



**Auditor of State
Betty Montgomery**

MASON CITY SCHOOL DISTRICT
WARREN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Schedule of Federal Awards Expenditures.....	1
Notes to the Schedule of Federal Awards Expenditures	2
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	5
Schedule of Findings.....	7
Schedule of Prior Audit Findings.....	9

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	None	10.550	\$0	\$222,667	\$0	\$216,680
National School Lunch Program	LL-P4-03	10.555	58,968	0	58,968	0
	LL-P4-04		<u>152,449</u>	<u>0</u>	<u>152,449</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>211,417</u>	<u>222,667</u>	<u>211,417</u>	<u>216,680</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States						
IDEA Part B	6B-SF-03/04	84.027	781,037	0	691,934	0
Autism Grant	6B-SA-03		33,600	0	8,347	0
Raising Expectations	6B-SD-03/04		37,327	0	50,607	0
Child Progress	PG-D7-03	84.173	3,516	0	3,516	0
Preschool Disability Grant	PG-S1-03/04		<u>29,561</u>	<u>0</u>	<u>29,561</u>	<u>0</u>
Total Special Education Cluster			<u>885,041</u>	<u>0</u>	<u>783,965</u>	<u>0</u>
Grants to Local Educational Agencies						
(ESEA Title I)	C1-S1-03/04	84.010	176,202	0	155,311	0
Title II-A, Improving Teacher Quality	TR-S1-03/04	84.367	176,157	0	153,868	0
Title V, Innovative Programs	C2-S1-03/04	84.298	51,913	0	40,452	0
Title IV-SDFSC	DR-S1-03/04	84.186	25,982	0	20,716	0
Title II-D, Technology Fund	TJ-S1-04	84.318	6,201	0	5,278	0
Title III, Immigrant	T3-S1-04	84.365	12,324	0	10,377	0
Title III, LEP	T3-S2-04	84.365	31,642	0	25,537	0
School Renovation, IDEA & Technology	AT-S4-02	84.352A	<u>25,837</u>	<u>0</u>	<u>25,837</u>	<u>0</u>
<i>Passed through the Great Oaks Institute & Career Development</i>						
Carl Perkins/Vocational Education	None	84.049	<u>10,083</u>	<u>0</u>	<u>8,316</u>	<u>0</u>
Total U.S. Department of Education			<u>1,401,382</u>	<u>0</u>	<u>1,229,657</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance Discretionary Grant	R1-S1-04	93.576	<u>2,200</u>	<u>0</u>	<u>4,103</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$1,614,999</u></u>	<u><u>\$222,667</u></u>	<u><u>\$1,445,177</u></u>	<u><u>\$216,680</u></u>

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2004**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 Mason City School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 2004, and have issued our report thereon dated December 3, 2004, wherein we noted the District reclassified its enterprise funds and business-type activities to governmental funds and activities. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2004-001. We also noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 3, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 2004.

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

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

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 3, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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 are applicable to its major federal program for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the District 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 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 that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 3, 2004, wherein we noted the District reclassified its enterprise funds and business-type activities to governmental funds and activities. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 3, 2004

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
JUNE 30, 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)?	Yes
(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):	Nutrition Cluster: CFDA# 10.550 and 10.555 ESEA Title I : CFDA# 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING 2004-001

Finding for Recovery-Repaid Under Audit

On paydate December 23, 2003, Melody Fletcher, a bus driver for Mason City School District, was paid \$108.71 for her "exceptions pay." Exceptions pay is any additional time or wages, beyond regular hours for a pay period. While reviewing the timecards, we discovered the District paid Ms. Fletcher overtime for hours that should have been docked. The District also shorted Ms. Fletcher an hour of additional pay.

Amount Paid December 23, 2003						
Additional Hours	Additional Total Pay	Overtime Hours	Overtime Total Pay	Docked Hours	Docked Pay Total	Total Payment
4	\$69.56	4.5	\$39.15	0	\$0	\$108.71

Amount Should Have Been Paid December 23, 2003						
Additional Hours	Additional Total Pay	Overtime Hours	Overtime Total Pay	Docked Hours	Docked Pay Total	Total Payment
5	\$86.95	0	\$0	4.5	\$78.26	\$8.69

***Calculations of additional and docked hours are at \$17.39/hour.

***Overtime is calculated at \$8.70/hour. Overtime hours are paid at ½ the hourly rate because the first hour of the overtime is paid at the regular or additional hourly rate. The overtime hourly rate is weighted against other regular or additional hours worked during the pay period because they are paid at different rates.

The amount paid to Ms. Fletcher on pay date December 23, 2003, \$108.71 less \$8.69, the amount that should have been paid, resulted in an overpayment of \$100.02.

Based on the foregoing facts pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Melody Fletcher for \$100.02 for public monies illegally expended, in favor of the District's General Fund. This amount was deducted from Ms. Fletcher's paycheck dated November 23, 2004. We will consider this as a finding for recovery repaid under audit.

3. FINDINGS FOR FEDERAL AWARDS

None.

MASON CITY SCHOOL DISTRICT
WARREN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Material noncompliance – ORC 3315.062(B)- Certain student activity fees were not accounted for in the District accounting records and financial statements.	Yes	

MASON CITY SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended
2004**

“Where Each Student Is Important”

MASON, OH

MASON CITY SCHOOL DISTRICT
MASON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2004

Prepared by:
Treasurer's Office

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TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	I
Certificate of Achievement for Excellence in Financial Reporting	V
Organizational Chart	VI
List of Principal Officials	VII
 FINANCIAL SECTION	
Independent Accountants' Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Net Assets - Fiduciary Funds	20
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	21
Notes to the Basic Financial Statements	23
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	46
Notes to the Required Supplementary Information	51
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Fund Descriptions	55
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	59
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	73
Agency Fund:	
Statement of Changes in Assets and Liabilities	74
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Public School Support	75
Community Services	76
District Managed Student Activity	77
Auxiliary Services	78
Career Development	79
Management Information System	80
Entry Year Programs Fund	81
OneNet Network Connectivity	82
SchoolNet Professional Development	83
Ohio Reads	84
Summer Intervention Fund	85
Safe School Help Line	86
School Conflict Management	87
Title VI-B	88
Vocational Education	89
Title III	90
Refugee Impact	91
Title I	92
Title VI	93
Drug-Free Schools	94
Public School Preschool	95
E-Rate	96
Improving Teacher Quality	97
Continuous Improvement	98
Food Service	99
Uniform School Supplies Fund	100
Latchkey Fund	101
Debt Service	102
Capital Projects	103
Building	104
SchoolNet Plus	105

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
General Fund Expenditures by Function	1	108
General Fund Revenues by Source	2	110
Property Tax Levies and Collections	3	112
Assessed and Estimated Actual Value of Taxable Property	4	113
Property Tax Rates - Direct and Overlapping Governments	5	114
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt per Capita	6	115
Computation of Legal Debt Margin	7	116
Computation of Direct and Overlapping General Obligation Bonded Debt	8	117
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures	9	118
Demographic Statistics	10	119
Property Value, Financial Institution Deposits, and Building Permits	11	120
Principal Taxpayers Real Estate	12	121
Principal Taxpayers Tangible Personal Property	13	122
Principal Taxpayers Public Utility Personal Property	14	123
Cost to Educate a 2004 Graduate	15	124
Miscellaneous Statistical Data	16	125
Largest Employers	17	126
Levy History	18	127
Student Population by Sex and by Race	19	128
Schedule of Insurance Policies and Bonding Insurance	20	129
Enrollment History	21	130
Directory of School Facilities	22	131
Finance Department	23	132

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Introductory Section

MASON CITY SCHOOLS

Treasurer's Office

211 North East Street • Mason, Ohio • 45040

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

December 3, 2004

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, 2004.

