



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 10, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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MASON CITY SCHOOL DISTRICT  
WARREN COUNTY

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MASON CITY SCHOOL DISTRICT

WARREN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program	LL-P4-05	10.555	\$79,541	\$0	\$79,541	\$0
	LL-P4-06		219,933	0	219,933	0
Total Nutrition Cluster			299,474	0	299,474	0
Food Distribution Program	None	10.550	0	269,771	0	273,012
Total U.S. Department of Agriculture			299,474	269,771	299,474	273,012
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States						
IDEA Part B	6B-SF-05/06	84.027	1,319,152	0	1,316,692	0
Raising Expectations	6B-SD-06	84.027	27,138	0	32,781	0
Preschool Disability Grant	PG-S1-05/06	84.173	46,439	0	43,236	0
Total Special Education Cluster			1,392,729	0	1,392,709	0
Grants to Local Educational Agencies (ESEA Title I)						
Title II-A, Improving Teacher Quality	TR-S1-04/05	84.367	81,763	0	120,289	0
Title V, Innovative Programs	C2-S1-05/06	84.298	24,330	0	28,402	0
Title IV-SDFSC	DR-S1-05/06	84.186	32,549	0	31,482	0
Title II-D, Technology Fund	TJ-S1-05/06	84.318	947	0	1,710	0
Title III, Immigrant	T3-S1-05/06	84.365	20,971	0	23,826	0
Title III, LEP	T3-S2-06	84.365	42,098	0	40,332	0
Hurricane Education Recovery Act	HR-01-06	84.938	15,500	0	15,500	0
<i>Passed through the Great Oaks Institute &amp; Career Development</i>						
Carl Perkins/Vocational Education	None	84.049	12,291	0	12,629	0
Total U.S. Department of Education			1,766,619	0	1,795,408	0
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance Discretionary Grant	R1-S1-05	93.576	0	0	1,640	0
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$2,066,093</b>	<b>\$269,771</b>	<b>\$2,096,522</b>	<b>\$273,012</b>

**MASON CITY SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
JUNE 30, 2006**

**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 DISTRIBUTION 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 market value of the commodities received.





## **Auditor of State Betty Montgomery**

### **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, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2006. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 19, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

#### **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*. In a separate letter to the District's management dated December 19, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Mason City School District  
Warren County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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.

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

**Betty Montgomery**  
Auditor of State

December 19, 2006



## Auditor of State Betty Montgomery

### 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, 2006. 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, Mason City School District 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, 2006.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with 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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Federal Awards Expenditures Schedule**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mason City School District, Ohio (the District) as of June 30, 2006, and have issued our report thereon dated December 19, 2006. Our audit was performed to form opinions 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.



**Betty Montgomery**  
Auditor of State

December 19, 2006

**MASON CITY SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under ' .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: CFDA# 84.027 and 84.173 Improving Teacher Quality: CFDA# 84.367
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

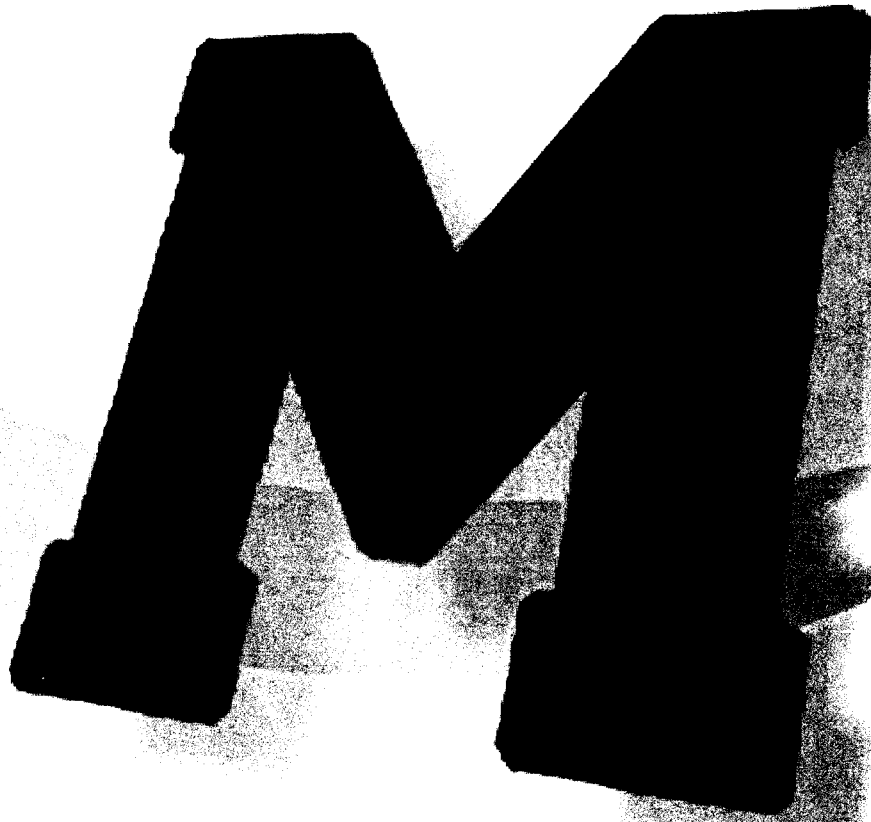
**3. FINDINGS FOR FEDERAL AWARDS**

None



# **MASON CITY SCHOOLS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the fiscal year ended  
June 30, 2006**

**“Where Each Student Is Important”**

**MASON, OH**





MASON CITY SCHOOL DISTRICT  
MASON, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the fiscal year ended  
June 30, 2006

Prepared by:  
Treasurer's Office

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Mason City School District  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2006

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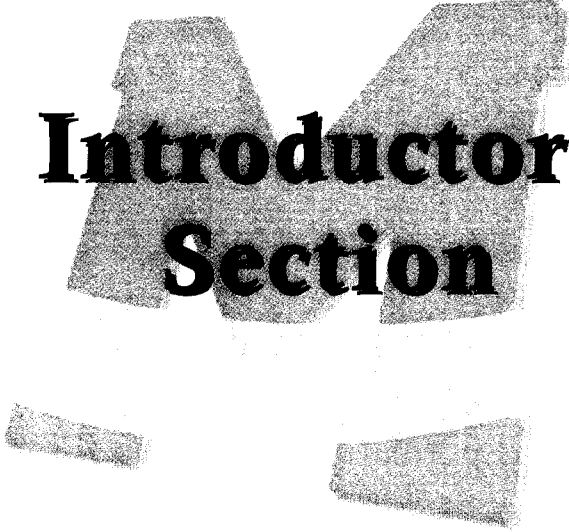
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**Introductory  
Section**

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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

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December 19, 2006

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 principals (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, 2006.

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, 2006, 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, 2006, 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 from 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, 2006, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Kevin Wise	Jan. 2004 - Dec. 2007	3 ½
Mrs. Marianne Culbertson	Jan. 2006 - Dec. 2009	12 ½
Mrs. Deborah Delp	Jan. 2004 - Dec. 2007	2 ½
Mrs. Jennifer Miller	Jan. 2006 - Dec. 2009	½
Mrs. Connie Yingling	Jan. 2006 - Dec. 2009	6 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.

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.

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, their State subsidies are therefore presented as special revenue funds within this report.

The District served 9,792 students during the 2006 fiscal year in eight buildings. The senior high school (9-12) was constructed in 2002. The middle school (7-8) was constructed in 1959, with additions in 1967, 1980, 1987 and 1997. The intermediate school 45 building (4-5) was constructed in 1994. The intermediate school 56 building (5-6) was constructed in 1998. Western Row Elementary School (2-3) was constructed in 1962, with additions in 1987. Mason Heights Elementary School (1-2) was constructed in 1967, with additions in 1978 and 1987. Mason Early Childhood Center (K) was



constructed in 1911, with additions in 1936, 1950, 1953 and 1955 and with renovations in 1977. The Mason Heights Annex (Preschool) was constructed in 1973, with additions in 2001. The central administration is also housed in the same facility as the Mason Early Childhood Center.

The District employed 1,240 full-time and part-time employees as of June 30, 2006. The number of employees has been increasing due to the increase in student population. Since 1986 the District's enrollment has increased from 2,292 to the current enrollment of 9,792. It is expected that the District's enrollment will be approximately 10,375 for fiscal year 2007 and will continue to increase through 2012.

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 previous agreement provided MEA members with a 3.0% base salary increase for the 2005-2006 school year, bringing the base teaching salary to \$34,212. The new agreement provides 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 is 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.

The Mason City School District currently enjoys a favorable economic environment and local indicators point to continued growth. 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 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 will continue to be a priority for the Board and Administration. Demographic projections indicate the District could see its population grow to 13,000 in the next ten years. The District uses a process that solicits community input to help determine how to meet the facility needs of the District. Community input was sought regarding whether to add a second high school, future elementaries and the configuration of grade levels. The results of the community dialogue sessions indicated that it was a desire of the community to have one high school and to maintain as much as practical, grade specific elementary schools.

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 2006 for all District funds was \$2,282,903. 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 provides health, dental, optical and life insurance to all regular employees who work 20 or more hours per week. Effective September 1, 1994, new 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.

#### **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, 2005. 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, 2005

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.



President

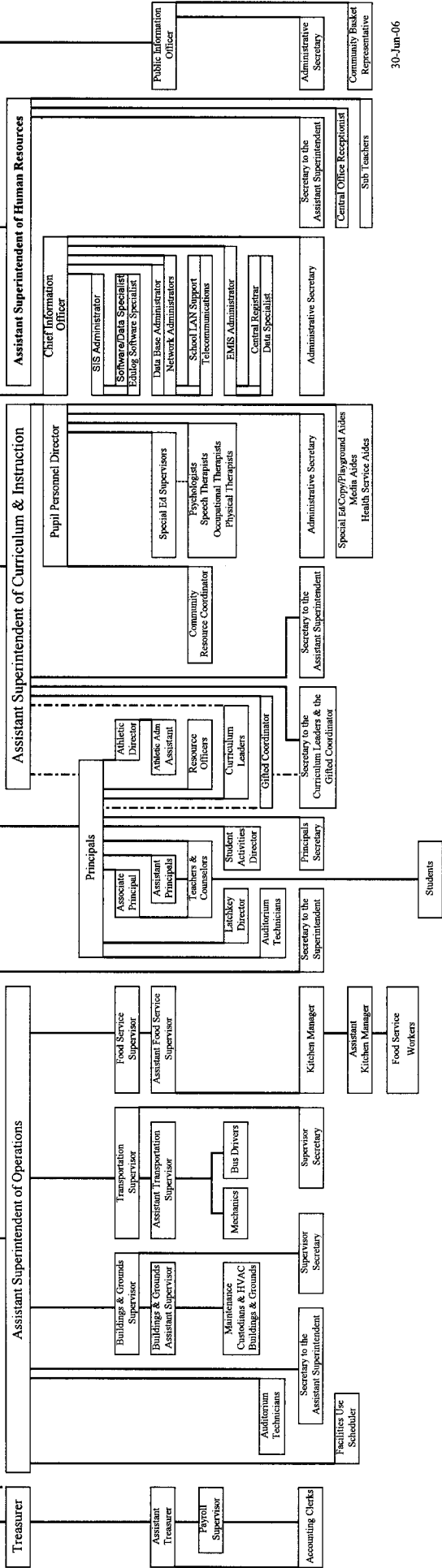
Executive Director

**ORGANIZATIONAL CHART**

Citizens of Mason City School District

Board of Education

Superintendent



**MASON CITY SCHOOL DISTRICT  
LIST OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2006**

**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 .....	Ron McClure
Public Information Officer .....	Tracey Carson

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**Financial  
Section**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Mason City School District  
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, 2006, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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, as of June 30, 2006, 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 19, 2006, 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 is 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.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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, based on our audit and the report of the other auditors, 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 cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

December 19, 2006

**MASON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006  
(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, 2006. 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 2006 are as follows:

- In total, net assets increased \$12,081,837 which represents a 38% increase from 2005.
- General revenues accounted for \$101,654,262 in revenue or 92% of all revenues. Program specific revenues in the form of charges for services and sales; and grants and contributions accounted for \$9,262,638 or 8% of total revenues of \$110,916,900.
- Total assets of governmental activities increased by \$12,942,302 as cash and other receivables decreased by \$12,378,154 while taxes receivable increased by \$1,818,569.
- The District had \$98,835,063 in expenses related to governmental activities; only \$9,262,638 of those expenses were offset by program specific charges for services, grants or contributions. General revenues of \$101,654,262 were adequate to provide for these programs.
- The General Fund had \$82,209,161 in revenues and \$76,300,722 in expenditures. The General Fund's fund balance increased from \$13,736,704 to \$19,443,779. The Debt Service Fund had \$13,076,550 in revenues and \$11,120,709 in expenditures. The Debt Service Fund's fund balance increased from \$5,930,453 to \$6,462,916. The Building Fund had \$740,628 in revenues and \$26,099,937 in expenditures. The Building Fund's fund balance decreased from \$22,190,489 to \$2,308,048.

**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 *Statements 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, Debt Service Fund and 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 and maintenance of plant, pupil transportation and 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.

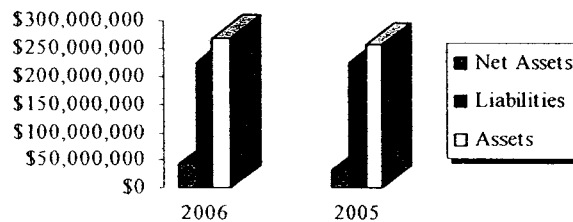
## The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2006 compared to 2005:

Table 1  
Net Assets

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Current Assets	\$120,367,299	\$130,326,221
Capital Assets	148,060,342	125,159,118
<b>Total Assets</b>	<b>268,427,641</b>	<b>255,485,339</b>
<b>Liabilities</b>		
Long-Term Liabilities	142,747,248	142,984,834
Other Liabilities	81,362,647	80,264,596
<b>Total Liabilities</b>	<b>224,109,895</b>	<b>223,249,430</b>
<b>Net Assets</b>		
Invested in Capital		
Assets Net of Debt	8,832,373	10,271,853
Restricted	18,181,961	8,584,599
Unrestricted	17,303,412	13,379,457
<b>Total Net Assets</b>	<b>\$44,317,746</b>	<b>\$32,235,909</b>



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's net assets exceeded liabilities by \$44,317,746.

At year-end, capital assets represented 55% of total assets. Capital assets include land, buildings and improvements, construction in progress, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2006, was \$8,832,373. 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.

Regarding significant changes in Table 1 above, current assets decreased due to the use of cash for construction projects. Capital assets increased due to the construction of the new Early Childhood Center and expansion of the Intermediate Campus.

The balance of unrestricted net assets of \$17,303,412 may be used to meet the District's ongoing obligations to the students and creditors.

