Number of Certified Staff	Percentage of Total
Bachelor's Degree	82.0	11.53%
Bachelor + 150	153.0	21.52%
Master's Degree	471.0	66.24%
Doctorate	5.0	0.70%
Total	<u>711.0</u>	<u>100.00%</u>

Years of Experience	Number of Certified Staff	Percentage of Total
0 - 5	299.0	42.05%
6 - 10	171.5	24.12%
11 - 15	102.0	14.35%
16 - 20	65.0	9.14%
21 - 25	41.0	5.77%
26 - 30	23.5	3.31%
31 - 35	8.0	1.13%
36 - 40	1.0	0.14%
	<u>711.0</u>	<u>100.00%</u>

Source: School District Records

MASON CITY SCHOOL DISTRICT, OHIO
 STUDENT POPULATION BY SEX AND BY RACE
 FOR THE 2007-2008 SCHOOL YEAR
 Schedule 21

Grade	Male	Female	Total
PS	109	71	180
K	394	371	765
1	478	374	852
2	475	448	923
3	448	407	855
4	454	431	885
5	416	427	843
6	426	438	864
7	425	438	863
8	384	416	800
9	346	375	721
10	355	381	736
11	370	313	683
12	386	336	722
Ungraded	13	5	18
	5,479	5,231	10,710

Race	Total	Percent
American Indian/Alaskan	17	0.16%
Asian	1,133	10.58%
Black	414	3.87%
Caucasian	8,610	80.39%
Hispanic	295	2.75%
Multi-Racial	241	2.25%
	10,710	100.00%

Source: School District Financial Records.

MASON CITY SCHOOL DISTRICT, OHIO
ENROLLMENT HISTORY
LAST TEN YEARS
Schedule 22

School Year (1)	Preschool	KDN	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Total % Increase
2007-08	180	765	852	923	855	885	843	864	863	800	721	736	683	740	10,710 3.19%
2006-07	168	798	886	826	873	834	831	854	798	744	729	693	741	604	10,379 5.99%
2005-06	161	801	802	840	782	813	812	762	725	727	674	713	593	587	9,792 5.91%
2004-05	134	757	821	759	785	790	737	684	698	673	727	596	595	490	9,246 7.08%
2003-04	104	750	734	746	749	720	656	676	669	697	581	572	496	485	8,635 7.90%
2002-03	93	698	689	712	685	617	636	630	687	569	556	495	503	433	8,003 8.69%
2001-02	86	648	657	637	581	610	587	657	543	533	495	490	438	401	7,363 9.72%
2000-01	74	627	592	532	562	549	611	487	501	502	480	417	408	369	6,711 10.80%
1999-00	57	565	500	505	513	566	453	473	458	472	403	394	367	331	6,057 12.92%
1998-99	51	437	455	454	511	410	418	404	446	376	392	358	331	321	5,364 12.15%

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

Source: School District Records

MASON CITY SCHOOLS DISTRICT, OHIO
DIRECTORY OF SCHOOL FACILITIES
AS OF JUNE 30, 2008
Schedule 23

Facility	Address	Administrator / Contact	Grades	Phone Numbers
Early Childhood Center	4631 Hickory Woods Dr.	Mike Zimmermann	PS-1	398-3741
Mason Heights School	200 Northcrest Drive	Eric Messer	2-3	398-8866
Western Row School	755 Western Row Road	Joe Norton	2-3	398-5821
Mason Intermediate	6307 Mason-Montgomery Rd.	Catherine Hunter	4-6	459-2850
Mason Middle School	6370 Mason-Montgomery Rd.	Tonya McCall	7-8	398-9035
Mason High School	6100 Mason-Montgomery Rd.	Dave Allen	9-12	398-5025
Mason Central Administration	211 North East Street	Kevin Bright		398-0474
Professional Development Center	4836 Tylersville Road	Lori Sideris		336-7367
Transportation Center	5025 Enterprise Drive	Carole Abrams		398-6682
Maintenance Garage	5120 Enterprise Drive	George Highfill		398-2784



Mary Taylor, CPA
Auditor of State

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
JANUARY 6, 2009**