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, 2004, 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, 2004, 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, 2004, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Kevin Wise	Jan. 2004 - Dec. 2007	1 ½
Mrs. Marianne Culbertson	Jan. 2002 - Dec. 2005	10 ½
Mrs. Deborah Delp	Jan. 2004 - Dec. 2007	½
Mr. David Lenert	Jan. 2002 - Dec. 2005	10 ½
Mrs. Connie Yingling	Jan. 2002 - Dec. 2005	4 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, 2006.

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, 2006.

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 Child's Place Montessori, 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. These State subsidies are therefore presented as special revenue funds within this report.

The District served 8,635 students during the 2004 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 1180 full-time and part-time employees as of June 30, 2003. 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 8,635. It is expected that the District's enrollment will be approximately 9,275 for fiscal year 2005 and will continue to increase through 2010.

The District teachers, educational specialists, tutors and counselors are represented by the Mason Education Association (MEA). A two year agreement on language, salary and fringe benefits was ratified on October 19, 2001. This agreement will expire on June 30, 2006. The agreement provides MEA members with 2.5% percent base salary increase for the 2004-2005 school year, bringing the base teaching salary to \$33,216, and a 3.0% base salary increase for the 2005-2006 school year, bringing the base teaching salary to \$34,212.

The District's 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 2001 and is growing steadily through planning and development. The District is served by Sprint Telephone and Cincinnati Gas and Electric Company. 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 12,500 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 2004 for all District funds was \$461,584. A more detailed description of the District's investment functions is provided in Note 4 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, 2003. 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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emmer

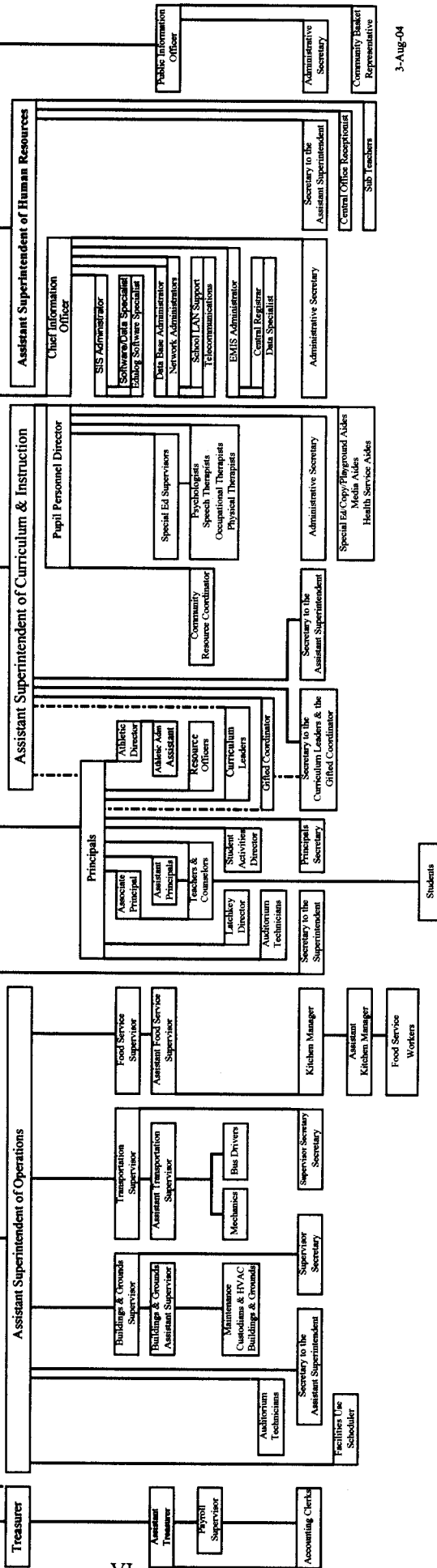
Executive Director

ORGANIZATIONAL CHART

Citizens of Mason City School District

Board of Education

Superintendent



**MASON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2004**

ELECTED OFFICIALS

President, Board of Education	David Lenert
Vice President, Board of Education	Connie Yingling
Board Member	Marianne Culbertson
Board Member	Deborah Delp
Board Member	Kevin Wise

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	Ginny Jackson
Chief Information Officer	Dave Hickey
Payroll Supervisor.....	Terri Ross
Building and Grounds Supervisor	George Highfill
Food Service Supervisor	Darlene Hicks
Support Education Supervisor	Laura Bosse
Support Education Supervisor	Susan Kline
Transportation Supervisor	Ron McClure
Public Information Officer	Shelly Hausman

**Financial
Section**





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

Mason City School District
Warren County
211 North East Street
Mason, Ohio 45044

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 Government) as of and for the year ended June 30, 2004, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government'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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio, as of June 30 2004, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 22, for the fiscal year ended June 30, 2004, the District reclassified activity formerly reported in the enterprise funds and as a business type activity to special revenue funds and governmental activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2004 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

We conducted our audit to form opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

December 3, 2004

**MASON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2004
(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, 2004. 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.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets decreased \$1.34 million which represents a 5.0% decrease from 2003.
- General revenues accounted for \$73.4 million in revenue or 92.1% of all revenues. Program specific revenues in the form of charges for services and sales; and grants and contributions accounted for \$6.27 million or 7.9% of total revenues of \$79.68 million.
- Total assets of governmental activities increased by \$39.81 million as cash increased by \$36.98 million while taxes receivable increased by \$4.77 million.
- The District had \$81.02 million in expenses related to governmental activities; only \$6.27 million of those expenses were offset by program specific charges for services, grants or contributions. General revenues of \$73.41 million were adequate to provide for these programs.
- The General Fund had \$61.29 million in revenues and \$64.25 million in expenditures. The General Fund's fund balance decreased from \$14.55 to \$10.96 million. The Debt Service Fund had \$9.62 million in revenues and \$8.43 million in expenditures. The Debt Service Fund's fund balance increased from \$5.54 million to \$5.83 million. The Building Fund had \$0.13 million in revenues and \$1.74 million in expenditures. The Building Fund's fund balance increased from (\$5.54) million to \$28.75 million.

Using this Comprehensive Annual Financial Report (CAFR)

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.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

The analysis of the District as a whole begins with the Statement of Net Assets and the Statement of Activities. 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 Statement of Net Assets and the Statement of Activities, 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.

Reporting the District's Most Significant Funds

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 2004 compared to 2003:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2003 Restated</u>	<u>2004</u>
Assets		
Current and Other Assets	\$78,713,547	\$120,528,522
Capital Assets	<u>123,123,719</u>	<u>121,114,990</u>
Total Assets	<u>201,837,266</u>	<u>241,643,512</u>
Liabilities		
Long-Term Liabilities	114,565,701	146,629,846
Other Liabilities	<u>60,249,345</u>	<u>69,337,382</u>
Total Liabilities	<u>174,815,046</u>	<u>215,967,228</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	10,882,628	5,012,945
Restricted	7,178,617	8,332,744
Unrestricted	<u>8,960,975</u>	<u>12,330,595</u>
Total Net Assets	<u>\$27,022,220</u>	<u>\$25,676,284</u>

Total assets increased \$39.81 million. Equity in pooled cash and cash equivalents increased \$37.43 million. Capital assets decreased \$2.01 million and taxes receivable increased \$4.77 million. Total liabilities increased \$41.15 million, resulting in a net asset decrease of \$1.34 million. The decrease in capital assets is due to \$1.50 million in additions offset by \$0.50 million net effect of disposals and depreciation expense. The increase in long-term liabilities is due to the bond issuance for building construction.

Table 2 shows the change in net assets for fiscal year 2004.