Table 2 shows the change in net assets for fiscal years 2006 and 2005.

Table 2  
Changes in Net Assets

	Governmental Activities	
	2006	2005
Revenues		
Program Revenues:		
Charges for Services	\$6,007,386	\$4,371,545
Operating Grants	3,204,017	3,060,804
Capital Grants	51,235	132,965
General Revenue:		
Property Taxes	59,568,721	51,333,628
Grants and Entitlements	33,333,355	31,184,738
Other	8,752,186	5,546,175
Total Revenues	<u>110,916,900</u>	<u>95,629,855</u>
Program Expenses:		
Instruction	42,950,729	38,037,993
Support Services:		
Pupil and Instructional Staff	11,528,539	10,218,314
General and School Administrative, Fiscal and Business	7,231,146	6,692,180
Operations and Maintenance	9,897,131	10,758,017
Pupil Transportation	6,978,574	6,689,568
Central	3,463,529	2,861,293
Operation of Non-Instructional Services	4,565,582	4,347,526
Extracurricular Activities	2,075,978	1,919,330
Interest and Fiscal Charges	10,143,855	7,173,821
Total Expenses	<u>98,835,063</u>	<u>88,698,042</u>
Change in Net Assets	12,081,837	6,931,813
Beginning Net Assets	<u>32,235,909</u>	<u>25,304,096</u>
Ending Net Assets	<u>\$44,317,746</u>	<u>\$32,235,909</u>

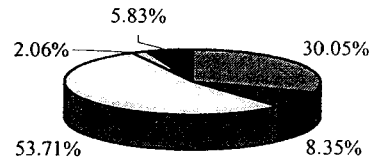
The District revenues are mainly from two sources. Property taxes and grants and entitlements comprised 84% of the District's revenues for governmental activities. The increase in tax revenues is the result of the new operating levy that was passed in May 2005 with first collections beginning in 2006. Instruction expense increased from the prior year due to increased enrollment.

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 a 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.

### Governmental Activities

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 54% of revenue for governmental activities for the District in fiscal year 2006.

Revenue Sources	2006	Percent of Total
General Grants	\$33,333,355	30.05%
Program Revenues	9,262,638	8.35%
General Tax Revenues	59,568,721	53.71%
Investment Earnings	2,282,903	2.06%
Other Revenues	6,469,283	5.83%
	<u>\$110,916,900</u>	<u>100.00%</u>



Instruction comprises 43% of governmental program expenses. Support services expenses were 40% of governmental program expenses. Expenses for support services increased due to increased student enrollment. Interest expense was 10% of governmental program expenses. Interest expense was attributable to the outstanding bond and borrowing for capital projects. Interest expense increased due to increases in debt related to new capital projects.

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	
	2006	2005	2006	2005
Instruction	\$42,950,729	\$38,037,993	\$40,528,204	\$35,641,550
Support Services:				
Pupil and Instructional Staff	11,528,539	10,218,314	10,901,634	9,740,359
General and School Administrative, Fiscal and Business	7,231,146	6,692,180	7,223,870	6,692,157
Operations and Maintenance	9,897,131	10,758,017	9,781,583	10,676,007
Pupil Transportation	6,978,574	6,689,568	6,920,453	6,615,229
Central	3,463,529	2,861,293	3,396,987	2,713,192
Operation of Non-Instructional Services	4,565,582	4,347,526	(784,750)	576,075
Extracurricular Activities	2,075,978	1,919,330	1,460,589	1,304,338
Interest and Fiscal Charges	10,143,855	7,173,821	10,143,855	7,173,821
Total Expenses	<u>\$98,835,063</u>	<u>\$88,698,042</u>	<u>\$89,572,425</u>	<u>\$81,132,728</u>

### The District's Funds

The District has three major governmental funds: the General Fund, Debt Service Fund and Building Fund. Assets of the General Fund comprised \$81,385,748 (68%), the Debt Service Fund comprised \$18,671,975 (16%) and the Building Fund comprised \$8,561,550 (7%) of the total \$120,294,579 governmental funds assets.

**General Fund:** Fund balance at June 30, 2006 was \$19,443,779 including \$16,689,386 of unreserved balance. The primary reasons for the increase in fund balance was a new operating levy that began collections in 2006.

**Debt Service Fund:** Fund balance at June 30, 2006 was \$6,462,916 including \$5,989,954 of unreserved balance.

**Building Fund:** Fund balance at June 30, 2006 was \$2,308,048. The primary reasons for the decrease in fund balance is due to increases in expenditures for the new Early Childhood Center building and the Intermediate building expansion project.

### 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 \$82,615,210. The original revenue budget estimate was \$79,671,030. The \$2,944,180 difference was primarily due to increases in taxes and intergovernmental revenue, which were amended during the year as accrual revenue totals were available.

The final actual expenditures for the General Fund were approximately \$2,000,000 less than the budget due to continuing cost savings activities enacted by management.

The District's ending unobligated General Fund cash balance was \$2,295,750 above the final budgeted amount.

## Capital Assets and Debt Administration

### *Capital Assets*

At year end, the District had \$148,060,342 invested in land, buildings and equipment. Table 4 shows fiscal 2006 balances compared to fiscal 2005:

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

	Governmental Activities	
	2006	2005
Land	\$4,134,921	\$5,839,438
Construction in Progress	29,869,241	4,762,268
Buildings and Improvements	101,072,623	102,324,702
Equipment	12,983,557	12,232,709
Total Net Capital Assets	<u>\$148,060,342</u>	<u>\$125,159,117</u>

Overall, capital assets increased due to construction in progress related to the building project 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 \$139,627,632 in bonds outstanding, \$5,363,073 due within one year. Table 5 summarizes bonds outstanding.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities	
	2006	2005
General Obligation Bonds:		
2005 Refunding High School/Recreation Center and Intermediate Premium on 2005 Refunding Bonds	\$59,380,000	\$0
1995 Building Construction and Equipment	5,782,632	0
1998 Building Construction and Equipment	2,695,000	3,350,000
2001 High School/Recreation Center Construction and Equipment	1,410,000	20,585,000
2003 Refunding Middle/High School	22,415,000	67,140,000
2004 Early Childhood Center	13,080,000	14,035,000
	<u>34,865,000</u>	<u>35,000,000</u>
Total Bonds	<u>\$139,627,632</u>	<u>\$140,110,000</u>

At year end, the District's overall legal debt margin (based on its being granted special needs status) was \$83,328,969 with an unvoted debt margin of \$1,377,225. The District maintains an Aa2 bond rating (from Moody's). Additional information on the District's debt can be found in Note 8 of this report.

## For the Future

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 13 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](mailto:gardnerr@mason.k12.oh.us).

## **BASIC FINANCIAL STATEMENTS**

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Mason City Schools  
Statement of Net Assets  
June 30, 2006

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$53,661,122
Restricted Cash and Investments	85,593
Cash and Cash Equivalents with Fiscal Agent	79,745
Receivables:	
Taxes	64,299,194
Accounts	1,199,313
Intergovernmental	411,605
Deferred Bond Issuance Costs	603,904
Inventory	26,823
Nondepreciable Capital Assets	34,004,162
Depreciable Capital Assets, Net	<u>114,056,180</u>
 Total Assets	 <u>268,427,641</u>
Liabilities:	
Accounts Payable	1,428,555
Accrued Wages and Benefits	11,952,448
Retainage Payable	79,745
Accrued Interest Payable	604,359
Unearned Revenue	61,409,860
Claims Payable	570,756
Contracts Payable	116,924
General Obligation Notes Payable	5,200,000
Long-Term Liabilities:	
Due Within One Year	5,959,855
Due In More Than One Year	<u>136,787,393</u>
 Total Liabilities	 <u>224,109,895</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	8,832,373
Restricted for:	
Special Revenue	3,501,212
Debt Service	6,047,482
Capital Projects	8,547,674
Set-Aside	85,593
Unrestricted	<u>17,303,412</u>
 Total Net Assets	 <u>\$44,317,746</u>

See accompanying notes to the Basic Financial Statements.

Mason City Schools  
Statement of Activities  
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$33,888,601	\$1,121,168	\$155,203	\$0
Special	8,600,230	334	1,096,759	0
Vocational	16,296	0	18,054	0
Other	445,602	20,068	10,939	0
Support Services:				
Pupil	5,165,312	149	485,799	0
Instructional Staff	6,363,227	292	140,665	0
General Administration	95,124	1,264	0	0
School Administration	4,941,644	705	0	0
Fiscal	1,853,347	0	0	0
Business	341,031	5,307	0	0
Operations and Maintenance	9,897,131	105,237	10,311	0
Pupil Transportation	6,978,574	1,597	5,289	51,235
Central	3,463,529	0	66,542	0
Operation of Non-Instructional Services	4,565,582	4,135,876	1,214,456	0
Extracurricular Activities	2,075,978	615,389	0	0
Interest and Fiscal Charges	10,143,855	0	0	0
<b>Total Governmental Activities</b>	<b>\$98,835,063</b>	<b>\$6,007,386</b>	<b>\$3,204,017</b>	<b>\$51,235</b>

General Revenues:

Property Taxes Levied for:

General Purposes

Debt Service Purposes

Capital Projects Purposes

Grants and Entitlements not Restricted to Specific Programs

Payment in Lieu of Taxes

Unrestricted Contributions

Investment Earnings

Refunds and Reimbursements

Gain on Sale of Capital Assets

Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the Basic Financial Statements.

Net (Expense) Revenue  
and Changes in Net Assets  
Governmental  
Activities

(\$32,612,230)  
(7,503,137)  
1,758  
(414,595)

(4,679,364)  
(6,222,270)  
(93,860)  
(4,940,939)  
(1,853,347)  
(335,724)  
(9,781,583)  
(6,920,453)  
(3,396,987)  
784,750  
(1,460,589)  
(10,143,855)

(89,572,425)

47,623,796  
11,408,572  
536,353  
33,333,355  
2,402,107  
60,000  
2,282,902  
24,016  
2,226,474  
1,756,687

101,654,262

12,081,837

32,235,909

\$44,317,746

Mason City Schools  
Balance Sheet  
Governmental Funds  
June 30, 2006

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$29,657,831	\$5,982,172	\$8,481,805	\$9,539,314	\$53,661,122
Restricted Cash and Investments	85,593	0	0	0	85,593
Cash and Cash Equivalents with Fiscal Agent	0	0	79,745	0	79,745
<b>Receivables:</b>					
Taxes	51,021,186	12,682,021	0	595,987	64,299,194
Accounts	89,954	7,782	0	1,101,577	1,199,313
Intergovernmental	0	0	0	411,605	411,605
Interfund	531,184	0	0	0	531,184
Inventory	0	0	0	26,823	26,823
<b>Total Assets</b>	<b>81,385,748</b>	<b>18,671,975</b>	<b>8,561,550</b>	<b>11,675,306</b>	<b>120,294,579</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	519,669	0	792,093	116,793	1,428,555
Accrued Wages and Benefits	11,284,464	0	0	667,984	11,952,448
Compensated Absences	310,360	0	0	0	310,360
Retainage Payable	0	0	79,745	0	79,745
Accrued Interest Payable	0	0	64,740	0	64,740
Interfund Payable	0	0	0	531,184	531,184
Deferred Revenue	49,256,720	12,209,059	0	673,935	62,139,714
Claims Payable	570,756	0	0	0	570,756
Contracts Payable	0	0	116,924	0	116,924
General Obligation Notes Payable	0	0	5,200,000	0	5,200,000
<b>Total Liabilities</b>	<b>61,941,969</b>	<b>12,209,059</b>	<b>6,253,502</b>	<b>1,989,896</b>	<b>82,394,426</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	902,698	0	5,425,728	1,990,567	8,318,993
Reserved for Inventory	0	0	0	26,823	26,823
Reserved for Property Tax Advances	1,766,102	472,962	0	22,226	2,261,290
Reserved for Set-Aside	85,593	0	0	0	85,593
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	16,689,386	0	0	0	16,689,386
Special Revenue Funds	0	0	0	3,067,590	3,067,590
Debt Service Funds	0	5,989,954	0	0	5,989,954
Capital Projects Funds	0	0	(3,117,680)	4,578,204	1,460,524
<b>Total Fund Balances</b>	<b>19,443,779</b>	<b>6,462,916</b>	<b>2,308,048</b>	<b>9,685,410</b>	<b>37,900,153</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$81,385,748</b>	<b>\$18,671,975</b>	<b>\$8,561,550</b>	<b>\$11,675,306</b>	<b>\$120,294,579</b>

See accompanying notes to the Basic Financial Statements.



Mason City Schools  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2006

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Total Governmental Fund Balance		\$37,900,153
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.		148,060,342
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	628,044	
Intergovernmental	70,046	
Other	<u>31,764</u>	
		729,854
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.		(539,619)
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>(2,809,256)</u>	
		(2,809,256)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		603,904
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(139,627,632)</u>
Net Assets of Governmental Activities		<u>\$44,317,746</u>

See accompanying notes to the Basic Financial Statements.

Mason City Schools  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2006

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$46,750,585	\$11,383,044	\$0	\$535,195	\$58,668,824
Revenue in lieu of taxes	0	0	0	2,462,107	2,462,107
Tuition and Fees	728,257	0	0	134,065	862,322
Investment Earnings	1,178,583	227,974	736,272	140,074	2,282,903
Intergovernmental	32,573,381	1,457,750	0	3,293,301	37,324,432
Extracurricular Activities	0	0	0	1,009,189	1,009,189
Charges for Services	0	0	0	4,135,876	4,135,876
Other Revenues	978,355	7,782	4,356	811,820	1,802,313
<b>Total Revenues</b>	<b>82,209,161</b>	<b>13,076,550</b>	<b>740,628</b>	<b>12,521,627</b>	<b>108,547,966</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	32,511,212	0	0	801,940	33,313,152
Special	7,238,318	0	0	1,340,731	8,579,049
Vocational	0	0	0	16,296	16,296
Other	445,602	0	0	0	445,602
<b>Support Services:</b>					
Pupil	4,740,830	0	0	469,856	5,210,686
Instructional Staff	6,139,543	0	0	207,790	6,347,333
General Administration	94,385	0	0	739	95,124
School Administration	4,879,781	19,482	0	1,551	4,900,814
Fiscal	1,656,861	161,322	15,394	7,581	1,841,158
Business	249,208	0	0	66,654	315,862
Operations and Maintenance	8,595,090	0	106,996	1,487,857	10,189,943
Pupil Transportation	5,634,123	0	0	838,119	6,472,242
Central	2,773,152	0	0	570,748	3,343,900
Operation of Non-Instructional Services	35,604	0	0	4,413,800	4,449,404
Extracurricular Activities	1,307,013	0	0	689,805	1,996,818
Capital Outlay	0	0	25,773,429	144,406	25,917,835
<b>Debt Service:</b>					
Principal Retirement	0	4,250,000	0	0	4,250,000
Interest and Fiscal Charges	0	6,689,905	204,118	0	6,894,023
<b>Total Expenditures</b>	<b>76,300,722</b>	<b>11,120,709</b>	<b>26,099,937</b>	<b>11,057,873</b>	<b>124,579,241</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,908,439</b>	<b>1,955,841</b>	<b>(25,359,309)</b>	<b>1,463,754</b>	<b>(16,031,275)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	0	0	4,053,490	0	4,053,490
Proceeds of Refunding Bonds	0	59,380,000	0	0	59,380,000
Payments to Refunded Bond Escrow Agent	0	(65,349,169)	0	0	(65,349,169)
Refunding Bond Premium	0	5,969,169	0	0	5,969,169
Transfers In	0	5,200,000	6,623,378	201,364	12,024,742
Transfers (Out)	(201,364)	(6,623,378)	(5,200,000)	0	(12,024,742)
<b>Total Other Financing Sources (Uses)</b>	<b>(201,364)</b>	<b>(1,423,378)</b>	<b>5,476,868</b>	<b>201,364</b>	<b>4,053,490</b>
<b>Net Change in Fund Balance</b>	<b>5,707,075</b>	<b>532,463</b>	<b>(19,882,441)</b>	<b>1,665,118</b>	<b>(11,977,785)</b>
<b>Fund Balance Beginning of Year</b>	<b>13,736,704</b>	<b>5,930,453</b>	<b>22,190,489</b>	<b>8,020,292</b>	<b>49,877,938</b>
<b>Fund Balance End of Year</b>	<b>\$19,443,779</b>	<b>\$6,462,916</b>	<b>\$2,308,048</b>	<b>\$9,685,410</b>	<b>\$37,900,153</b>

See accompanying notes to the Basic Financial Statements.

Mason City Schools  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2006

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Net Change in Fund Balance - Total Governmental Funds ( \$11,977,785)

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	27,809,015	
Depreciation Expense	<u>(3,080,775)</u>	24,728,240

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. (1,827,016)

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

Delinquent Property Taxes	204,419	
Intergovernmental	(40,349)	
Other	<u>(21,611)</u>	142,459

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 6,265,000

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. (86,104)

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

Bond Issuance Costs	623,385	
Premium on Bonds Issued	<u>(5,969,169)</u>	(5,345,784)

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	15,771	
Deferred Bond Issuance Cost Amorti	(19,481)	
Amortization of Bond Premium	<u>186,537</u>	182,827

Change in Net Assets of Governmental Activities  \$12,081,837

See accompanying notes to the Basic Financial Statements.

Mason City Schools  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2006

	Education Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$127,796	\$254,001
Receivables:		
Accounts	507	4,381
<b>Total Assets</b>	<b>128,303</b>	<b>\$258,382</b>
Liabilities:		
Accounts Payable	0	11,166
Other Liabilities	0	247,216
<b>Total Liabilities</b>	<b>0</b>	<b>\$258,382</b>
Net Assets:		
Held in Trust	128,303	
<b>Total Net Assets</b>	<b>\$128,303</b>	

See accompanying notes to the basic financial statements.

Mason City Schools  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2006

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	Education Private Purpose Trust
Additions:	
Investment Earnings	\$3,898
Donations	12,257
Total Additions	<u>16,155</u>
Deductions:	
Operation of Non-Instructional Services	<u>2,250</u>
Total Deductions	<u>2,250</u>
Change in Net Assets	13,905
Net Assets Beginning of Year	<u>114,398</u>
Net Assets End of Year	<u><u>\$128,303</u></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, 2006**

**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 608 classified personnel, 632 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 9,792. The District operates one preschool, one early childhood center (K), two elementary schools (1-2) 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.

**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 Capital Projects 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 custodian 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**

### **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.

### **Government-wide Financial Statements**

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.

## **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 donated commodities 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.

### **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 credited to the general fund during the current fiscal year amounted to \$1,178,583, which includes \$0 assigned from other 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 fixed 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. 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>	Governmental Activities <u>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	20-30 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	15 years of service Eligible for retirement	15 years of service Eligible for retirement	15 years of service Eligible for retirement
Termination Entitlement	Paid upon retirement	Paid upon retirement	Paid upon retirement

## 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.

## 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 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.

## **INTERFUND BALANCES**

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

## **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. 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, 2006, \$36,094,078 of the District's bank balance of \$36,227,040 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, 2006, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Treasury Bills	\$83,319	0.04
Federal Agency Bonds	13,198,210	1.12
Federal Agency Notes	6,128,488	0.18
Money Market Mutual Fund Accounts	184,280	0.00
STAR Ohio	505,545	0.00
Total Fair Value	<u>\$20,099,842</u>	
Portfolio Weighted Average Maturity		0.79

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 Federal Agencies and in the Money Market Funds 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. The District has invested more than 5 percent of the District’s investments in securities issued by the Federal Home Loan Bank (57%), the Federal Home Loan Mortgage (27%) and the Federal National Mortgage Association (9%).

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 2006 were levied in April on the assessed values as of January 1, 2005, 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.

Real property taxes are payable annually or semi-annually. In 2006, 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, 2006. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2006. 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, 2006, was \$2,261,290 and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these available advances for fiscal year 2006 operations. The amount available for advance at June 30, 2005 was \$1,771,000.

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 2006 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,224,869,470
Public Utility Personal	23,975,720
Tangible Personal Property	<u>128,380,195</u>
Total	<u>\$1,377,225,385</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:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$5,839,438	\$0	\$1,704,517	\$4,134,921
Construction in Progress	4,762,268	25,106,973	0	29,869,241
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	115,199,145	90,159	0	115,289,304
Equipment	21,916,536	2,611,883	345,274	24,183,145
Totals at Historical Cost	<u>147,717,387</u>	<u>27,809,015</u>	<u>2,049,791</u>	<u>173,476,611</u>
Less Accumulated Depreciation:				
Buildings and Improvements	12,874,443	1,342,238	0	14,216,681
Equipment	9,683,827	1,738,537	222,776	11,199,588
Total Accumulated Depreciation	<u>22,558,270</u>	<u>3,080,775</u>	<u>222,776</u>	<u>25,416,269</u>
Governmental Activities Capital Assets, Net	<u>\$125,159,117</u>	<u>\$24,728,240</u>	<u>\$1,827,015</u>	<u>\$148,060,342</u>

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$573,031
Special	4,291
Support Services:	
Pupil	21,848
Instructional Staff	45,931
School Administration	20,808
Fiscal	11,058
Business	1,890
Operations and Maintenance	1,409,022
Pupil Transportation	558,034
Central	151,958
Operation of Non-Instructional Services	176,458
Extracurricular Activities	106,446
Total Depreciation Expense	<u>\$3,080,775</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 2004 3.50%	\$6,400,000	\$0	\$6,400,000	\$0
Mason Intermediate Construction 2005 4.50%	<u>0</u>	<u>5,200,000</u>	<u>0</u>	<u>5,200,000</u>
Total	<u>\$6,400,000</u>	<u>\$5,200,000</u>	<u>\$6,400,000</u>	<u>\$5,200,000</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>
2006	\$5,200,000	\$234,000	\$5,434,000

## 8. LONG-TERM LIABILITIES

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
<b>Governmental Activities:</b>						
Bonds:						
2001 High School/Recreation Center	5.06%	\$67,140,000	\$0	\$44,725,000	\$22,415,000	\$2,800,000
2005 Refunding High School/ Recreation Center	5.16%	0	59,380,000	0	59,380,000	0
Refund Bond Premium	0.00%	0	5,969,169	186,537	5,782,632	373,073
1995 High School Addition/ Bus Garage	5.65%	3,350,000	0	655,000	2,695,000	0
1998 Intermediate School	5.24%	20,585,000	0	19,175,000	1,410,000	680,000
2003 Refunding Middle/High School	3.97%	14,035,000	0	955,000	13,080,000	845,000
2004 Early Childhood Center	4.76%	<u>35,000,000</u>	<u>0</u>	<u>135,000</u>	<u>34,865,000</u>	<u>665,000</u>
Total Bonds		140,110,000	65,349,169	65,831,537	139,627,632	5,363,073
Compensated Absences		<u>2,874,834</u>	<u>483,263</u>	<u>238,481</u>	<u>3,119,616</u>	<u>596,782</u>
Total Governmental Activities		<u>\$142,984,834</u>	<u>\$65,832,432</u>	<u>\$66,070,018</u>	<u>\$142,747,248</u>	<u>\$5,959,855</u>

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.

During fiscal year 2006, the District issued \$59,380,000 of School Improvement Refunding General Obligation Bonds to partially defease the 2001 High School/Recreation Center General Obligation Bonds and the 1998 Intermediate School 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 2001 and 1998 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 \$2,205,473 and obtained an economic gain of \$2,107,746.

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
2007	\$4,990,000	\$6,379,116	\$11,369,116
2008	4,760,000	6,198,287	10,958,287
2009	5,125,000	5,991,431	11,116,431
2010	5,625,000	5,730,622	11,355,622
2011	6,425,000	5,434,136	11,859,136
2012-2016	42,520,000	21,977,858	64,497,858
2017-2021	38,130,000	11,093,606	49,223,606
2022-2026	13,655,000	4,292,157	17,947,157
2027-2032	12,615,000	1,978,335	14,593,335
Total	<u>\$133,845,000</u>	<u>\$69,075,548</u>	<u>\$202,920,548</u>

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

## 9. PENSION PLANS

### SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current contribution rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$2,285,304, \$2,074,500, and \$1,890,876, respectively; 50% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004.

## **STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

The District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. 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.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2006, 2005, and 2004 were \$5,214,768, \$4,612,812, and \$4,137,276, respectively; 83% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004. \$897,124 represents the unpaid contribution for fiscal year 2006.

## **10. POST EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$392,495 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, School District paid \$559,899 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. SERS has approximately 58,123 participants currently receiving health care benefits.

## **11. 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.

## **12. 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 and dental on a self-insured basis with third party administration services provided by Humana, Inc. Monthly premiums for medical coverage are \$1,177 for family coverage or \$463 for individual coverage. Monthly premiums for dental coverage are \$100 for family coverage or \$37 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.

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 \$570,756 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. Changes in the fund's claims liability amount for the current year were:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2005	\$554,488	\$8,074,715	\$8,222,256	\$406,947
2006	\$406,947	\$9,278,379	\$9,114,570	\$570,756

### 13. ACCOUNTABILITY

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Title VI B	\$21,948
Public Preschool	9,541
Title III	10,796

The 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.

### 14. 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>	<u>Total</u>
Set-aside Reserve Balance as of June 30, 2005	(\$666,463)	\$ 0	\$85,593	(\$580,870)
Current Year Set-aside Requirement	1,344,534	1,344,534	0	2,689,068
Qualified Disbursements	(1,230,623)	(6,014)	0	(1,236,637)
Current Year Offsets	<u>0</u>	<u>(34,086,347)</u>	<u>0</u>	<u>(34,086,347)</u>
Set-Aside Reserve Balance as of June 30, 2006	<u>(\$552,752)</u>	<u>(\$32,747,827)</u>	<u>\$85,593</u>	<u>(\$33,214,786)</u>
Restricted Cash as of June 30, 2006	<u>\$85,593</u>			
Carried Forward as of June 30, 2006	<u>(\$552,752)</u>			

## 15. INTERFUND TRANSACTIONS

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$531,183	\$0	\$0	\$201,364
Debt Service	0	0	5,200,000	6,623,378
Building	0	0	6,623,378	5,200,000
Other Governmental Funds	<u>0</u>	<u>531,183</u>	<u>201,364</u>	<u>0</u>
Total all funds	<u>\$531,183</u>	<u>\$531,183</u>	<u>\$12,024,742</u>	<u>\$12,024,742</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.

## 16. SIGNIFICANT CONTRACTUAL OBLIGATIONS

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

Voorhis, Slone, Welsh	\$1,346,094
Warren County Educational Service Center	153,961
NorCom	719,585
Performance Site, Inc	367,734
Virco	616,051
Park Structures	359,505
Dell Marketing	272,727
CA Eckstein	118,998
Quality Mechanicals	492,485
Mega City, Inc.	710,611
RJ Beischel Building Company	273,824
Kerkan Roofing, Inc	102,464
Total	<u>\$5,534,039</u>

## 17. 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 members' 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. John Wahle, 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.

## **18. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries"; GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$44,578,594	\$46,294,483	\$46,294,483	\$0
Tuition and Fees	693,773	715,187	720,477	5,290
Investment Earnings	1,134,899	1,093,489	1,178,583	85,094
Intergovernmental	31,366,060	32,541,312	32,573,381	32,069
Other Revenues	875,038	908,709	908,719	10
<b>Total Revenues</b>	<b>78,648,364</b>	<b>81,553,180</b>	<b>81,675,643</b>	<b>122,463</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
<u>Regular</u>				
Salaries and Wages	23,826,467	23,495,982	23,424,155	71,827
Fringe Benefits	8,827,897	8,682,160	8,678,837	3,323
Purchased Services	47,043	53,978	46,249	7,729
Materials and Supplies	1,821,889	1,979,566	1,791,126	188,440
Capital Outlay	71,706	75,651	70,495	5,156
Capital Outlay - Replacement	10,547	12,799	10,369	2,430
Other Expenditures	5,506	6,647	5,413	1,234
<b>Total Regular</b>	<b>34,611,055</b>	<b>34,306,783</b>	<b>34,026,644</b>	<b>280,139</b>
<u>Special</u>				
Salaries and Wages	4,729,256	4,828,848	4,649,402	179,446
Fringe Benefits	1,926,901	1,895,605	1,894,365	1,240
Purchased Services	97,392	114,848	95,748	19,100
Materials and Supplies	49,371	62,000	48,537	13,463
Capital Outlay	51	1,045	50	995
Other Expenditures	216,938	328,183	213,275	114,908
<b>Total Special</b>	<b>7,019,909</b>	<b>7,230,529</b>	<b>6,901,377</b>	<b>329,152</b>
<u>Other</u>				
Purchased Services	517,136	521,761	508,404	13,357
<b>Total Other</b>	<b>517,136</b>	<b>521,761</b>	<b>508,404</b>	<b>13,357</b>
<b>Support Services:</b>				
<u>Pupil</u>				
Salaries and Wages	3,089,608	3,075,388	3,037,440	37,948
Fringe Benefits	1,317,776	1,298,211	1,295,525	2,686
Purchased Services	193,370	225,802	190,105	35,697
Materials and Supplies	50,123	75,556	49,277	26,279
Capital Outlay	46,693	49,867	45,905	3,962
Other Expenditures	206	350	203	147
<b>Total Pupil</b>	<b>4,697,776</b>	<b>4,725,174</b>	<b>4,618,455</b>	<b>106,719</b>