Table 2
Changes in Net Assets

	Governmental Activities <u>2003 Restated</u>	Governmental Activities <u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$3,561,648	\$3,746,834
Operating Grants	2,181,350	2,459,993
Capital Grants	947,833	60,920
General Revenue:		
Property Taxes	46,418,347	42,687,039
Grants and Entitlements	23,915,631	27,842,523
Other	<u>2,363,121</u>	<u>2,878,993</u>
Total Revenues	<u>79,387,930</u>	<u>79,676,302</u>
Program Expenses:		
Instruction	30,939,158	37,987,024
Support Services:		
Pupil and Instructional Staff	8,166,807	9,664,713
School and General Administration,		
Fiscal and Business	5,821,994	6,384,308
Operations and Maintenance	7,977,214	8,869,440
Pupil Transportation	4,662,523	4,665,435
Central	3,295,061	2,512,887
Operation of Non-Instructional Services	3,576,143	3,820,453
Extracurricular Activities	1,373,452	1,821,481
Interest and Fiscal Charges	<u>5,970,025</u>	<u>5,292,728</u>
Total Expenses	<u>71,782,377</u>	<u>81,018,469</u>
Increase in Net Assets	<u>\$7,605,553</u>	<u>(\$1,342,167)</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 88.5% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by 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.

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 53.6% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 47% of governmental program expenses. Support services expenses were 39.6% of governmental program expenses. Interest expense was 6.5%. Interest expense was attributable to the outstanding bond and borrowing for capital projects. The decrease in tax revenues is the result of more taxes available for advance at the beginning of the year than at the end of the year. Instruction expense increased from the prior year due to the following: higher salaries for teachers, health insurance costs increased and the current year had more retirees than the previous year.

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	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Instruction	\$30,939,158	\$37,987,024	\$28,981,758	\$36,298,479
Support Services:				
Pupil and Instructional Staff	8,166,807	9,664,713	8,016,986	9,546,311
School and General Administration,				
Fiscal and Business	5,821,994	6,384,308	5,821,994	6,384,308
Operations and Maintenance	7,977,214	8,869,440	7,676,211	8,314,195
Pupil Transportation	4,662,523	4,665,435	4,541,152	4,591,461
Central	3,295,061	2,512,887	3,185,658	2,319,873
Operation of Non-Instructional Services	3,576,143	3,820,453	386,694	376,171
Extracurricular Activities	1,373,452	1,821,481	1,284,456	1,627,196
Interest and Fiscal Charges	<u>5,970,025</u>	<u>5,292,728</u>	<u>5,970,025</u>	<u>5,292,728</u>
Total Expenses	<u>\$71,782,377</u>	<u>\$81,018,469</u>	<u>\$65,091,546</u>	<u>\$74,750,722</u>

The District's Funds

Information about the District's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are accounted for using the modified accrual basis of accounting. The general fund balance decreased from \$14,550,223 to \$10,960,849. Key factors for this decrease are: a decrease in tax revenue and an increase in instructional expenses. The debt service fund balance increased from \$5,543,925 to \$5,825,741. The building fund balance increased from (\$5,543,860) to \$28,753,543. The District received proceeds from bonds which caused this increase.

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 in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$72.95 million. The original budget estimate was \$71.42 million. The \$1.53 million difference was primarily due to conservative estimates for taxes and intergovernmental revenue.

The District's ending unobligated General Fund cash balance was \$2.94 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At year end, the District had \$121.1 million invested in land, buildings and equipment. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

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

	<u>Governmental Activities</u>	
	<u>Restated 2003</u>	<u>2004</u>
Land and Improvements	\$5,839,438	\$5,839,438
Construction in Progress	372,188	568,123
Buildings and Improvements	103,789,388	102,677,725
Equipment	<u>13,122,705</u>	<u>12,029,704</u>
Total Net Assets	<u>\$123,123,719</u>	<u>\$121,114,990</u>

The decrease in capital assets is due to \$1.50 million in additions offset by \$0.5 million net effect of disposals and the recognition of depreciation expense. This District continues its ongoing commitment to maintaining and improving its capital assets. Additional information on the District's capital assets can be found in note 7 of this report.

Debt

At year end, the District had \$143,885,000 in bonds outstanding, \$3,910,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2003	Governmental Activities 2004
Total:		
General Obligation Bonds:		
1992 Building Construction & Equipment	\$3,200,000	\$0
1995 Building Construction & Equipment	17,815,000	3,900,000
1998 Building Construction & Equipment	21,420,000	21,070,000
2001 High School/Recreation Center Construction & Equipment	69,575,000	68,475,000
2003 Refunding Middle/High School	0	15,440,000
2004 Early Childhood Center	0	35,000,000
	<u>\$112,010,000</u>	<u>\$143,885,000</u>

At year end, the District's overall legal debt margin (based on its being granted special needs status) was \$70,651,794 with an unvoted debt margin of \$1,231,632. The District maintains an Aa2 bond rating (from Moody's). Additional information on the District's debt can be found in note 9 of this report.

For the Future

The economic condition and outlook for the District remains positive. Although development has slowed from the frantic pace of the last ten years, new business and residential development projects are still continuing despite the general economic downturn in the State. It is estimated that there remains approximately 15% of the total land area within the District available for development.

Externally, in March 1997, the Ohio Supreme Court found the State of Ohio to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has made some improvements, but on December 11, 2002, the Supreme Court again determined that the current school funding system is unconstitutional, and that the State had failed to enact "a complete systematic overhaul" of the school funding system. However, the Supreme Court also determined not to retain jurisdiction of the case. Without that jurisdiction it is questionable whether the State will make any significant changes to the funding system or increase the funding to an adequate level. The State's projections for revenues over the current biennium budget produce almost no increases in funding after enrollment growth is factored out.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In 2001, when the last operating levy was passed, the District projected that it would need to return to the voters for another operating levy in 2005 to address a deficit projected for the 2006-07 school year. Despite the decreased revenue projections from the State, the District plans to meet this commitment through significant budgetary controls and spending restrictions that have been in effect during this period of time. This has resulted in the District spending significantly less per pupil than the State average, while producing results that rank it in the top 13 districts in the State. However, the District continues to forecast a deficit in fiscal year 2007 that will require a new operating levy sometime in 2005.

It is no surprise that all of the District's financial management abilities and controls will be needed to meet the challenges of the future. However, with continued careful planning and monitoring of the District's finances and continued support from the community, the District's management is confident that the District will continue to provide a high quality education for our students while maintaining a balanced, cost efficient budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Richard Gardner, Treasurer at Mason City Schools, 211 North East Street, Mason, Ohio 45040. Or E-mail at gardnerr@mason.k12.oh.us.

BASIC FINANCIAL STATEMENTS

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Mason City Schools
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$66,546,941
Restricted Cash and Investments	85,593
Cash and Cash Equivalents with Fiscal Agent	133,342
Receivables:	
Taxes	53,205,314
Accounts	407,516
Interest	87
Intergovernmental	89,774
Inventory	59,955
Nondepreciable Capital Assets	6,407,561
Depreciable Capital Assets, Net	<u>114,707,429</u>
 Total Assets	 <u>241,643,512</u>
Liabilities:	
Accounts Payable	430,098
Accrued Wages and Benefits	8,922,199
Retainage Payable	133,342
Accrued Interest Payable	522,487
Deferred Revenue	51,574,768
Claims Payable	554,488
General Obligation Notes Payable	7,200,000
Long-Term Liabilities:	
Due Within One Year	4,185,405
Due In More Than One Year	<u>142,444,441</u>
 Total Liabilities	 <u>215,967,228</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	5,012,945
Restricted for:	
Special Revenue	2,827,119
Debt Service	5,420,032
Set-Aside	85,593
Unrestricted	<u>12,330,595</u>
 Total Net Assets	 <u>\$25,676,284</u>

See accompanying notes to the Basic Financial Statements.

Mason City Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$31,745,860	\$858,733	\$222,078	\$0	(\$30,665,049)
Special	5,889,645	7,935	540,789	0	(5,340,921)
Vocational	23,100	0	42,746	0	19,646
Other	328,419	16,264	0	0	(312,155)
Support Services:					
Pupil	3,937,365	10,380	14,826	0	(3,912,159)
Instructional Staff	5,727,348	31,321	61,875	0	(5,634,152)
General Administration	58,484	0	0	0	(58,484)
School Administration	4,458,914	0	0	0	(4,458,914)
Fiscal	1,619,621	0	0	0	(1,619,621)
Business	247,289	0	0	0	(247,289)
Operations and Maintenance	8,869,440	538,782	16,463	0	(8,314,195)
Pupil Transportation	4,665,435	12,915	139	60,920	(4,591,461)
Central	2,512,887	5,576	187,438	0	(2,319,873)
Operation of Non-Instructional Services	3,820,453	2,070,705	1,373,577	0	(376,171)
Extracurricular Activities	1,821,481	194,223	62	0	(1,627,196)
Interest and Fiscal Charges	5,292,728	0	0	0	(5,292,728)
Totals	\$81,018,469	\$3,746,834	\$2,459,993	\$60,920	(\$74,750,722)

General Revenues:

Property Taxes Levied for:

General Purposes	33,595,910
Debt Service Purposes	8,517,335
Capital Projects Purposes	573,794
Grants and Entitlements not Restricted to Specific Programs	27,842,523
Payment in Lieu of Taxes	1,137,880
Unrestricted Contributions	60,000
Investment Earnings	460,050
Refunds and Reimbursements	14,365
Other Revenues	1,206,698

Total General Revenues

73,408,555

Change in Net Assets

(1,342,167)

Net Assets Beginning of Year (restated)

27,018,451

Net Assets End of Year

\$25,676,284

See accompanying notes to the Basic Financial Statements.

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Mason City Schools
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$18,516,594	\$5,537,284	\$36,056,001	\$6,437,062	\$66,546,941
Restricted Cash and Investments	85,593	0	0	0	85,593
Cash and Cash Equivalents with Fiscal Agent	0	0	133,342	0	133,342
Receivables:					
Taxes	43,294,693	9,371,671	0	538,950	53,205,314
Accounts	362,726	0	0	44,790	407,516
Interest	87	0	0	0	87
Intergovernmental	0	0	0	89,774	89,774
Interfund	24,735	0	0	0	24,735
Inventory	0	0	0	59,955	59,955
Total Assets	62,284,428	14,908,955	36,189,343	7,170,531	120,553,257
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	261,668	0	48,458	119,972	430,098
Accrued Wages and Benefits	7,878,895	0	0	414,973	8,293,868
Compensated Absences	228,422	0	0	7,964	236,386
Retainage Payable	0	0	133,342	0	133,342
Accrued Interest Payable	0	0	54,000	0	54,000
Interfund Payable	0	0	0	24,735	24,735
Deferred Revenue	42,400,106	9,083,214	0	387,043	51,870,363
Claims Payable	554,488	0	0	0	554,488
General Obligation Notes Payable	0	0	7,200,000	0	7,200,000
Total Liabilities	51,323,579	9,083,214	7,435,800	954,687	68,797,280
Fund Balances:					
Reserved for Encumbrances	370,345	0	3,254,109	174,746	3,799,200
Reserved for Inventory	0	0	0	59,955	59,955
Reserved for Property Tax Advances	894,587	288,457	0	187,081	1,370,125
Reserved for Set-Aside	85,593	0	0	0	85,593
Unreserved, Undesignated, Reported in:					
General Fund	9,610,324	0	0	0	9,610,324
Special Revenue Funds	0	0	0	2,671,887	2,671,887
Debt Service Funds	0	5,537,284	0	0	5,537,284
Capital Projects Funds	0	0	25,499,434	3,122,175	28,621,609
Total Fund Balances	10,960,849	5,825,741	28,753,543	6,215,844	51,755,977
Total Liabilities and Fund Balances	\$62,284,428	\$14,908,955	\$36,189,343	\$7,170,531	\$120,553,257

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, 2004

Total Governmental Fund Balance		\$51,755,977
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.		121,114,990
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	260,421	
Intergovernmental	<u>35,174</u>	
		295,595
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.		(468,487)
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.		
Pension Obligation	(628,331)	
Compensated Absences	<u>(2,491,415)</u>	
		(3,119,746)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(143,902,045)</u>
Net Assets of Governmental Activities		<u>\$25,676,284</u>

See accompanying notes.

Mason City Schools
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$33,401,216	\$8,454,557	\$0	\$570,843	\$42,426,616
Tuition and Fees	417,502	0	0	53,111	470,613
Investment Earnings	232,339	64,259	129,531	33,921	460,050
Intergovernmental	26,750,591	1,101,107	0	2,720,614	30,572,312
Extracurricular Activities	0	0	0	809,739	809,739
Charges for Services	29,981	0	0	2,434,862	2,464,843
Other Revenues	454,423	0	0	2,455,601	2,910,024
Total Revenues	61,286,052	9,619,923	129,531	9,078,691	80,114,197
Expenditures:					
Current:					
Instruction:					
Regular	28,460,627	0	6,200	1,180,535	29,647,362
Special	5,007,638	0	0	751,824	5,759,462
Vocational	0	0	0	16,807	16,807
Other	328,374	0	0	45	328,419
Support Services:					
Pupil	3,710,409	0	0	175,841	3,886,250
Instructional Staff	5,441,371	0	0	193,501	5,634,872
General Administration	58,484	0	0	0	58,484
School Administration	4,377,386	10,917	0	859	4,389,162
Fiscal	1,393,104	142,504	0	6,697	1,542,305
Business	223,220	0	0	0	223,220
Operations and Maintenance	7,562,328	0	39,730	1,084,720	8,686,778
Pupil Transportation	4,172,560	0	0	13,475	4,186,035
Central	2,174,039	0	86,110	93,680	2,353,829
Operation of Non-Instructional Services	38,067	0	0	3,545,017	3,583,084
Extracurricular Activities	1,191,450	0	7,714	518,575	1,717,739
Capital Outlay	19,247	0	1,447,999	84,778	1,552,024
Debt Service:					
Principal Retirement	87,122	3,125,000	0	0	3,212,122
Interest and Fiscal Charges	0	5,150,686	153,375	0	5,304,061
Total Expenditures	64,245,426	8,429,107	1,741,128	7,666,354	82,082,015
Excess of Revenues Over (Under) Expenditures	(2,959,374)	1,190,816	(1,611,597)	1,412,337	(1,967,818)
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital-Related Debt	0	0	35,000,000	0	35,000,000
Proceeds of Refunding Bonds	0	15,705,000	0	0	15,705,000
Payments to Refunded Bond Escrow Agent	0	(15,705,000)	0	0	(15,705,000)
Transfers In	0	7,200,000	8,109,000	630,000	15,939,000
Transfers (Out)	(630,000)	(8,109,000)	(7,200,000)	0	(15,939,000)
Total Other Financing Sources (Uses)	(630,000)	(909,000)	35,909,000	630,000	35,000,000
Net Change in Fund Balance	(3,589,374)	281,816	34,297,403	2,042,337	33,032,182
Fund Balance Beginning of Year	14,550,223	5,543,925	(5,543,860)	4,173,507	18,723,795
Fund Balance End of Year	\$10,960,849	\$5,825,741	\$28,753,543	\$6,215,844	\$51,755,977

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, 2004

Net Change in Fund Balance - Total Governmental Funds \$33,032,182

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	1,498,520	
Depreciation Expense	<u>(3,012,907)</u>	(1,514,387)

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. (494,342)

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

Delinquent Property Taxes	260,421	
Intergovernmental	<u>(203,974)</u>	56,447

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 3,212,122

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 11,333

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.

Pension Obligation	(338,286)	
Compensated Absences	<u>(307,236)</u>	(645,522)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (35,000,000)

Change in Net Assets of Governmental Activities	<u><u>(\$1,342,167)</u></u>
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See accompanying notes.

Mason City Schools
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Education Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$98,920	\$218,309
Receivables:		
Accounts	507	0
Total Assets	<u>99,427</u>	<u>\$218,309</u>
Liabilities:		
Accounts Payable	0	14,106
Other Liabilities	0	204,203
Total Liabilities	<u>0</u>	<u>\$218,309</u>
Net Assets:		
Held in Trust	<u>99,427</u>	
Total Net Assets	<u>\$99,427</u>	

See accompanying notes.