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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Instructional Staff</u>				
Salaries and Wages	3,851,073	3,828,657	3,786,047	42,610
Fringe Benefits	2,049,478	2,016,751	2,014,872	1,879
Purchased Services	35,902	47,117	35,296	11,821
Materials and Supplies	129,447	168,779	127,261	41,518
Capital Outlay	12,279	13,407	12,072	1,335
Capital Outlay - Replacement	714	702	702	0
Other Expenditures	15,543	15,881	15,281	600
<b>Total Instructional Staff</b>	<b>6,094,436</b>	<b>6,091,294</b>	<b>5,991,531</b>	<b>99,763</b>
<u>General Administration</u>				
Salaries and Wages	17,221	17,000	16,930	70
Fringe Benefits	3,822	3,885	3,757	128
Purchased Services	493	5,159	485	4,674
Materials and Supplies	112	110	110	0
Other Expenditures	77,542	81,856	76,233	5,623
<b>Total Board of Education</b>	<b>99,190</b>	<b>108,010</b>	<b>97,515</b>	<b>10,495</b>
<u>School Administration</u>				
Salaries and Wages	3,198,159	3,169,017	3,144,158	24,859
Fringe Benefits	1,398,841	1,409,964	1,375,221	34,743
Purchased Services	256,676	289,078	252,342	36,736
Materials and Supplies	14,661	22,492	14,413	8,079
Capital Outlay	2,746	9,766	2,700	7,066
Other Expenditures	139,129	142,654	136,780	5,874
<b>Total Administration</b>	<b>5,010,212</b>	<b>5,042,971</b>	<b>4,925,614</b>	<b>117,357</b>
<u>Fiscal</u>				
Salaries and Wages	554,402	596,153	545,041	51,112
Fringe Benefits	253,827	261,646	249,541	12,105
Purchased Services	22,856	30,795	22,470	8,325
Materials and Supplies	10,915	15,499	10,731	4,768
Capital Outlay	204	250	201	49
Capital Outlay - Replacement	3,227	3,173	3,173	0
Other Expenditures	841,238	906,510	827,034	79,476
<b>Total Fiscal</b>	<b>1,686,669</b>	<b>1,814,026</b>	<b>1,658,191</b>	<b>155,835</b>
<u>Business</u>				
Salaries and Wages	169,260	199,712	166,402	33,310
Fringe Benefits	74,372	76,231	73,116	3,115
Purchased Services	6,449	10,395	6,340	4,055
Materials and Supplies	1,258	2,631	1,237	1,394
Capital Outlay	448	440	440	0
Other Expenditures	999	1,000	982	18
<b>Total Business</b>	<b>252,786</b>	<b>290,409</b>	<b>248,517</b>	<b>41,892</b>

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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Operations and Maintenance</u>				
Salaries and Wages	3,274,090	3,233,706	3,218,807	14,899
Fringe Benefits	1,550,602	1,524,461	1,524,420	41
Purchased Services	3,646,644	3,977,299	3,585,070	392,229
Materials and Supplies	597,922	610,264	587,826	22,438
Capital Outlay	28,324	31,810	27,846	3,964
Capital Outlay - Replacement	1,313	1,343	1,291	52
Total Operations and Maintenance	9,098,895	9,378,883	8,945,260	433,623
<u>Pupil Transportation</u>				
Salaries and Wages	3,118,270	3,097,938	3,065,618	32,320
Fringe Benefits	1,469,212	1,452,979	1,444,404	8,575
Purchased Services	304,003	305,862	298,870	6,992
Materials and Supplies	793,981	787,314	780,575	6,739
Capital Outlay	1,237	81,330	1,216	80,114
Other Expenditures	20	20	20	0
Total Pupil Transportation	5,686,723	5,725,443	5,590,703	134,740
<u>Central</u>				
Salaries and Wages	1,340,417	1,375,441	1,317,784	57,657
Fringe Benefits	586,718	577,215	576,811	404
Purchased Services	226,346	322,945	222,524	100,421
Materials and Supplies	425,892	452,991	418,701	34,290
Capital Outlay	144,789	149,356	142,344	7,012
Capital Outlay - Replacement	190,507	216,035	187,290	28,745
Other Expenditures	712	815	700	115
Total Central	2,915,381	3,094,798	2,866,154	228,644
<u>Operation of Non-Instructional Services</u>				
Salaries and Wages	3,227	11,358	3,173	8,185
Fringe Benefits	1,440	1,634	1,416	218
Purchased Services	23,885	25,025	23,482	1,543
Materials and Supplies	9,464	11,360	9,304	2,056
Other Expenditures	2,705	7,936	2,659	5,277
Total Non-Instructional Services	40,721	57,313	40,034	17,279
<u>Extracurricular Activities</u>				
Salaries and Wages	892,932	898,124	877,855	20,269
Fringe Benefits	245,221	243,588	241,080	2,508
Purchased Services	165,114	273,691	162,326	111,365
Materials and Supplies	9,908	22,450	9,741	12,709
Capital Outlay	1,819	1,788	1,788	0
Other Expenditures	18,300	18,491	17,991	500
Total Extracurricular Activities	1,333,294	1,458,132	1,310,781	147,351
Capital Outlay	4,825	4,635	4,635	0
Total Expenditures	79,069,008	79,850,161	77,733,815	2,116,346
Excess of Revenues Over (Under) Expenditures	(420,644)	1,703,019	3,941,828	2,238,809

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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Other financing sources (uses):				
Advances In	1,022,666	1,062,030	1,062,030	0
Advances (Out)	(540,402)	(538,251)	(531,277)	6,974
Transfers (Out)	(204,822)	(251,331)	(201,364)	49,967
Total Other Financing Sources (Uses)	277,442	272,448	329,389	56,941
Net Change in Fund Balance	(143,202)	1,975,467	4,271,217	2,295,750
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,619,487	18,619,487	18,619,487	0
Fund Balance End of Year	<u>\$18,476,285</u>	<u>\$20,594,954</u>	<u>\$22,890,704</u>	<u>\$2,295,750</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, 2006**

**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 and function level. Any budgetary modifications at this level may only be made by resolution of the Board.

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 2006.

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</u>
GAAP Basis	\$5,707,075
Net Adjustment for Revenue Accruals	528,512
Net Adjustment for Expenditure Accruals	(565,606)
Encumbrances	<u>(1,398,764)</u>
Budget Basis	<u>\$4,271,217</u>

**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND STATEMENTS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### SPECIAL REVENUE FUNDS

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.

SUMMER INTERVENTION: To account for funds which are used for summer intervention programs.

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

SAFE SCHOOL HELP LINE: To account for state funds received for students and parents to report threats to the safety of students or school personnel.

SCHOOL CONFLICT MANAGEMENT: To account for funds used to provide training for students and staff in conflict management.

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

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.

## **NONMAJOR FIDUCIARY FUNDS**

EDUCATION PRIVATE PURPOSE TRUST: To account for contributions from various sources to be used for educational purposes.

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.

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 Schools  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$4,355,662	\$5,183,652	\$9,539,314
<b>Receivables:</b>			
Taxes	0	595,987	595,987
Accounts	51,864	1,049,713	1,101,577
Intergovernmental	411,605	0	411,605
Inventory	26,823	0	26,823
<b>Total Assets</b>	<b>4,845,954</b>	<b>6,829,352</b>	<b>11,675,306</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	94,991	21,802	116,793
Accrued Wages and Benefits	667,984	0	667,984
Interfund Payable	531,184	0	531,184
Unearned Revenue	74,768	599,167	673,935
<b>Total Liabilities</b>	<b>1,368,927</b>	<b>620,969</b>	<b>1,989,896</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	382,614	1,607,953	1,990,567
Reserved for Inventory	26,823	0	26,823
Reserved for Property Tax Advances	0	22,226	22,226
<b>Unreserved, Undesignated, Reported in:</b>			
Special Revenue Funds	3,067,590	0	3,067,590
Capital Projects Funds	0	4,578,204	4,578,204
<b>Total Fund Balances</b>	<b>3,477,027</b>	<b>6,208,383</b>	<b>9,685,410</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,845,954</b>	<b>\$6,829,352</b>	<b>\$11,675,306</b>

Mason City Schools  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$0	\$535,195	\$535,195
Revenue in lieu of taxes	0	2,462,107	2,462,107
Tuition and Fees	134,065	0	134,065
Investment Earnings	110,414	29,660	140,074
Intergovernmental	3,233,425	59,876	3,293,301
Extracurricular Activities	1,009,189	0	1,009,189
Charges for Services	4,135,876	0	4,135,876
Other Revenues	811,820	0	811,820
<b>Total Revenues</b>	<b>9,434,789</b>	<b>3,086,838</b>	<b>12,521,627</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	655,346	146,594	801,940
Special	1,333,215	7,516	1,340,731
Vocational	16,296	0	16,296
<b>Support Services:</b>			
Pupil	458,008	11,848	469,856
Instructional Staff	207,790	0	207,790
General Administration	739	0	739
School Administration	635	916	1,551
Fiscal	0	7,581	7,581
Business	66,654	0	66,654
Operations and Maintenance	1,095,682	392,175	1,487,857
Pupil Transportation	14,746	823,373	838,119
Central	112,720	458,028	570,748
Operation of Non-Instructional Services	4,413,800	0	4,413,800
Extracurricular Activities	631,154	58,651	689,805
Capital Outlay	0	144,406	144,406
<b>Total Expenditures</b>	<b>9,006,785</b>	<b>2,051,088</b>	<b>11,057,873</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>428,004</b>	<b>1,035,750</b>	<b>1,463,754</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	201,364	0	201,364
Transfers (Out)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>201,364</b>	<b>0</b>	<b>201,364</b>
<b>Net Change in Fund Balance</b>	<b>629,368</b>	<b>1,035,750</b>	<b>1,665,118</b>
<b>Fund Balance Beginning of Year</b>	<b>2,847,659</b>	<b>5,172,633</b>	<b>8,020,292</b>
<b>Fund Balance End of Year</b>	<b>\$3,477,027</b>	<b>\$6,208,383</b>	<b>\$9,685,410</b>

Mason City Schools  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Management Information System	Entry Year Programs
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$478,812	\$2,086,645	\$198,404	\$149,498	\$42,651	\$3,143
<b>Receivables:</b>						
Accounts	9,776	34,456	4,374	0	0	0
Intergovernmental	0	0	0	0	0	0
Inventory	0	0	0	0	0	0
<b>Total Assets</b>	<b>488,588</b>	<b>2,121,101</b>	<b>202,778</b>	<b>149,498</b>	<b>42,651</b>	<b>3,143</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	30,059	2,885	9,774	45,349	0	2,043
Accrued Wages and Benefits	0	9,743	0	15,573	3,292	0
Interfund Payable	424,693	0	43,026	13,396	0	0
Unearned Revenue	0	4,122	600	0	0	0
<b>Total Liabilities</b>	<b>454,752</b>	<b>16,750</b>	<b>53,400</b>	<b>74,318</b>	<b>3,292</b>	<b>2,043</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	246,313	16,867	27,518	37,878	0	1,088
Reserved for Inventory	0	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	(212,477)	2,087,484	121,860	37,302	39,359	12
<b>Total Fund Balances</b>	<b>33,836</b>	<b>2,104,351</b>	<b>149,378</b>	<b>75,180</b>	<b>39,359</b>	<b>1,100</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$488,588</b>	<b>\$2,121,101</b>	<b>\$202,778</b>	<b>\$149,498</b>	<b>\$42,651</b>	<b>\$3,143</b>

OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Vocational Education Enhancement	Safe School Help Line	School Conflict Management	Title VI-B
\$2,994	\$1,000	\$0	\$464	\$113	\$0	\$1	\$21,702
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	270,097
0	0	0	0	0	0	0	0
<u>2,994</u>	<u>1,000</u>	<u>0</u>	<u>464</u>	<u>113</u>	<u>0</u>	<u>1</u>	<u>291,799</u>
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	257,935
0	0	0	0	0	0	0	5,920
0	0	0	0	0	0	0	49,892
0	0	0	0	0	0	0	313,747
2,994	0	0	0	0	0	0	266
0	0	0	0	0	0	0	0
0	1,000	0	464	113	0	1	(22,214)
2,994	1,000	0	464	113	0	1	(21,948)
<u>\$2,994</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$464</u>	<u>\$113</u>	<u>\$0</u>	<u>\$1</u>	<u>\$291,799</u>

Continued

Mason City Schools  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006

	Vocational Education	Title III	Refugee Impact	Title I	Title VI	Drug-Free Schools
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$4,043	\$1,731	\$455	\$15,322	\$533	\$4,062
<b>Receivables:</b>						
Accounts	0	0	0	0	0	0
Intergovernmental	4,096	5,429	0	16,356	4,687	3,906
Inventory	0	0	0	0	0	0
<b>Total Assets</b>	<b>8,139</b>	<b>7,160</b>	<b>455</b>	<b>31,678</b>	<b>5,220</b>	<b>7,968</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	0	0	0	0	0	2,306
Accrued Wages and Benefits	0	16,651	0	17,711	0	0
Interfund Payable	0	0	0	0	401	1,639
Unearned Revenue	0	1,305	0	0	1,837	3,906
<b>Total Liabilities</b>	<b>0</b>	<b>17,956</b>	<b>0</b>	<b>17,711</b>	<b>2,238</b>	<b>7,851</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	1,536	0	0	0	296	814
Reserved for Inventory	0	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	6,603	(10,796)	455	13,967	2,686	(697)
<b>Total Fund Balances</b>	<b>8,139</b>	<b>(10,796)</b>	<b>455</b>	<b>13,967</b>	<b>2,982</b>	<b>117</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,139</b>	<b>\$7,160</b>	<b>\$455</b>	<b>\$31,678</b>	<b>\$5,220</b>	<b>\$7,968</b>

Public School Preschool	E-Rate	Improving Teacher Quality	Continuous Improvement	Food Service	Latchkey	Total Nonmajor Special Revenue Funds
\$3,050	\$88	\$12,929	\$1,049	\$1,149,272	\$177,701	\$4,355,662
0	0	0	0	3,258	0	51,864
2,017	0	63,377	5,959	35,681	0	411,605
0	0	0	0	26,823	0	26,823
<u>5,067</u>	<u>88</u>	<u>76,306</u>	<u>7,008</u>	<u>1,215,034</u>	<u>177,701</u>	<u>4,845,954</u>
0	0	0	0	2,346	229	94,991
12,591	0	16,693	0	250,221	67,574	667,984
0	0	41,779	330	0	0	531,184
2,017	0	11,089	0	0	0	74,768
<u>14,608</u>	<u>0</u>	<u>69,561</u>	<u>330</u>	<u>252,567</u>	<u>67,803</u>	<u>1,368,927</u>
0	0	3,253	0	36,171	7,620	382,614
0	0	0	0	26,823	0	26,823
<u>(9,541)</u>	<u>88</u>	<u>3,492</u>	<u>6,678</u>	<u>899,473</u>	<u>102,278</u>	<u>3,067,590</u>
<u>(9,541)</u>	<u>88</u>	<u>6,745</u>	<u>6,678</u>	<u>962,467</u>	<u>109,898</u>	<u>3,477,027</u>
<u>\$5,067</u>	<u>\$88</u>	<u>\$76,306</u>	<u>\$7,008</u>	<u>\$1,215,034</u>	<u>\$177,701</u>	<u>\$4,845,954</u>