Mason City Schools
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2004

	Education Private Purpose Trust
Additions:	
Investment Earnings	\$1,534
Other	8,436
Total Additions	<u>9,970</u>
Deductions:	
Regular	1,500
Operation of Non-Instructional Services	500
Total Deductions	<u>2,000</u>
Change in Net Assets	7,970
Net Assets Beginning of Year	<u>91,457</u>
Net Assets End of Year	<u><u>\$99,427</u></u>

See accompanying notes.

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MASON CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2004

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 eight instructional facilities, staffed by 601 classified personnel, 579 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 8,635. 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 trust funds are private purpose trust funds which account for scholarship programs for students.

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.

3. 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.

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. Unused donated commodities are reported as deferred 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 funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the current fiscal year. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes.

STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for at year end.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the current fiscal year amounted to \$461,584.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

INVENTORY

Inventories are presented at cost on a first in, first out basis and are expensed/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 termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

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	228 days	228 days	228 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.

Interfund activity has been eliminated from the government-wide financial statements.

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 taxes. 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.

4. 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 "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) Repurchase agreements in the securities enumerated above.
- (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.

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.

Deposits – At the year end, the carrying amount of the District's deposits was \$15,950,392. The bank balance of deposits was \$16,149,478 of which \$265,701 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging bank's trust department but not in the District's name pursuant to Section 135.181, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. Ohio Revised Code Section 135.181 Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designed public depository may pledge a single pool of eligible securities to secure payment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least 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. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized under the provisions of GASB Statement No. 3.

Investments – The District's investments are categorized below to give an indication of the level of risk assumed by the District at year end:

- Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year end are classified as follows:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Money Market Fund*	\$0	\$0	\$0	\$3,383
Federal Agency Securities	0	41,734,732	0	41,734,732
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,394,598</u>
Total Investments	<u>\$0</u>	<u>\$41,734,732</u>	<u>\$0</u>	<u>\$51,132,713</u>

*The District's investments in the Ohio State Treasury Pool and Money Market Fund are not categorized because they are not evidenced by securities that exist in physical or book entry form.

5. PROPERTY TAXES

Real property taxes collected in 2004 were levied in April on the assessed values as of January 1, 2003, 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). In 2003, 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 2004, 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, 2004. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004. 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, 2004, was \$1,370,125 and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these available advances for fiscal year 2004 operations. The amount available for advance at June 30, 2003 was \$5,954,937.

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 2004 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,053,132,200
Public Utility Personal	23,694,270
Tangible Personal Property	<u>158,872,721</u>
Total	<u>\$1,235,699,191</u>

6. RECEIVABLES

Receivables at fiscal year end, consisted of taxes, accounts, intergovernmental grants and interest. 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.

7. CAPITAL ASSETS

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

	Restated Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Government Activities				
Nondepreciable Capital Assets:				
Land	\$5,839,438	\$0	\$0	\$5,839,438
Construction in Progress	372,188	195,935	0	568,123
Depreciable Capital Assets:				
Buildings and Improvements	113,988,094	227,561	0	114,215,655
Equipment	<u>21,269,043</u>	<u>1,075,024</u>	<u>1,166,902</u>	<u>21,177,165</u>
Totals at Historical Cost	<u>\$141,468,763</u>	<u>\$1,498,520</u>	<u>\$1,166,902</u>	<u>\$141,800,381</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$10,198,706	\$1,339,224	\$0	\$11,537,930
Equipment	<u>8,146,338</u>	<u>1,673,683</u>	<u>672,560</u>	<u>9,147,461</u>
Total Accumulated Depreciation	<u>\$18,345,044</u>	<u>\$3,012,907</u>	<u>\$672,560</u>	<u>\$20,685,391</u>
Governmental Activities Capital Assets, Net	<u>\$123,123,719</u>	<u>(\$1,514,387)</u>	<u>\$494,342</u>	<u>\$121,114,990</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,752,839
Special	44,867
Vocational	6,293
Support Services:	
Pupil	36,578
Instructional Staff	93,413
School Administration	61,538
Fiscal	13,826
Business	3,069
Operations and Maintenance	161,104
Pupil Transportation	445,988
Central	136,338
Operation of Noninstructional Services	152,499
Extracurricular Activities	<u>104,555</u>
Total Depreciation Expense	<u>\$3,012,907</u>

8. 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 2002 2.00%	\$7,950,000	\$0	\$7,950,000	\$0
Mason Intermediate Construction 2003 2.00%	<u>0</u>	<u>7,200,000</u>	<u>0</u>	<u>7,200,000</u>
Total	<u>\$7,950,000</u>	<u>\$7,200,000</u>	<u>\$7,950,000</u>	<u>\$7,200,000</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>
2004	\$7,200,000	\$144,000	\$7,344,000

9. LONG-TERM LIABILITIES

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>					
<u>General Obligation Bonds:</u>					
1992 Building Construction and Equipment 5.59%	\$3,200,000	\$0	\$3,200,000	\$0	\$0
1995 Building Construction and Equipment 5.65%	17,815,000	0	13,915,000	3,900,000	550,000
1998 Building Construction and Equipment 5.24%	21,420,000	0	350,000	21,070,000	485,000
2001 High School / Recreation Center Bonds Construction and Equipment 5.06%	69,575,000	0	1,100,000	68,475,000	1,335,000
2003 Refunding Middle/High School Bonds Construction and Equipment 3.97%	0	15,705,000	265,000	15,440,000	1,405,000
2004 Early Childhood Center Bonds Construction and Equipment 4.76%	<u>0</u>	<u>35,000,000</u>	<u>0</u>	<u>35,000,000</u>	<u>135,000</u>
Total General Obligation Bonds	112,010,000	50,705,000	18,830,000	143,885,000	3,910,000
Compensated Absences	2,455,303	358,742	86,244	2,727,801	258,360
Capital Leases	<u>104,167</u>	<u>0</u>	<u>87,122</u>	<u>17,045</u>	<u>17,045</u>
Total Governmental Activities Long-Term Liabilities	<u>\$114,569,470</u>	<u>\$51,063,742</u>	<u>\$19,003,366</u>	<u>\$146,629,846</u>	<u>\$4,185,405</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. Capital lease obligations will be paid from the general fund.

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

Fiscal Year Ending June 30,	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$3,775,000	\$7,077,368	\$10,852,368
2006	4,250,000	6,720,357	10,970,357
2007	4,990,000	6,545,552	11,535,552
2008	5,225,000	6,350,180	11,575,180
2009	5,725,000	6,110,695	11,835,695
2010-2014	36,725,000	25,609,364	62,334,364
2015-2019	43,280,000	15,189,872	58,469,872
2020-2024	23,825,000	6,176,600	30,001,600
2025-2029	9,325,000	2,876,163	12,201,163
2030-2032	<u>6,765,000</u>	<u>518,375</u>	<u>7,283,375</u>
Totals	<u>\$143,885,000</u>	<u>\$83,174,526</u>	<u>\$227,059,526</u>

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

10. CAPITAL LEASES

The District has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital assets consisting of equipment have been capitalized in the amount of \$528,309. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded as a part of Long-Term Liabilities.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of fiscal year end.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2005	<u>17,045</u>
Total	17,045
Less: Amount Representing Interest	(307)
Present Value of Minimum Lease Payments	<u>\$16,738</u>

11. 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.

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 2004, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2003, 8.17% 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, 2004, 2003, and 2002 were \$1,890,876, \$1,113,468, and \$1,280,455 respectively; 50.2% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002. \$942,492 represents the unpaid contribution for fiscal year 2004.

STATE TEACHERS RETIREMENT SYSTEM

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.

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, 2004, 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. For fiscal year 2003, the portion used to fund pension obligations was 9.5%. 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, 2004, 2003, and 2002 were \$4,137,276, \$3,277,440, and \$3,338,853 respectively; 83.2% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002. \$696,472 represents the unpaid contribution for fiscal year 2004.

12. 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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$303,286 during the 2004 fiscal year. As of July 1, 2004, eligible benefit recipients totaled 108,294. For the fiscal year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For 2003 fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$1,809,673 during the 2004 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2003, net health care costs paid by SERS were \$204,930,737.

13. 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.

14. 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 \$1,000,000 limit covering all employees and volunteers of the District.

Property and Fleet Insurance is provided by Indiana Insurance and property holds a \$5,000 deductible and the bus fleet and maintenance vehicles have a \$250 deductible and a \$1,000,000 automobile liability limit per occurrence.

The Travelers Insurance Company maintains a \$20,000 performance bond for the Board President and Superintendent and 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 \$735 for family coverage or \$299 for individual coverage. Monthly premiums for dental coverage are \$90.00 for family coverage or \$33.00 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 fully insured basis by the District with services provided by VSP (Vision Service Plan). Monthly premiums for vision are \$10.13 for family coverage and \$4.69 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 \$554,488 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:

	Balance at <u>Beginning of Year</u>	Current Year <u>Claims</u>	Claims <u>Payments</u>	Balance at <u>End of Year</u>
2003	\$52,865	\$4,457,349	\$3,968,035	\$542,179
2004	\$542,179	\$8,185,894	\$8,173,585	\$554,488

15. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

16. 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	\$7,619
Title I	10,845
Title VI	18,206

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.

17. 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, 2002	(\$473,188)	\$ 0	\$85,593	(\$387,595)
Current Year Set-aside Requirement	1,224,222	1,224,222	0	2,448,444
Qualified Disbursements	(1,315,795)	(1,026,270)	0	(2,342,065)
Current Year Offsets	0	(35,000,000)	0	(35,000,000)
Set-Aside Reserve Balance as of June 30, 2003	<u>(\$564,761)</u>	<u>(\$34,802,048)</u>	<u>\$85,593</u>	<u>(\$35,281,216)</u>
Restricted Cash as of June 30, 2003	<u>\$ 85,593</u>			

18. 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	\$24,735	\$0	\$0	\$630,000
Building	0	0	8,109,000	7,200,000
Debt Service	0	0	7,200,000	8,109,000
Nonmajor Funds:				
District Managed Student Activity	0	5,400	0	0
Title VI-B	0	1,354	0	0
Title VI	0	9,257	0	0
Community Services	0	0	630,000	0
Permanent Improvement	<u>0</u>	<u>8,724</u>	<u>0</u>	<u>0</u>
Total Nonmajor funds	<u>0</u>	<u>24,735</u>	<u>630,000</u>	<u>0</u>
Total all funds	<u>\$24,735</u>	<u>\$24,735</u>	<u>\$15,939,000</u>	<u>\$15,939,000</u>

19. SIGNIFICANT CONTRACTUAL OBLIGATIONS

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

Cardinal Bus Sales and Service	\$663,000
Motz Group, Inc.	665,184
Voorhis, Slone, Welsh and Crossland	<u>1,641,016</u>
Total	<u>\$2,969,200</u>

20. JOINTLY GOVERNED ORGANIZATION

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.

21. ADVANCED REFUNDING

On August 1, 2003, the School District issued \$15,705,000 in General Obligation bonds with an average interest rate of 3.45% of which \$15,705,000 was used to advance refund \$15,705,000 of outstanding 1992 and 1995 Series bonds with an average interest rate of 5.62%. The net proceeds of \$15,705,000 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 and 1995 Series bonds. As a result, \$11,075,000 of the 1992 and 1995 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The School District partially advance refunded the 1992 and 1995 Series bonds to reduce its total debt service payments over the next 13 years by \$533,588 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$502,112.

22. PRIOR PERIOD ADJUSTMENT

The beginning net asset/fund balances of special revenue, enterprise and governmental activities has been adjusted for the reclassification of enterprise funds as follows:

	Other <u>Governmental Funds</u>	<u>Enterprise</u>	Governmental <u>Activities</u>
June 30, 2003 Fund Balance/ Net Assets, as previously stated	\$4,027,319	\$1,506,749	\$25,515,471
Fund Reclassification/Current Assets and Liabilities	146,188	0	0
Fund Reclassification/Capital Assets	0	(1,506,749)	1,506,749
Capital Lease adjustment	<u>0</u>	<u>0</u>	<u>(3,769)</u>
June 30, 2003 Fund Balance/ Net Assets, as restated	<u>\$4,173,507</u>	<u>\$0</u>	<u>\$27,018,451</u>

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**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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$36,989,967	\$36,989,967	\$36,989,967	\$0
Tuition and Fees	497,518	519,717	523,495	3,778
Investment Earnings	235,350	235,359	235,581	222
Intergovernmental	26,307,490	27,587,359	27,605,241	17,882
Other Revenues	7,391,675	7,624,762	7,630,954	6,192
Total Revenues	71,422,000	72,957,164	72,985,238	28,074
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	19,427,116	19,960,289	20,093,184	(132,895)
Fringe Benefits	5,848,844	5,664,372	5,810,018	(145,646)
Purchased Services	38,467	52,163	40,090	12,073
Materials and Supplies	1,482,467	1,546,431	1,504,934	41,497
Capital Outlay	27,277	62,365	48,593	13,772
Capital Outlay - Replacement	13,904	12,924	9,814	3,110
Other Expenditures	5,652	7,294	4,273	3,021
Total Regular	26,843,727	27,305,838	27,510,906	(205,068)
Special				
Salaries and Wages	3,759,710	3,536,998	3,531,681	5,317
Fringe Benefits	1,217,933	1,104,420	1,062,445	41,975
Purchased Services	60,800	70,661	37,389	33,272
Materials and Supplies	50,761	48,509	38,448	10,061
Capital Outlay	19,970	11,651	2,660	8,991
Other Expenditures	247,255	248,441	193,256	55,185
Total Special	5,356,429	5,020,680	4,865,879	154,801
Other				
Purchased Services	208,724	334,124	328,284	5,840
Materials and Supplies	1,000	0	0	0
Total Other	209,724	334,124	328,284	5,840
Support Services:				
Pupil				
Salaries and Wages	2,556,404	2,469,704	2,465,144	4,560
Fringe Benefits	879,950	866,867	768,596	98,271
Purchased Services	319,204	392,826	358,834	33,992
Materials and Supplies	52,636	57,516	48,968	8,548
Capital Outlay	55,331	58,597	47,242	11,355
Capital Outlay - Replacement	100	100	0	100
Other Expenditures	0	70	70	0
Total Pupil	3,863,625	3,845,680	3,688,854	156,826