Mason City Schools  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended June 30, 2006

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Management Information System	Entry Year Programs
<b>Revenues:</b>						
Tuition and Fees	\$0	\$134,065	\$0	\$0	\$0	\$0
Investment Earnings	0	62,138	4,510	4,163	0	0
Intergovernmental	0	0	0	526,370	32,548	28,800
Extracurricular Activities	410,578	37,947	560,664	0	0	0
Charges for Services	0	1,175,842	0	0	0	0
Other Revenues	145,106	0	68,033	0	0	0
<b>Total Revenues</b>	<b>555,684</b>	<b>1,409,992</b>	<b>633,207</b>	<b>530,533</b>	<b>32,548</b>	<b>28,800</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	373,906	152,458	0	0	0	26,100
Special	267,732	1,395	0	0	0	0
Vocational	0	0	0	0	0	0
<b>Support Services:</b>						
Pupil	0	4,055	0	0	0	0
Instructional Staff	353	5,720	0	0	0	1,600
General Administration	739	0	0	0	0	0
School Administration	0	635	0	0	0	0
Business	0	66,654	0	0	0	0
Operations and Maintenance	783	1,094,899	0	0	0	0
Pupil Transportation	297	14,449	0	0	0	0
Central	1,153	0	0	0	35,473	0
Operation of Non-Instructional Services	22,397	50,431	0	513,648	0	0
Extracurricular Activities	39,901	5,411	585,842	0	0	0
<b>Total Expenditures</b>	<b>707,261</b>	<b>1,396,107</b>	<b>585,842</b>	<b>513,648</b>	<b>35,473</b>	<b>27,700</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(151,577)</b>	<b>13,885</b>	<b>47,365</b>	<b>16,885</b>	<b>(2,925)</b>	<b>1,100</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	0	201,364	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>201,364</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(151,577)</b>	<b>215,249</b>	<b>47,365</b>	<b>16,885</b>	<b>(2,925)</b>	<b>1,100</b>
<b>Fund Balance Beginning of Year</b>	<b>185,413</b>	<b>1,889,102</b>	<b>102,013</b>	<b>58,295</b>	<b>42,284</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$33,836</b>	<b>\$2,104,351</b>	<b>\$149,378</b>	<b>\$75,180</b>	<b>\$39,359</b>	<b>\$1,100</b>



OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Vocational Education Enhancement	Safe School Help Line	School Conflict Management	Title VI-B
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
18,000	6,300	6,000	49,079	0	0	0	1,493,462
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	6,300	6,000	49,079	0	0	0	1,493,462
0	0	0	10,669	0	0	853	0
0	0	0	11,304	0	0	0	950,733
0	0	0	0	3,744	0	0	0
0	0	0	0	0	0	0	424,856
0	5,432	6,038	0	0	965	0	21,709
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
15,006	0	0	0	0	0	0	0
0	0	0	0	0	0	0	7,674
0	0	0	0	0	0	0	0
15,006	5,432	6,038	21,973	3,744	965	853	1,404,972
2,994	868	(38)	27,106	(3,744)	(965)	(853)	88,490
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
2,994	868	(38)	27,106	(3,744)	(965)	(853)	88,490
0	132	38	(26,642)	3,857	965	854	(110,438)
\$2,994	\$1,000	\$0	\$464	\$113	\$0	\$1	(\$21,948)

Continued

Mason City Schools  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006

	Vocational Education	Title III	Refugee Impact	Title I	Title VI	Drug-Free Schools
<b>Revenues:</b>						
Tuition and Fees	\$0	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0	0
Intergovernmental	16,387	64,224	0	159,797	27,180	30,006
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
<b>Total Revenues</b>	<b>16,387</b>	<b>64,224</b>	<b>0</b>	<b>159,797</b>	<b>27,180</b>	<b>30,006</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	1,640	0	17,238	1,500
Special	0	0	0	95,079	0	0
Vocational	12,552	0	0	0	0	0
<b>Support Services:</b>						
Pupil	0	0	0	0	0	29,097
Instructional Staff	0	70,899	0	0	0	0
General Administration	0	0	0	0	0	0
School Administration	0	0	0	0	0	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	0	0	1,792	1,262	1,651
Extracurricular Activities	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>12,552</b>	<b>70,899</b>	<b>1,640</b>	<b>96,871</b>	<b>18,500</b>	<b>32,248</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,835</b>	<b>(6,675)</b>	<b>(1,640)</b>	<b>62,926</b>	<b>8,680</b>	<b>(2,242)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>3,835</b>	<b>(6,675)</b>	<b>(1,640)</b>	<b>62,926</b>	<b>8,680</b>	<b>(2,242)</b>
<b>Fund Balance Beginning of Year</b>	<b>4,304</b>	<b>(4,121)</b>	<b>2,095</b>	<b>(48,959)</b>	<b>(5,698)</b>	<b>2,359</b>
<b>Fund Balance End of Year</b>	<b>\$8,139</b>	<b>(\$10,796)</b>	<b>\$455</b>	<b>\$13,967</b>	<b>\$2,982</b>	<b>\$117</b>

Public School Preschool	E-Rate	Improving Teacher Quality	Continuous Improvement	Food Service	Latchkey	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$134,065
0	0	0	0	34,652	4,951	110,414
41,609	0	134,051	22,406	577,206	0	3,233,425
0	0	0	0	0	0	1,009,189
0	0	0	0	2,960,034	0	4,135,876
0	0	0	0	24,809	573,872	811,820
<u>41,609</u>	<u>0</u>	<u>134,051</u>	<u>22,406</u>	<u>3,596,701</u>	<u>578,823</u>	<u>9,434,789</u>
206	0	56,791	13,985	0	0	655,346
4,472	0	0	2,500	0	0	1,333,215
0	0	0	0	0	0	16,296
0	0	0	0	0	0	458,008
41,038	0	53,356	680	0	0	207,790
0	0	0	0	0	0	739
0	0	0	0	0	0	635
0	0	0	0	0	0	66,654
0	0	0	0	0	0	1,095,682
0	0	0	0	0	0	14,746
0	61,088	0	0	0	0	112,720
0	0	1,117	45	3,305,330	508,453	4,413,800
0	0	0	0	0	0	631,154
<u>45,716</u>	<u>61,088</u>	<u>111,264</u>	<u>17,210</u>	<u>3,305,330</u>	<u>508,453</u>	<u>9,006,785</u>
<u>(4,107)</u>	<u>(61,088)</u>	<u>22,787</u>	<u>5,196</u>	<u>291,371</u>	<u>70,370</u>	<u>428,004</u>
0	0	0	0	0	0	201,364
0	0	0	0	0	0	201,364
<u>(4,107)</u>	<u>(61,088)</u>	<u>22,787</u>	<u>5,196</u>	<u>291,371</u>	<u>70,370</u>	<u>629,368</u>
<u>(5,434)</u>	<u>61,176</u>	<u>(16,042)</u>	<u>1,482</u>	<u>671,096</u>	<u>39,528</u>	<u>2,847,659</u>
<u>(\$9,541)</u>	<u>\$88</u>	<u>\$6,745</u>	<u>\$6,678</u>	<u>\$962,467</u>	<u>\$109,898</u>	<u>\$3,477,027</u>

Mason City Schools  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2006

	Capital Projects	SchoolNet Plus	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$5,183,652	\$0	\$5,183,652
<b>Receivables:</b>			
Taxes	595,987	0	595,987
Accounts	1,049,713	0	1,049,713
<b>Total Assets</b>	<b>6,829,352</b>	<b>0</b>	<b>6,829,352</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	21,802	0	21,802
Unearned Revenue	599,167	0	599,167
<b>Total Liabilities</b>	<b>620,969</b>	<b>0</b>	<b>620,969</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	1,607,953	0	1,607,953
Reserved for Property Tax Advances	22,226	0	22,226
Unreserved, Undesignated, Reported in: Capital Projects Funds	4,578,204	0	4,578,204
<b>Total Fund Balances</b>	<b>6,208,383</b>	<b>0</b>	<b>6,208,383</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,829,352</b>	<b>\$0</b>	<b>\$6,829,352</b>

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Mason City Schools  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended June 30, 2006

	Capital Projects	SchoolNet Plus	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Taxes	\$535,195	\$0	\$535,195
Revenue in lieu of taxes	2,462,107	0	2,462,107
Investment Earnings	29,660	0	29,660
Intergovernmental	59,876	0	59,876
<b>Total Revenues</b>	<b>3,086,838</b>	<b>0</b>	<b>3,086,838</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	128,339	18,255	146,594
Special	7,516	0	7,516
<b>Support Services:</b>			
Pupil	11,848	0	11,848
School Administration	916	0	916
Fiscal	7,581	0	7,581
Operations and Maintenance	392,175	0	392,175
Pupil Transportation	823,373	0	823,373
Central	458,028	0	458,028
Extracurricular Activities	58,651	0	58,651
Capital Outlay	144,406	0	144,406
<b>Total Expenditures</b>	<b>2,032,833</b>	<b>18,255</b>	<b>2,051,088</b>
<b>Net Change in Fund Balance</b>	<b>1,054,005</b>	<b>(18,255)</b>	<b>1,035,750</b>
<b>Fund Balance Beginning of Year</b>	<b>5,154,378</b>	<b>18,255</b>	<b>5,172,633</b>
<b>Fund Balance End of Year</b>	<b>\$6,208,383</b>	<b>\$0</b>	<b>\$6,208,383</b>

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Mason City Schools  
Statement of Changes In Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2006

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$156,884	\$0	(\$61,933)	\$218,817
Receivables:				
Accounts	0	4,381	0	4,381
<b>Total Assets</b>	<b>156,884</b>	<b>4,381</b>	<b>(61,933)</b>	<b>223,198</b>
Liabilities:				
Accounts Payable	2,430	11,166	2,430	11,166
Other Liabilities	154,454	68,744	11,166	212,032
<b>Total Liabilities</b>	<b>\$156,884</b>	<b>\$79,910</b>	<b>\$13,596</b>	<b>\$223,198</b>

	Section 125 Insurance			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$20,025	\$15,159	\$0	\$35,184
<b>Total Assets</b>	<b>20,025</b>	<b>15,159</b>	<b>0</b>	<b>35,184</b>
Liabilities:				
Other Liabilities	20,025	15,159	0	35,184
<b>Total Liabilities</b>	<b>\$20,025</b>	<b>\$15,159</b>	<b>\$0</b>	<b>\$35,184</b>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$176,909	\$15,159	(\$61,933)	\$254,001
<b>Total Assets</b>	<b>176,909</b>	<b>19,540</b>	<b>(61,933)</b>	<b>258,382</b>
Liabilities:				
Accounts Payable	2,430	11,166	2,430	11,166
Other Liabilities	174,479	83,903	11,166	247,216
<b>Total Liabilities</b>	<b>\$176,909</b>	<b>\$95,069</b>	<b>\$13,596</b>	<b>\$258,382</b>



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, 2006

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$237,813	\$407,320	\$415,187	\$7,867
Other Revenues	82,930	144,687	144,784	97
<b>Total Revenues</b>	<b>320,743</b>	<b>552,007</b>	<b>559,971</b>	<b>7,964</b>
Expenditures:				
Current:				
Instruction:				
Regular	301,526	535,588	475,406	60,182
Special	267,459	421,743	421,693	50
Support Services:				
Instructional Staff	224	1,088	353	735
General Administration	1,003	2,031	1,582	449
School Administration	0	110	0	110
Operations and Maintenance	629	1,770	991	779
Pupil Transportation	188	2,000	297	1,703
Central	731	1,275	1,153	122
Operation of Non-Instructional Services	13,523	31,612	21,322	10,290
Extracurricular Activities	28,148	61,428	44,380	17,048
<b>Total Expenditures</b>	<b>613,431</b>	<b>1,058,645</b>	<b>967,177</b>	<b>91,468</b>
Excess of Revenues Over (Under) Expenditures	(292,688)	(506,638)	(407,206)	99,432
Other financing sources (uses):				
Advances In	243,257	424,693	424,693	0
<b>Total Other Financing Sources (Uses)</b>	<b>243,257</b>	<b>424,693</b>	<b>424,693</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(49,431)</b>	<b>(81,945)</b>	<b>17,487</b>	<b>99,432</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	186,062	186,062	186,062	0
<b>Fund Balance End of Year</b>	<b>\$136,631</b>	<b>\$104,117</b>	<b>\$203,549</b>	<b>\$99,432</b>

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, 2006

	Community Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Tuition and Fees	\$99,842	\$132,585	\$134,040	\$1,455
Investment Earnings	46,285	56,028	62,138	6,110
Extracurricular Activities	28,265	37,947	37,947	0
Other Revenues	871,119	1,157,591	1,169,496	11,905
<b>Total Revenues</b>	<b>1,045,511</b>	<b>1,384,151</b>	<b>1,403,621</b>	<b>19,470</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	187,504	182,724	153,232	29,492
Special	1,707	2,033	1,395	638
<b>Support Services:</b>				
Pupil	5,117	6,334	4,182	2,152
Instructional Staff	6,999	42,766	5,720	37,046
School Administration	777	636	635	1
Business	80,028	66,850	65,400	1,450
Operations and Maintenance	1,360,293	1,400,295	1,111,657	288,638
Pupil Transportation	17,681	14,481	14,449	32
Operation of Non-Instructional Services	64,556	57,008	52,756	4,252
Extracurricular Activities	6,698	9,071	5,474	3,597
<b>Total Expenditures</b>	<b>1,731,360</b>	<b>1,782,198</b>	<b>1,414,900</b>	<b>367,298</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(685,849)</b>	<b>(398,047)</b>	<b>(11,279)</b>	<b>386,768</b>
<b>Other financing sources (uses):</b>				
Transfers In	149,989	201,364	201,364	0
Transfers (Out)	0	(50,000)	0	50,000
<b>Total Other Financing Sources (Uses)</b>	<b>149,989</b>	<b>151,364</b>	<b>201,364</b>	<b>50,000</b>
<b>Net Change in Fund Balance</b>	<b>(535,860)</b>	<b>(246,683)</b>	<b>190,085</b>	<b>436,768</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>1,876,805</b>	<b>1,876,805</b>	<b>1,876,805</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$1,340,945</b>	<b>\$1,630,122</b>	<b>\$2,066,890</b>	<b>\$436,768</b>