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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Instructional Staff				
Salaries and Wages	3,779,719	3,670,483	3,626,191	44,292
Fringe Benefits	1,574,172	1,575,001	1,564,410	10,591
Purchased Services	53,617	52,923	12,832	40,091
Materials and Supplies	152,076	158,714	126,510	32,204
Capital Outlay	15,506	36,283	22,084	14,199
Capital Outlay - Replacement	6,898	5,016	4,179	837
Other Expenditures	14,908	14,948	11,516	3,432
Total Instructional Staff	5,596,896	5,513,368	5,367,722	145,646
General Administration				
Salaries and Wages	18,000	18,000	13,795	4,205
Fringe Benefits	2,487	4,687	4,523	164
Purchased Services	12,194	12,194	8,339	3,855
Materials and Supplies	100	100	0	100
Other Expenditures	72,200	57,200	27,881	29,319
Total Board of Education	104,981	92,181	54,538	37,643
School Administration				
Salaries and Wages	3,080,117	3,039,876	3,039,869	7
Fringe Benefits	1,089,614	1,114,562	1,085,730	28,832
Purchased Services	217,501	213,535	99,727	113,808
Materials and Supplies	41,603	34,523	24,984	9,539
Capital Outlay	26,852	4,652	2,712	1,940
Capital Outlay - Replacement	1,329	5,635	55	5,580
Other Expenditures	72,034	70,559	69,767	792
Total Administration	4,529,050	4,483,342	4,322,844	160,498
Fiscal				
Salaries and Wages	469,020	476,020	475,615	405
Fringe Benefits	138,695	177,695	175,670	2,025
Purchased Services	37,376	30,876	27,714	3,162
Materials and Supplies	25,650	25,150	18,431	6,719
Capital Outlay	3,500	13,500	3,345	10,155
Capital Outlay - Replacement	4,500	1,500	904	596
Other Expenditures	708,045	708,045	687,183	20,862
Total Fiscal	1,386,786	1,432,786	1,388,862	43,924
Business				
Salaries and Wages	167,990	155,741	152,489	3,252
Fringe Benefits	49,175	58,175	56,578	1,597
Purchased Services	15,723	14,069	9,686	4,383
Materials and Supplies	4,926	2,397	1,627	770
Capital Outlay	1,071	50	41	9
Capital Outlay - Replacement	656	0	0	0
Other Expenditures	1,000	1,000	0	1,000
Total Business	240,541	231,432	220,421	11,011

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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Operations and Maintenance				
Salaries and Wages	3,047,986	3,088,680	3,088,042	638
Fringe Benefits	1,205,347	1,206,447	1,101,106	105,341
Purchased Services	3,049,686	3,252,368	3,090,857	161,511
Materials and Supplies	440,923	508,058	459,746	48,312
Capital Outlay	14,300	39,140	38,115	1,025
Capital Outlay - Replacement	0	78,000	2,124	75,876
Total Operations and Maintenance	7,758,242	8,172,693	7,779,990	392,703
Pupil Transportation				
Salaries and Wages	2,363,910	2,613,910	2,555,989	57,921
Fringe Benefits	992,550	990,704	934,397	56,307
Purchased Services	228,623	245,623	233,945	11,678
Materials and Supplies	480,887	481,387	381,640	99,747
Capital Outlay	2,392	10,252	8,994	1,258
Total Pupil Transportation	4,068,362	4,341,876	4,114,965	226,911
Central				
Salaries and Wages	1,127,153	1,162,308	1,137,768	24,540
Fringe Benefits	357,098	405,269	404,033	1,236
Purchased Services	1,237,529	1,051,452	924,200	127,252
Materials and Supplies	129,098	380,056	312,051	68,005
Capital Outlay	21,983	47,536	30,536	17,000
Capital Outlay - Replacement	18,536	104,946	93,542	11,404
Other Expenditures	3,700,300	7,560,426	7,470,854	89,572
Total Central	6,591,697	10,711,993	10,372,984	339,009
Operation of Non-Instructional Services				
Salaries and Wages	10,763	10,763	1,560	9,203
Fringe Benefits	11,010	11,010	8,088	2,922
Purchased Services	18,280	16,637	16,030	607
Materials and Supplies	15,555	11,855	6,786	5,069
Other Expenditures	4,503	6,438	2,936	3,502
Total Non- Instructional Services	60,111	56,703	35,400	21,303
Extracurricular Activities				
Salaries and Wages	823,208	830,230	821,278	8,952
Fringe Benefits	211,722	222,622	186,117	36,505
Purchased Services	99,055	183,858	155,299	28,559
Materials and Supplies	25,912	21,972	16,252	5,720
Capital Outlay	4,653	7,064	4,232	2,832
Other Expenditures	8,500	9,307	8,843	464
Total Extracurricular Activities	1,173,050	1,275,053	1,192,021	83,032
Capital Outlay	34,780	79,326	19,247	60,079
Total Expenditures	67,818,001	72,897,075	71,262,917	1,634,158
Excess of Revenues Over (Under) Expenditures	3,603,999	60,089	1,722,321	1,662,232

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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Other financing sources (uses):				
Advances (Out)	0	(1,062,587)	(1,062,587)	0
Transfers (Out)	(630,000)	(630,000)	(630,000)	0
Total Other Financing Sources (Uses)	(630,000)	(1,692,587)	(1,692,587)	0
Net Change in Fund Balance	2,973,999	(1,632,498)	29,734	1,662,232
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,940,445	17,940,445	17,940,445	0
Fund Balance End of Year	\$20,914,444	\$16,307,947	\$17,970,179	\$1,662,232

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, 2004

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 2004.

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	(\$3,589,374)
Net Adjustment for Revenue Accruals	11,699,186
Net Adjustment for Expenditure Accruals	(7,448,065)
Encumbrances	<u>(632,013)</u>
Budget Basis	<u>\$29,734</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

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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.

CAREER DEVELOPMENT: To account for state funds provided to introduce various career opportunities to students.

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.

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.

UNIFORM SCHOOL SUPPLY: To account for the purchase and sale of school supplies as adopted by the Board of Education for use in all schools of the District.

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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$3,269,397	\$3,167,665	\$6,437,062
Receivables:			
Taxes	0	538,950	538,950
Accounts	44,790	0	44,790
Intergovernmental	89,774	0	89,774
Inventory	59,955	0	59,955
Total Assets	3,463,916	3,706,615	7,170,531
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	101,404	18,568	119,972
Accrued Wages and Benefits	414,973	0	414,973
Compensated Absences	7,964	0	7,964
Interfund Payable	16,011	8,724	24,735
Deferred Revenue	35,174	351,869	387,043
Total Liabilities	575,526	379,161	954,687
Fund Balances:			
Reserved for Encumbrances	156,548	18,198	174,746
Reserved for Inventory	59,955	0	59,955
Reserved for Property Tax Advances	0	187,081	187,081
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	2,671,887	0	2,671,887
Capital Projects Funds	0	3,122,175	3,122,175
Total Fund Balances	2,888,390	3,327,454	6,215,844
Total Liabilities and Fund Balances	\$3,463,916	\$3,706,615	\$7,170,531

Mason City Schools
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$570,843	\$570,843
Tuition and Fees	53,111	0	53,111
Investment Earnings	22,721	11,200	33,921
Intergovernmental	2,668,868	51,746	2,720,614
Extracurricular Activities	809,739	0	809,739
Charges for Services	2,434,862	0	2,434,862
Other Revenues	1,257,721	1,197,880	2,455,601
Total Revenues	7,247,022	1,831,669	9,078,691
Expenditures:			
Current:			
Instruction:			
Regular	704,001	476,534	1,180,535
Special	751,824	0	751,824
Vocational	16,807	0	16,807
Other	45	0	45
Support Services:			
Pupil	175,841	0	175,841
Instructional Staff	193,501	0	193,501
School Administration	346	513	859
Fiscal	0	6,697	6,697
Operations and Maintenance	1,061,338	23,382	1,084,720
Pupil Transportation	13,475	0	13,475
Central	93,680	0	93,680
Operation of Non-Instructional Services	3,545,017	0	3,545,017
Extracurricular Activities	467,736	50,839	518,575
Capital Outlay	0	84,778	84,778
Total Expenditures	7,023,611	642,743	7,666,354
Excess of Revenues Over (Under) Expenditu	223,411	1,188,926	1,412,337
Other Financing Sources (Uses):			
Transfers In	630,000	0	630,000
Total Other Financing Sources (Uses)	630,000	0	630,000
Net Change in Fund Balance	853,411	1,188,926	2,042,337
Fund Balance Beginning of Year	2,034,979	2,138,528	4,173,507
Fund Balance End of Year	\$2,888,390	\$3,327,454	\$6,215,844