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, 2006

	District Managed Student Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Investment Earnings	\$4,211	\$3,873	\$4,508	\$635
Extracurricular Activities	520,249	556,198	556,895	697
Other Revenues	67,287	71,827	72,027	200
<b>Total Revenues</b>	<b>591,747</b>	<b>631,898</b>	<b>633,430</b>	<b>1,532</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Extracurricular Activities	642,584	675,257	625,969	49,288
<b>Total Expenditures</b>	<b>642,584</b>	<b>675,257</b>	<b>625,969</b>	<b>49,288</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(50,837)</b>	<b>(43,359)</b>	<b>7,461</b>	<b>50,820</b>
<b>Other financing sources (uses):</b>				
Advances In	40,195	0	43,026	43,026
Advances (Out)	(53,380)	(52,000)	(52,000)	0
Transfers In	56,109	103,087	60,061	(43,026)
Transfers (Out)	(61,655)	(60,061)	(60,061)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(18,731)</b>	<b>(8,974)</b>	<b>(8,974)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(69,568)</b>	<b>(52,333)</b>	<b>(1,513)</b>	<b>50,820</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>164,526</b>	<b>164,526</b>	<b>164,526</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$94,958</b>	<b>\$112,193</b>	<b>\$163,013</b>	<b>\$50,820</b>

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, 2006

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$4,096	\$3,529	\$4,163	\$634
Intergovernmental	517,845	526,369	526,369	0
<b>Total Revenues</b>	<b>521,941</b>	<b>529,898</b>	<b>530,532</b>	<b>634</b>
Expenditures:				
Current:				
Operation of Non-Instructional Services	535,119	635,638	570,003	65,635
<b>Total Expenditures</b>	<b>535,119</b>	<b>635,638</b>	<b>570,003</b>	<b>65,635</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(13,178)</b>	<b>(105,740)</b>	<b>(39,471)</b>	<b>66,269</b>
Other financing sources (uses):				
Advances In	13,179	13,396	13,396	0
<b>Total Other Financing Sources (Uses)</b>	<b>13,179</b>	<b>13,396</b>	<b>13,396</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>1</b>	<b>(92,344)</b>	<b>(26,075)</b>	<b>66,269</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>92,343</b>	<b>92,343</b>	<b>92,343</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$92,344</b>	<b>(\$1)</b>	<b>\$66,268</b>	<b>\$66,269</b>

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, 2006

	Management Information System Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$28,000	\$32,548	\$32,548	\$0
Total Revenues	28,000	32,548	32,548	0
Expenditures:				
Current:				
Support Services:				
Central	40,000	40,000	32,181	7,819
Total Expenditures	40,000	40,000	32,181	7,819
Net Change in Fund Balance	(12,000)	(7,452)	367	7,819
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	42,284	42,284	42,284	0
Fund Balance End of Year	<u>\$30,284</u>	<u>\$34,832</u>	<u>\$42,651</u>	<u>\$7,819</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, 2006

	Entry Year Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$28,800	\$28,800	\$0
Total Revenues	0	28,800	28,800	0
Expenditures:				
Current:				
Instruction:				
Regular	0	27,250	27,238	12
Support Services:				
Instructional Staff	0	1,600	1,600	0
Total Expenditures	0	28,850	28,838	12
Net Change in Fund Balance	0	(50)	(38)	12
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50	50	50	0
Fund Balance End of Year	<u>\$50</u>	<u>\$0</u>	<u>\$12</u>	<u>\$12</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, 2006

	OneNet Network Connectivity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$18,000	\$18,000	\$0
Total Revenues	0	18,000	18,000	0
Expenditures:				
Current:				
Support Services:				
Central	0	18,000	18,000	0
Total Expenditures	0	18,000	18,000	(0)
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$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, 2006

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,300	\$6,300	\$0
Total Revenues	0	6,300	6,300	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	132	6,432	5,432	1,000
Total Expenditures	132	6,432	5,432	1,000
Net Change in Fund Balance	(132)	(132)	868	1,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	132	132	132	0
Fund Balance End of Year	\$0	\$0	\$1,000	\$1,000



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, 2006

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,000	\$6,000	\$0
Total Revenues	0	6,000	6,000	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	38	6,038	6,038	0
Total Expenditures	38	6,038	6,038	(0)
Net Change in Fund Balance	(38)	(38)	(38)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	38	38	38	0
Fund Balance End of Year	\$0	\$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, 2006

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$49,079	\$49,079	\$49,079	\$0
			0	
Total Revenues	49,079	49,079	49,079	0
Expenditures:				
Current:				
Instruction:				
Regular	21,925	40,332	39,869	463
Special	6,216	11,304	11,304	0
Total Expenditures	28,141	51,636	51,173	463
Excess of Revenues Over (Under) Expenditures	20,938	(2,557)	(2,094)	463
Other financing sources (uses):				
Advances (Out)	(20,938)	(38,075)	(38,075)	0
Total Other Financing Sources (Uses)	(20,938)	(38,075)	(38,075)	0
Net Change in Fund Balance	0	(40,632)	(40,169)	463
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,633	40,633	40,633	0
Fund Balance End of Year	\$40,633	\$1	\$464	\$463

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, 2006

	Vocational Education Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Vocational	175	4,032	3,918	114
Total Expenditures	175	4,032	3,918	114
Net Change in Fund Balance	(175)	(4,032)	(3,918)	114
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,032	4,032	4,032	0
Fund Balance End of Year	<u>\$3,857</u>	<u>\$0</u>	<u>\$114</u>	<u>\$114</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, 2006

	Safe School Help Line Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	965	965	965	0
Total Expenditures	965	965	965	(0)
Net Change in Fund Balance	(965)	(965)	(965)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	965	965	965	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2006

	School Conflict Management Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	853	853	853	0
Total Expenditures	853	853	853	0
Net Change in Fund Balance	(853)	(853)	(853)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	853	853	853	0
Fund Balance End of Year	\$0	\$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, 2006

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,590,894	\$1,346,290	\$1,346,290	\$0
Total Revenues	1,590,894	1,346,290	1,346,290	0
Expenditures:				
Current:				
Instruction:				
Special	1,070,073	893,531	893,520	11
Support Services:				
Pupil	510,906	426,611	426,611	0
Instructional Staff	26,268	21,934	21,934	0
Operation of Non-Instructional Services	9,190	29,097	7,674	21,423
Total Expenditures	1,616,437	1,371,173	1,349,739	21,434
Excess of Revenues Over (Under) Expenditures	(25,543)	(24,883)	(3,449)	21,434
Other financing sources (uses):				
Advances In	6,996	5,920	5,920	0
Total Other Financing Sources (Uses)	6,996	5,920	5,920	0
Net Change in Fund Balance	(18,547)	(18,963)	2,471	21,434
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,963	18,963	18,963	0
Fund Balance End of Year	\$416	\$0	\$21,434	\$21,434

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, 2006

	Vocational Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$12,290	\$12,290	\$0
Total Revenues	0	12,290	12,290	0
Expenditures:				
Current:				
Instruction:				
Vocational	3,467	16,671	14,165	2,506
Total Expenditures	3,467	16,671	14,165	2,506
Excess of Revenues Over (Under) Expenditures	(3,467)	(4,381)	(1,875)	2,506
Other financing sources (uses):				
Advances (Out)	(830)	(3,390)	(3,390)	0
Total Other Financing Sources (Uses)	(830)	(3,390)	(3,390)	0
Net Change in Fund Balance	(4,297)	(7,771)	(5,265)	2,506
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,771	7,771	7,771	0
Fund Balance End of Year	\$3,474	\$0	\$2,506	\$2,506

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, 2006

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$77,089	\$63,069	\$63,069	\$0
Total Revenues	<u>77,089</u>	<u>63,069</u>	<u>63,069</u>	<u>0</u>
Expenditures:				
Current:				
Support Services:				
Instructional Staff	77,948	65,411	64,158	1,253
Total Expenditures	<u>77,948</u>	<u>65,411</u>	<u>64,158</u>	<u>1,253</u>
Excess of Revenues Over (Under) Expenditures	<u>(859)</u>	<u>(2,342)</u>	<u>(1,089)</u>	<u>1,253</u>
Other financing sources (uses):				
Advances (Out)	(1,005)	(827)	(827)	0
Total Other Financing Sources (Uses)	<u>(1,005)</u>	<u>(827)</u>	<u>(827)</u>	<u>0</u>
Net Change in Fund Balance	(1,864)	(3,169)	(1,916)	1,253
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,647	3,647	3,647	0
Fund Balance End of Year	<u>\$1,783</u>	<u>\$478</u>	<u>\$1,731</u>	<u>\$1,253</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, 2006

	Refugee Impact Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	2,095	2,095	1,640	455
Total Expenditures	2,095	2,095	1,640	455
Net Change in Fund Balance	(2,095)	(2,095)	(1,640)	455
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,095	2,095	2,095	0
Fund Balance End of Year	\$0	\$0	\$455	\$455

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, 2006

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$144,473	\$143,441	\$143,441	\$0
<b>Total Revenues</b>	<b>144,473</b>	<b>143,441</b>	<b>143,441</b>	<b>0</b>
Expenditures:				
Current:				
Instruction:				
Special	142,865	139,348	126,737	12,611
Support Services:				
Pupil	0	1,046	0	1,046
Operation of Non-Instructional Services	2,020	3,458	1,792	1,666
<b>Total Expenditures</b>	<b>144,885</b>	<b>143,852</b>	<b>128,529</b>	<b>15,323</b>
<b>Net Change in Fund Balance</b>	<b>(412)</b>	<b>(411)</b>	<b>14,912</b>	<b>15,323</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	411	411	411	0
<b>Fund Balance End of Year</b>	<b>(\$1)</b>	<b>\$0</b>	<b>\$15,323</b>	<b>\$15,323</b>

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, 2006

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$26,739	\$24,330	\$24,330	\$0
Total Revenues	26,739	24,330	24,330	0
Expenditures:				
Current:				
Instruction:				
Regular	27,185	26,553	26,553	0
Operation of Non-Instructional Services	2,196	2,145	2,145	0
Total Expenditures	29,381	28,698	28,698	0
Excess of Revenues Over (Under) Expenditures	(2,642)	(4,368)	(4,368)	0
Other financing sources (uses):				
Advances In	441	401	401	0
Total Other Financing Sources (Uses)	441	401	401	0
Net Change in Fund Balance	(2,201)	(3,967)	(3,967)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,205	4,205	4,205	0
Fund Balance End of Year	<u>\$2,004</u>	<u>\$238</u>	<u>\$238</u>	<u>\$0</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, 2006

	Drug-Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$37,820	\$32,549	\$32,549	\$0
Total Revenues	37,820	32,549	32,549	0
Expenditures:				
Current:				
Instruction:				
Regular	1,676	1,500	1,500	0
Support Services:				
Pupil	32,637	29,201	29,201	0
Operation of Non-Instructional Services	3,240	2,899	2,899	0
Total Expenditures	37,553	33,600	33,600	0
Excess of Revenues Over (Under) Expenditures	267	(1,051)	(1,051)	0
Other financing sources (uses):				
Advances In	1,904	1,639	1,639	0
Advances (Out)	(227)	(203)	(203)	0
Total Other Financing Sources (Uses)	1,677	1,436	1,436	0
Net Change in Fund Balance	1,944	385	385	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,559	1,559	1,559	0
Fund Balance End of Year	\$3,503	\$1,944	\$1,944	\$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, 2006

	Public School Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$49,808	\$46,438	\$46,438	\$0
Total Revenues	49,808	46,438	46,438	0
Expenditures:				
Current:				
Instruction:				
Regular	227	206	206	0
Special	4,931	4,472	4,472	0
Support Services:				
Instructional Staff	42,512	41,609	38,558	3,051
Total Expenditures	47,670	46,287	43,236	3,051
Excess of Revenues Over (Under) Expenditures	2,138	151	3,202	3,051
Other financing sources (uses):				
Advances (Out)	(6,816)	(6,182)	(6,182)	0
Total Other Financing Sources (Uses)	(6,816)	(6,182)	(6,182)	0
Net Change in Fund Balance	(4,678)	(6,031)	(2,980)	3,051
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,030	6,030	6,030	0
Fund Balance End of Year	<u>\$1,352</u>	<u>(\$1)</u>	<u>\$3,050</u>	<u>\$3,051</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, 2006

	E-Rate Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$5,000	\$0	\$0	\$0
Total Revenues	5,000	0	0	0
Expenditures:				
Current:				
Support Services:				
Central	61,176	61,176	61,088	88
Total Expenditures	61,176	61,176	61,088	88
Net Change in Fund Balance	(56,176)	(61,176)	(61,088)	88
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	61,176	61,176	61,176	0
Fund Balance End of Year	<u>\$5,000</u>	<u>\$0</u>	<u>\$88</u>	<u>\$88</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, 2006

	Improving Teacher Quality Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$112,802	\$81,763	\$81,763	\$0
Total Revenues	112,802	81,763	81,763	0
Expenditures:				
Current:				
Instruction:				
Regular	65,220	54,725	54,725	0
Support Services:				
Instructional Staff	79,971	67,102	67,102	0
Operation of Non-Instructional Services	2,044	1,715	1,715	0
Total Expenditures	147,235	123,542	123,542	0
Excess of Revenues Over (Under) Expenditures	(34,433)	(41,779)	(41,779)	0
Other financing sources (uses):				
Advances In	57,639	41,779	41,779	0
Advances (Out)	(13,530)	(11,353)	(11,353)	0
Total Other Financing Sources (Uses)	44,109	30,426	30,426	0
Net Change in Fund Balance	9,676	(11,353)	(11,353)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,029	21,029	21,029	0
Fund Balance End of Year	\$30,705	\$9,676	\$9,676	\$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, 2006

	Continuous Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,335	\$16,447	\$16,447	\$0
Total Revenues	6,335	16,447	16,447	0
Expenditures:				
Current:				
Instruction:				
Regular	6,419	13,985	13,985	0
Special	1,147	2,500	2,500	0
Support Services:				
Instructional Staff	312	680	680	0
Operation of Non-Instructional Services	21	45	45	0
Total Expenditures	7,899	17,210	17,210	0
Excess of Revenues Over (Under) Expenditures	(1,564)	(763)	(763)	0
Other financing sources (uses):				
Advances In	127	330	330	0
Total Other Financing Sources (Uses)	127	330	330	0
Net Change in Fund Balance	(1,437)	(433)	(433)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,482	1,482	1,482	0
Fund Balance End of Year	\$45	\$1,049	\$1,049	\$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, 2006

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$31,864	\$30,731	\$34,652	\$3,921
Intergovernmental	279,550	304,014	304,014	0
Charges for Services	2,721,838	2,958,114	2,960,034	1,920
Other Revenues	22,649	24,631	24,631	0
<b>Total Revenues</b>	<b>3,055,901</b>	<b>3,317,490</b>	<b>3,323,331</b>	<b>5,841</b>
Expenditures:				
Current:				
Operation of Non-Instructional Services	2,937,700	3,479,598	3,046,408	433,190
<b>Total Expenditures</b>	<b>2,937,700</b>	<b>3,479,598</b>	<b>3,046,408</b>	<b>433,190</b>
<b>Net Change in Fund Balance</b>	<b>118,201</b>	<b>(162,108)</b>	<b>276,923</b>	<b>439,031</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	833,830	833,830	833,830	0
<b>Fund Balance End of Year</b>	<b>\$952,031</b>	<b>\$671,722</b>	<b>\$1,110,753</b>	<b>\$439,031</b>

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, 2006

	Latchkey Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$3,911	\$4,345	\$4,950	\$605
Other Revenues	453,389	573,280	573,871	591
Total Revenues	<u>457,300</u>	<u>577,625</u>	<u>578,821</u>	<u>1,196</u>
Expenditures:				
Current:				
Operation of Non-Instructional Services	493,700	578,663	510,394	68,269
Total Expenditures	<u>493,700</u>	<u>578,663</u>	<u>510,394</u>	<u>68,269</u>
Net Change in Fund Balance	(36,400)	(1,038)	68,427	69,465
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>101,508</u>	<u>101,508</u>	<u>101,508</u>	<u>0</u>
Fund Balance End of Year	<u>\$65,108</u>	<u>\$100,470</u>	<u>\$169,935</u>	<u>\$69,465</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, 2006

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$10,855,445	\$11,341,082	\$11,341,082	\$0
Investment Earnings	218,212	207,581	227,974	20,393
Intergovernmental	1,395,328	1,457,750	1,457,750	0
<b>Total Revenues</b>	<b>12,468,985</b>	<b>13,006,413</b>	<b>13,026,806</b>	<b>20,393</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Support Services:</b>				
School Administration	19,307	22,000	19,482	2,518
Fiscal	159,875	171,207	161,322	9,885
<b>Debt Service:</b>				
Principal Retirement	10,650,000	10,650,000	10,650,000	0
Interest and Fiscal Charges	6,895,759	7,931,735	7,054,516	877,219
<b>Total Expenditures</b>	<b>17,724,941</b>	<b>18,774,942</b>	<b>17,885,320</b>	<b>889,622</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(5,255,956)</b>	<b>(5,768,529)</b>	<b>(4,858,514)</b>	<b>910,015</b>
<b>Other financing sources (uses):</b>				
Proceeds of Short-Term Notes	4,977,330	5,200,000	5,200,000	0
Premium and Accrued Interest on Notes	135,185	141,233	141,233	0
<b>Total Other Financing Sources (Uses)</b>	<b>5,112,515</b>	<b>5,341,233</b>	<b>5,341,233</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(143,441)</b>	<b>(427,296)</b>	<b>482,719</b>	<b>910,015</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>5,499,451</b>	<b>5,499,451</b>	<b>5,499,451</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$5,356,010</b>	<b>\$5,072,155</b>	<b>\$5,982,170</b>	<b>\$910,015</b>

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, 2006

	Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$444,601	\$532,969	\$532,969	\$0
Investment Earnings	24,742	27,221	29,660	2,439
Intergovernmental	49,948	59,876	59,876	0
Other Revenues	1,199,408	1,437,800	1,437,800	0
<b>Total Revenues</b>	<b>1,718,699</b>	<b>2,057,866</b>	<b>2,060,305</b>	<b>2,439</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	177,415	519,818	219,065	300,753
Special	5,951	7,364	7,348	16
<b>Support Services:</b>				
Pupil	9,588	11,846	11,839	7
School Administration	742	1,600	916	684
Fiscal	6,140	8,000	7,581	419
Operations and Maintenance	443,159	682,462	547,195	135,267
Pupil Transportation	666,829	823,373	823,373	0
Central	384,353	474,853	474,583	270
Extracurricular Activities	48,175	76,170	59,484	16,686
Capital Outlay	1,207,118	1,953,000	1,490,500	462,500
<b>Total Expenditures</b>	<b>2,949,470</b>	<b>4,558,486</b>	<b>3,641,884</b>	<b>916,602</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,230,771)</b>	<b>(2,500,620)</b>	<b>(1,581,579)</b>	<b>919,041</b>
<b>Other financing sources (uses):</b>				
Transfers In	129,300	155,000	155,000	0
Transfers (Out)	(125,531)	(1,000,000)	(155,000)	845,000
<b>Total Other Financing Sources (Uses)</b>	<b>3,769</b>	<b>(845,000)</b>	<b>0</b>	<b>845,000</b>
<b>Net Change in Fund Balance</b>	<b>(1,227,002)</b>	<b>(3,345,620)</b>	<b>(1,581,579)</b>	<b>1,764,041</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>5,135,478</b>	<b>5,135,478</b>	<b>5,135,478</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$3,908,476</b>	<b>\$1,789,858</b>	<b>\$3,553,899</b>	<b>\$1,764,041</b>

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, 2006

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Investment Earnings	\$553,129	\$697,996	\$736,272	\$38,276
Other Revenues	3,272	4,356	4,356	0
<b>Total Revenues</b>	<b>556,401</b>	<b>702,352</b>	<b>740,628</b>	<b>38,276</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Support Services:</b>				
Fiscal	1,506	15,394	15,394	0
Operations and Maintenance	20,875	213,442	213,442	0
Capital Outlay	3,239,945	33,697,598	33,127,222	570,376
<b>Total Expenditures</b>	<b>3,262,326</b>	<b>33,926,434</b>	<b>33,356,058</b>	<b>570,376</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,705,925)</b>	<b>(33,224,082)</b>	<b>(32,615,430)</b>	<b>608,652</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Capital Assets	3,045,208	4,053,490	4,053,490	0
Transfers In	873,391	1,162,575	1,162,575	0
Transfers (Out)	(113,703)	(1,162,575)	(1,162,575)	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,804,896</b>	<b>4,053,490</b>	<b>4,053,490</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>1,098,971</b>	<b>(29,170,592)</b>	<b>(28,561,940)</b>	<b>608,652</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>30,710,648</b>	<b>30,710,648</b>	<b>30,710,648</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$31,809,619</b>	<b>\$1,540,056</b>	<b>\$2,148,708</b>	<b>\$608,652</b>

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, 2006

	SchoolNet Plus Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	18,255	18,255	18,255	0
Total Expenditures	18,255	18,255	18,255	0
Net Change in Fund Balance	(18,255)	(18,255)	(18,255)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,255	18,255	18,255	0
Fund Balance End of Year	\$0	\$0	\$0	\$0



**Statistical  
Section**

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$9,522,067	\$5,012,945	\$10,271,853	\$8,832,373
Restricted	7,178,617	8,332,744	8,584,599	18,181,961
Unrestricted	8,814,787	12,330,595	13,379,457	17,303,412
Total Net Assets	<u>\$25,515,471</u>	<u>\$25,676,284</u>	<u>\$32,235,909</u>	<u>\$44,317,746</u>

**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 Four Fiscal Years (1)**  
 (accrual basis of accounting)  
 Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental Activities:</b>				
Instruction	\$30,939,158	\$37,987,024	\$38,037,993	\$42,950,729
Pupil	3,538,012	3,937,365	4,178,645	5,165,312
Instructional Staff	4,628,795	5,727,348	6,039,669	6,363,227
General Administration	72,318	58,484	98,266	95,124
School Administration	4,116,169	4,458,914	4,598,463	4,941,644
Fiscal	1,364,522	1,619,621	1,704,142	1,853,347
Business	268,985	247,289	291,309	341,031
Operation and Maintenance	7,977,214	8,869,440	10,758,017	9,897,131
Pupil Transportation	4,662,523	4,665,435	6,689,568	6,978,574
Central	3,295,061	2,512,887	2,861,293	3,463,529
Operation of Non-instructional Services	582,413	3,820,453	4,347,526	4,565,582
Extracurricular Activities	1,373,452	1,821,481	1,919,330	2,075,978
Interest and Fiscal Charges	5,970,025	5,292,728	7,173,821	10,143,855
<b>Total Government Expenses</b>	<b>68,788,647</b>	<b>81,018,469</b>	<b>88,698,042</b>	<b>98,835,063</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services</b>				
Instruction	721,146	882,932	1,018,751	1,141,570
Pupil	5,115	10,380	506	149
Instructional Staff	15,444	31,321	498	292
General Administration	0	0	0	1,264
School Administration	0	0	23	705
Business	0	0	0	5,307
Operations and Maintenance	293,983	538,782	71,277	105,237
Pupil Transportation	6,341	12,915	3,137	1,597
Central	0	5,576	1,276	0
Operation of Non-Instructional Services	4,097	2,070,705	2,661,085	4,135,876
Extracurricular Activities	88,996	194,223	614,992	615,389
Operating Grants and Contributions	1,849,047	2,459,993	3,060,804	3,204,017
Capital Grants and Contributions	203,491	60,920	132,965	51,235
<b>Total Government Revenues</b>	<b>3,187,660</b>	<b>6,267,747</b>	<b>7,565,314</b>	<b>9,262,638</b>
<b>Net (Expense)/Revenue</b>				
<b>Total Government Net Expense</b>	<b>(\$65,600,987)</b>	<b>(\$74,750,722)</b>	<b>(\$81,132,728)</b>	<b>(\$89,572,425)</b>

**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 Four Fiscal Years (1)**  
 (accrual basis of accounting)  
**Schedule 3**

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Total Government Net Expense	(\$65,600,987)	(\$74,750,722)	(\$81,132,728)	(\$89,572,425)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	36,422,708	33,595,910	40,300,691	47,623,796
Property Taxes Levied for Debt Service Purposes	9,514,354	8,517,335	10,703,660	11,408,572
Property Taxes Levied for Capital Projects	481,285	573,794	329,277	536,353
Grants and Entitlements not Restricted to Specific Program	23,915,631	27,842,523	31,184,738	33,333,355
Payment in Lieu of Taxes	1,076,718	1,137,880	2,742,551	2,402,107
Unrestricted Contributions	60,000	60,000	60,000	60,000
Investment Earnings	524,446	460,050	1,268,520	2,282,902
Gain on Sale of Capital Assets	0	0	0	2,226,474
Other Revenues	590,932	1,221,063	1,475,104	1,780,703
Total primary government	<u>72,586,074</u>	<u>73,408,555</u>	<u>88,064,541</u>	<u>101,654,262</u>
<b>Change in Net Assets</b>				
Total primary government	<u>\$6,985,087</u>	<u>(\$1,342,167)</u>	<u>\$6,931,813</u>	<u>\$12,081,837</u>

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	N/A	N/A	N/A	\$4,293,506	\$3,312,777	\$3,624,112	\$5,029,376	\$1,330,525	\$2,051,968	\$2,754,393
Unreserved	N/A	N/A	N/A	3,814,470	5,203,832	8,316,487	9,520,847	9,610,324	11,684,736	16,689,386
Total General Fund	N/A	N/A	N/A	8,107,976	8,516,609	11,940,599	14,550,223	10,960,849	13,736,704	19,443,779
All Other Governmental Funds										
Reserved	N/A	N/A	N/A	770,376	44,741,035	14,347,567	2,840,486	3,964,348	27,732,286	7,938,306
Unreserved, Reported in:										
Special Revenue Funds	N/A	N/A	N/A	327,061	314,204	366,227	1,690,293	2,671,887	2,621,230	3,067,590
Debt Service Funds	N/A	N/A	N/A	1,432,982	76,797,395	3,439,015	4,138,379	28,621,609	288,265	1,460,524
Capital Project Funds	N/A	N/A	N/A	(9,919,350)	4,729,007	(2,368,985)	(4,641,774)	5,537,284	5,499,453	5,989,954
Total	N/A	N/A	N/A	(\$7,388,931)	\$126,381,641	\$15,783,824	\$4,027,384	\$40,795,128	\$36,141,234	\$18,456,374

Source: District Records

N/A - Information not available

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes	N/A	N/A	N/A	\$26,396,397	\$28,319,067	\$36,486,582	\$46,418,347	\$42,426,616	\$51,170,425	\$58,668,824
Revenue in Lieu of Taxes	N/A	N/A	N/A	0	0	0	0	0	0	2,462,107
Tuition and Fees	N/A	N/A	N/A	393,868	450,375	440,925	546,664	470,613	706,679	862,322
Investment Earnings	N/A	N/A	N/A	769,425	2,347,998	1,802,328	524,448	460,050	1,268,520	2,282,903
Intergovernmental	N/A	N/A	N/A	15,319,985	18,588,027	23,988,531	25,729,021	30,572,312	34,303,286	37,324,432
Extracurricular Activities	N/A	N/A	N/A	487,775	533,441	509,670	0	809,739	1,003,782	1,009,189
Charges for Services	N/A	N/A	N/A	0	0	492,222	549,057	2,464,843	2,661,085	4,135,876
Other Revenues	N/A	N/A	N/A	664,741	679,005	1,050,210	1,965,596	2,910,024	4,265,247	1,802,313
Total Revenues	N/A	N/A	N/A	\$44,032,191	\$50,917,913	\$64,770,468	\$75,733,133	\$80,114,197	\$95,379,024	\$108,547,966

Source: District Records

N/A - Information not available

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Instruction	N/A	N/A	N/A	\$18,939,102	\$22,269,328	\$25,708,714	\$42,733,762	\$35,732,050	\$37,338,247	\$42,354,099
Pupil	N/A	N/A	N/A	1,966,905	2,343,013	2,850,382	3,704,090	3,886,250	4,147,389	5,210,686
Instructional Staff	N/A	N/A	N/A	2,710,144	3,216,773	3,918,314	5,152,696	5,634,872	5,994,854	6,347,333
General Administration	N/A	N/A	N/A	40,083	46,824	58,415	72,318	58,484	98,266	95,124
School Administration	N/A	N/A	N/A	2,434,400	2,695,491	3,647,493	4,542,798	4,389,162	4,481,342	4,900,814
Fiscal	N/A	N/A	N/A	839,665	1,022,459	1,166,220	1,349,296	1,542,305	1,684,906	1,841,158
Business	N/A	N/A	N/A	154,879	177,658	122,103	282,150	223,220	302,768	315,862
Operation and Maintenance	N/A	N/A	N/A	3,940,808	4,384,078	4,907,212	8,900,007	8,686,778	9,564,467	10,189,943
Pupil Transportation	N/A	N/A	N/A	2,820,730	3,220,706	4,017,016	4,345,139	4,186,035	6,246,443	6,472,242
Central	N/A	N/A	N/A	881,897	1,750,738	4,759,057	3,249,443	2,353,829	2,697,180	3,343,900
Operation of Non-instructional Services	N/A	N/A	N/A	291,303	335,689	369,775	554,650	3,583,084	4,201,562	4,449,404
Extracurricular Activities	N/A	N/A	N/A	790,968	813,271	1,193,021	1,685,878	1,717,739	1,866,052	1,996,818
Capital Outlay	N/A	N/A	N/A	3,154,428	13,179,953	37,374,378	0	1,552,024	7,484,458	25,917,835
Debt Service	N/A	N/A	N/A	1,166,632	1,563,891	75,363,309	2,330,000	3,212,122	3,792,045	4,250,000
Principal Retirement	N/A	N/A	N/A	2,961,845	4,193,438	6,685,315	5,978,730	5,304,061	7,188,793	6,894,023
Interest and Fiscal Charges	N/A	N/A	N/A	\$43,093,789	\$61,213,310	\$172,140,724	\$84,880,957	\$82,082,015	\$97,088,772	\$124,579,241
Total Expenditures	N/A	N/A	N/A							
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	11.53%	13.62%	155.64%	10.85%	11.83%	13.97%	12.73%

Source: District Records

N/A - Information not available

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other Financing Sources (Uses)										
Proceeds of Capital Leases	N/A	N/A	N/A	\$528,209	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Sale of Capital Assets	N/A	N/A	N/A	19,864	0	0	1,008	0	460,040	4,053,490
Proceeds of Long Term Debt	N/A	N/A	N/A	0	144,674,602	0	0	35,000,000	0	0
Proceeds of Refunding Bonds	N/A	N/A	N/A	0	0	0	0	15,705,000	0	59,380,000
Payment to Refunded Bonds Escrow Agent	N/A	N/A	N/A	0	0	0	0	(15,705,000)	0	(65,349,169)
Refunding Bond Premium	N/A	N/A	N/A	0	0	0	0	0	0	5,969,169
Transfers In	N/A	N/A	N/A	405,686	610,773	2,249,197	17,874,000	15,939,000	14,377,750	13,187,317
Transfers Out	N/A	N/A	N/A	(405,686)	(610,773)	(2,249,197)	(17,874,000)	(15,939,000)	(14,377,750)	(13,187,317)
Total Other Financing Sources (Uses)	N/A	0	0	548,173	144,674,602	0	1,008	35,000,000	460,040	4,053,490
Net Change in Fund Balances	N/A	N/A	N/A	\$1,486,575	\$134,379,205	(\$107,370,236)	(\$9,146,816)	\$33,032,182	(\$1,249,708)	(\$11,977,785)

Source: District Records

N/A - Information not available

**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			
1996	\$345,531,240	\$26,469,100	\$74,145,702	\$446,146,042	\$1,321,930,426	\$62.36
1997	447,470,900	28,019,150	82,819,360	558,309,410	1,650,113,302	61.95
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

Source: County Auditor



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

Calendar Year	District Direct Rate	Warren County	City of Mason	Deerfield Township	Great Oaks JVSD	Warren-Clinton		Warren County	
						Community Mental Health	Turtlecreek Township	Union Township	Health District
1996	62.36	5.00	1.89	4.30	2.70	1.00	5.62	5.20	0.50
1997	61.95	5.00	2.32	4.80	2.70	1.00	5.62	5.20	0.50
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

Source: County Auditor

Mason City School District  
 Principal Property Tax Payers – Warren County  
 Current Calendar Year and Five Years Ago (1)  
 Schedule 10

Taxpayer	2005		2000	
	Assessed Value	Percentage of Total Assessed Value	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$16,966,200	1.23%	N/A	N/A
Mitsubishi Electric	16,707,820	1.21%	17,447,460	1.92%
Proctor & Gamble	16,216,730	1.18%	26,751,930	2.94%
Duke Realty Ltd. Partnership	13,006,020	0.94%	28,641,410	3.15%
UBE Automotive	11,033,290	0.80%	N/A	N/A
Cintas Corporation No. 2	7,415,300	0.54%	N/A	N/A
Twin Fountains of Mason	6,694,070	0.49%	N/A	N/A
Metropolitan Life Insurance	6,661,090	0.48%	N/A	N/A
Mason Christian Village	6,094,350	0.44%	4,566,000	0.50%
H J Heinz Co.	5,854,870	0.43%	N/A	N/A
Cincinnati Gas and Electric	N/A	N/A	21,612,730	2.38%
Northeast Cincinnati Hotels	N/A	N/A	4,732,270	0.52%
United Telephone	N/A	N/A	4,043,520	0.44%
Facs Group	N/A	N/A	3,980,530	0.44%
Michelin North America, Inc.	N/A	N/A	3,528,370	0.39%
Zaring Homes, Inc.	N/A	N/A	3,465,450	0.00%
<b>Total:</b>	<b>\$106,649,740</b>	<b>2.38%</b>	<b>\$118,769,670</b>	<b>4.67%</b>

Source: County Auditor

(1) - Information only available until 2000

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

Calendar Year	Taxes Levied	Collected within the		Delq. Collections in Subsequent Years	Total Collections to Date	
		Calendar Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
1996	\$11,969,696	\$12,098,720	101.08%	\$130,539	\$12,229,259	102.17%
1997	19,249,501	18,885,003	98.11%	363,613	19,248,616	100.00%
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	51,570,428	97.81%	1,078,359	52,648,787	99.85%
2005	56,733,532	55,077,436	97.08%	1,155,848	56,233,284	99.12%

Source: County Auditor and district records

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	General Obligation Bonds and Notes			
1997	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A
1999	\$16,614	\$48,250,000	48,266,614	1.17%	346
2000	483,291	47,145,000	47,628,291	1.06%	328
2001	359,400	189,575,000	189,934,400	3.84%	1,246
2002	231,091	114,340,000	114,571,091	2.17%	710
2003	100,398	112,010,000	112,110,398	2.03%	669
2004	17,045	143,885,000	143,902,045	2.49%	822
2005	0	140,110,000	140,110,000	N/A	768
2006	0	139,627,632	139,627,632	N/A	738

Source: District Records

N/A - Information not available

**Mason City School District**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2006**  
**Schedule 13**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Overlapping Debt:</b>			
Butler County	\$72,135,000	0.05%	\$36,068
Warren County	421,790	28.52%	120,295
Lebanon City	8,726,314	0.00%	0
City of Mason	15,305,000	90.41%	13,837,251
Deerfield Township	16,977,000	55.51%	9,423,933
Turtle Creek Township	2,775,000	0.11%	3,053
West Chester Township	39,225,000	0.23%	90,218
Great Oaks Joint Vocational School	3,325,000	7.76%	258,020
<b>Subtotal, Overlapping Debt</b>	<b>158,890,104</b>		<b>23,768,835</b>
<b>District direct debt</b>	<b>139,045,000</b>	<b>100.00%</b>	<b>139,045,000</b>
<b>Total direct and overlapping debt</b>	<b>\$297,935,104</b>		<b>\$162,813,835</b>

Source: Ohio Municipal Advisory Council

Mason City School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value	\$1,377,225,385
Debt Limit (9% of Assessed Value)	123,950,285
Debt Limit - Special Needs District (2)	215,911,053
Debt Applicable to Limit	132,582,084
Legal Debt Margin	<u>\$83,328,969</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	N/A	N/A	N/A	\$57,248,308	\$215,789,380	\$232,627,457	\$215,911,053	\$215,911,053	\$215,911,053	\$215,911,053
Total Net Debt Applicable to Limit	N/A	N/A	N/A	55,910,000	198,460,000	118,874,044	114,416,075	145,259,259	140,579,547	132,582,084
Legal Debt Margin	N/A	N/A	N/A	\$1,338,308	\$17,329,380	\$113,753,413	\$101,494,978	\$70,651,794	\$75,331,506	\$83,328,969

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	N/A	97.66%	91.97%	51.10%	52.99%	67.28%	65.11%	61.41%
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Source: District Records

N/A - Information not available

(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**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of Dollars) (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Unemployment Rate (4)</b>
1996	134,392	\$3,302,213	\$24,571	5.40%
1997	139,428	3,725,625	26,721	5.20%
1998	145,427	4,113,058	28,283	4.70%
1999	152,448	4,501,708	29,529	4.50%
2000	158,383	4,946,103	30,660	4.20%
2001	167,507	5,286,564	31,512	4.70%
2002	175,041	5,521,565	31,522	6.00%
2003	182,330	5,786,295	31,699	6.50%
2004	189,276	6,213,055	32,745	5.60%
2005	N/A	N/A	N/A	5.00%

(1) Population estimates provided by U.S. Census Bureau

(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 (1)  
Schedule 16**

<u>Employer</u>	<u>2006 (2)</u>	
	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Anthem	2,472	2.51%
Procter & Gamble	2,100	2.13%
Cintas Corporate	1,800	1.83%
Mason City Schools	1,207	1.23%
Luxotica Retail	1,166	1.18%
Siemens Business Services	525	0.53%
Blackhawk Automotive	512	0.52%
Portion Pae	506	0.51%
Thompson Learning	479	0.49%
Mitsubishi Electric	423	0.43%
CNG Financial	260	0.26%
	<u>11,450</u>	<u>11.64%</u>
Total County Employment	98,400	

Source: Warren County Economic Development Department

(1) - Only current fiscal year information available

(2) - Data current as of January 2006



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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Supervisory</b>										
Instructional administrators	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Noninstructional administrators	7.00	10.00	15.00	10.00	12.00	15.00	16.75	15.75	16.00	17.81
Consultant/supervisors of instruction	1.00	1.00	54.00	11.00	14.00	18.00	17.00	19.00	18.00	18.12
Principals	5.00	5.00	6.00	6.00	5.00	5.00	5.00	6.00	6.00	6.00
Assistant Principals	6.00	8.00	9.00	9.00	10.00	12.00	14.00	16.00	17.00	17.00
<b>Total Supervisory</b>	<b>21.00</b>	<b>26.00</b>	<b>86.00</b>	<b>38.00</b>	<b>43.00</b>	<b>52.00</b>	<b>54.75</b>	<b>58.75</b>	<b>59.00</b>	<b>60.93</b>
<b>Instruction</b>										
Elementary classroom teachers	NA	NA	NA	NA	233.00	265.00	288.01	300.05	317.45	329.50
Secondary classroom teachers	NA	NA	NA	NA	172.00	198.00	211.20	235.60	245.69	258.60
ESE teachers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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)	1.20	1.00	3.50	4.50	5.50	6.50	7.50	8.06	11.36	12.26
Aides	18.51	26.06	31.87	48.82	59.33	88.35	101.80	123.42	137.00	147.50
<b>Total Instruction</b>	<b>19.71</b>	<b>27.06</b>	<b>35.37</b>	<b>53.32</b>	<b>469.83</b>	<b>557.85</b>	<b>608.51</b>	<b>667.13</b>	<b>712.50</b>	<b>748.86</b>
<b>Student Services</b>										
Guidance counselors	8.00	10.00	22.64	12.00	13.64	12.64	11.80	16.64	16.00	17.00
Visiting teachers/social workers	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Psychologists	0.00	0.00	0.00	1.00	2.00	3.60	5.22	4.79	5.00	5.00
Librarians	2.00	2.00	5.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Other professionals (noninstructional)	4.00	5.00	6.00	7.00	7.64	7.50	9.62	8.78	7.60	8.52
Technicians	7.18	9.65	14.32	16.67	18.33	22.67	26.57	25.81	24.77	24.77
<b>Total student services</b>	<b>21.18</b>	<b>26.65</b>	<b>47.96</b>	<b>39.67</b>	<b>45.61</b>	<b>50.41</b>	<b>57.21</b>	<b>60.02</b>	<b>56.37</b>	<b>58.29</b>
<b>Support and Administration</b>										
Clerical/secretarial	25.56	32.08	39.93	40.93	44.14	52.77	54.70	58.40	57.30	58.23
Service workers	53.35	54.87	79.87	81.72	86.69	105.95	129.70	144.04	139.81	138.81
Skilled crafts	5.00	7.00	7.00	9.00	10.00	11.00	14.00	15.00	15.00	17.00
Vehicle Operator (buses)	27.98	29.56	38.68	44.14	51.98	71.05	71.45	73.61	74.63	80.71
Unskilled laborers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total support and administration</b>	<b>111.89</b>	<b>123.51</b>	<b>165.48</b>	<b>175.79</b>	<b>192.81</b>	<b>240.77</b>	<b>269.85</b>	<b>291.05</b>	<b>286.74</b>	<b>294.75</b>
<b>Total employees</b>	<b>173.78</b>	<b>203.22</b>	<b>334.81</b>	<b>306.78</b>	<b>751.25</b>	<b>901.03</b>	<b>990.32</b>	<b>1076.95</b>	<b>1114.61</b>	<b>1162.83</b>

Source: State Department of Education

Mason City School District  
 Operating Statistics  
 Last Ten Fiscal Years  
 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
1997	4,371	N/A	N/A	N/A	N/A	N/A	N/A	NA	N/A	NA
1998	4,783	N/A	N/A	N/A	N/A	N/A	N/A	NA	N/A	NA
1999	5,364	N/A	N/A	N/A	N/A	N/A	N/A	NA	N/A	NA
2000	6,057	35,810,884	5,912	N/A	N/A	N/A	N/A	NA	N/A	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	76,572,227	9,568	33.63%	68,788,647	\$8,595	N/A	499.21	16.0	3.75%
2004	8,636	72,013,808	8,339	-12.85%	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%

Source: Nonfinancial information from district records.

N/A - Information not available

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>School</b>										
<b>Elementary</b>										
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	56,926	56,926
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	452	451	488	622	701	648	698	751	757	801
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	850	850	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	751	877	909	1,005	1,124	1,294	1,119	1,190	1,226	1,216
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	825	825	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	787	758	921	1,079	1,111	1,191	967	1,039	1,139	1,208
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
Capacity							2,400	2,400	2,400	2,400
Enrollment							1,883	2,052	2,211	2,387
<b>Junior High School</b>										
Mason Middle (1994)										
Square feet	150,503	150,503	150,503	150,503	150,503	150,503				
Capacity	1,200	1,200	1,200	1,200	1,200	1,200				
Enrollment	1,223	1,467	822	930	1,003	1,076				
Mason Middle (1958)										
Square feet							276,378	276,378	276,378	276,378
Capacity							1,500	1,500	1,500	1,500
Enrollment							1,256	1,366	1,371	1,452
<b>High School</b>										
William Mason High (1958)										
Square feet	276,378	276,378	276,378	276,378	276,378	276,378				
Capacity	750	1,500	1,500	1,500	1,500	1,500				
Enrollment	1,158	1,230	1,402	1,495	1,674	1,824				
William Mason High (Year Blt)										
Square feet							375,010	375,010	375,010	375,010
Capacity							2,700	2,700	2,700	2,700
Enrollment							1,987	2,134	2,408	2,567

- (1) - Mason Intermediate was completed and opened in fiscal year 1999
- (2) - Intermediate level students filled Intermediate and Middle school building in 2003
- (3) - Junior High Students moved into old High School building in 2003
- (4) - New High School opened in 2004
- (5) - Mason Early Childhood Students are half day Kindergarten students





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**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 16, 2007**