Mason City Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Career Development
Assets:					
Equity in Pooled Cash and Investments	\$171,531	\$1,814,402	\$107,198	\$186,262	\$0
Receivables:					
Accounts	1,457	19,920	4,307	0	0
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	172,988	1,834,322	111,505	186,262	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	7,173	5,713	13,509	41,608	0
Accrued Wages and Benefits	0	0	0	26,629	0
Compensated Absences	0	3,258	0	482	0
Interfund Payable	0	0	5,400	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	7,173	8,971	18,909	68,719	0
Fund Balances:					
Reserved for Encumbrances	6,356	3,832	15,826	69,590	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	159,459	1,821,519	76,770	47,953	0
Total Fund Balances	165,815	1,825,351	92,596	117,543	0
Total Liabilities and Fund Balances	\$172,988	\$1,834,322	\$111,505	\$186,262	\$0

Management Information System	Entry Year Programs	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Safe School Help Line
\$13,634	\$495	\$0	\$497	\$2,000	\$34,276	\$965
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
13,634	495	0	497	2,000	34,276	965
0	495	0	0	0	2,205	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	495	0	0	0	2,205	0
0	0	0	0	0	31,897	0
0	0	0	0	0	0	0
13,634	0	0	497	2,000	174	965
13,634	0	0	497	2,000	32,071	965
\$13,634	\$495	\$0	\$497	\$2,000	\$34,276	\$965

(continued)

Mason City Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	School Conflict Management	Title VI-B	Vocational Education	Title III	Refugee Impact
Assets:					
Equity in Pooled Cash and Investments	\$804	\$129,916	\$2,360	\$8,052	\$1,097
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	35,174	0	0	0
Inventory	0	0	0	0	0
Total Assets	804	165,090	2,360	8,052	1,097
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	81	1,076	11	834
Accrued Wages and Benefits	0	136,100	0	5,913	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	1,354	0	0	0
Deferred Revenue	0	35,174	0	0	0
Total Liabilities	0	172,709	1,076	5,924	834
Fund Balances:					
Reserved for Encumbrances	0	559	24	182	10
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	804	(8,178)	1,260	1,946	253
Total Fund Balances	804	(7,619)	1,284	2,128	263
Total Liabilities and Fund Balances	\$804	\$165,090	\$2,360	\$8,052	\$1,097

Title I	Title VI	Drug-Free Schools	Public School Preschool	E-Rate	Improving Teacher Quality	Continuous Improvement
\$21,407	\$492	\$6,561	\$0	\$105,613	\$22,289	\$1,277
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>21,407</u>	<u>492</u>	<u>6,561</u>	<u>0</u>	<u>105,613</u>	<u>22,289</u>	<u>1,277</u>
11	187	1,573	0	0	1,169	0
32,241	9,254	0	0	0	12,332	0
0	0	0	0	0	0	0
0	9,257	0	0	0	0	0
0	0	0	0	0	0	0
<u>32,252</u>	<u>18,698</u>	<u>1,573</u>	<u>0</u>	<u>0</u>	<u>13,501</u>	<u>0</u>
0	0	1,686	0	0	4,785	0
0	0	0	0	0	0	0
<u>(10,845)</u>	<u>(18,206)</u>	<u>3,302</u>	<u>0</u>	<u>105,613</u>	<u>4,003</u>	<u>1,277</u>
<u>(10,845)</u>	<u>(18,206)</u>	<u>4,988</u>	<u>0</u>	<u>105,613</u>	<u>8,788</u>	<u>1,277</u>
<u>\$21,407</u>	<u>\$492</u>	<u>\$6,561</u>	<u>\$0</u>	<u>\$105,613</u>	<u>\$22,289</u>	<u>\$1,277</u>

(continued)

Mason City Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Food Service	Uniform School Supplies	Latchkey	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$570,189	\$110	\$67,970	\$3,269,397
Receivables:				
Accounts	19,101	0	5	44,790
Intergovernmental	54,600	0	0	89,774
Inventory	59,955	0	0	59,955
Total Assets	703,845	110	67,975	3,463,916
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	24,987	0	772	101,404
Accrued Wages and Benefits	153,059	0	39,445	414,973
Compensated Absences	4,224	0	0	7,964
Interfund Payable	0	0	0	16,011
Deferred Revenue	0	0	0	35,174
Total Liabilities	182,270	0	40,217	575,526
Fund Balances:				
Reserved for Encumbrances	20,122	69	1,610	156,548
Reserved for Inventory	59,955	0	0	59,955
Unreserved, Undesignated, Reported in: Special Revenue Funds	441,498	41	26,148	2,671,887
Total Fund Balances	521,575	110	27,758	2,888,390
Total Liabilities and Fund Balances	\$703,845	\$110	\$67,975	\$3,463,916

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Mason City Schools
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Career Development
Revenues:					
Tuition and Fees	\$0	\$52,563	\$0	\$0	\$0
Investment Earnings	0	16,462	363	1,624	0
Intergovernmental	0	0	0	465,586	7,378
Extracurricular Activities	375,544	8,891	425,241	0	0
Charges for Services	0	19,920	0	0	0
Other Revenues	67,367	647,378	60,067	0	0
Total Revenues	442,911	745,214	485,671	467,210	7,378
Expenditures:					
Current:					
Instruction:					
Regular	347,549	69,227	0	0	0
Special	0	4,746	0	0	0
Vocational	0	0	0	0	7,907
Other	0	45	0	0	0
Support Services:					
Pupil	0	7,549	0	0	0
Instructional Staff	318	1,827	0	0	0
School Administration	0	346	0	0	0
Operations and Maintenance	555	1,054,553	0	0	0
Pupil Transportation	2,296	6,277	0	0	0
Central	1,079	0	0	0	0
Operation of Non-Instructional Services	9,894	28,460	0	477,953	0
Extracurricular Activities	45,892	5,171	416,673	0	0
Total Expenditures	407,583	1,178,201	416,673	477,953	7,907
Excess of Revenues Over (Under) Expenditures	35,328	(432,987)	68,998	(10,743)	(529)
Other Financing Sources (Uses):					
Transfers In	0	630,000	0	0	0
Total Other Financing Sources (Uses)	0	630,000	0	0	0
Net Change in Fund Balance	35,328	197,013	68,998	(10,743)	(529)
Fund Balance Beginning of Year	130,487	1,628,338	23,598	128,286	529
Fund Balance End of Year	\$165,815	\$1,825,351	\$92,596	\$117,543	\$0

Management Information System	Entry Year Programs	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention	Safe School Help Line
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
30,903	48,400	18,000	4,140	4,000	150,322	6,230
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
30,903	48,400	18,000	4,140	4,000	150,322	6,230
0	42,073	0	0	1,194	104,533	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	6,327	0	3,643	4,576	8,816	0
0	0	0	0	0	0	0
0	0	0	0	0	0	6,230
0	0	0	0	0	4,902	0
34,133	0	20,454	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
34,133	48,400	20,454	3,643	5,770	118,251	6,230
(3,230)	0	(2,454)	497	(1,770)	32,071	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(3,230)	0	(2,454)	497	(1,770)	32,071	0
16,864	0	2,454	0	3,770	0	965
\$13,634	\$0	\$0	\$497	\$2,000	\$32,071	\$965

(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, 2004

	School Conflict Management	Title VI-B	Vocational Education	Title III	Refugee Impact
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	0	849,915	10,083	43,966	2,200
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	0	849,915	10,083	43,966	2,200
Expenditures:					
Current:					
Instruction:					
Regular	2,445	61	0	0	4,937
Special	0	585,078	0	559	0
Vocational	0	0	8,900	0	0
Other	0	0	0	0	0
Support Services:					
Pupil	0	152,759	0	0	0
Instructional Staff	0	19,905	0	41,279	0
School Administration	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	19,949	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	2,445	777,752	8,900	41,838	4,937
Excess of Revenues Over (Under) Expenditures	(2,445)	72,163	1,183	2,128	(2,737)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(2,445)	72,163	1,183	2,128	(2,737)
Fund Balance Beginning of Year	3,249	(79,782)	101	0	3,000
Fund Balance End of Year	\$804	(\$7,619)	\$1,284	\$2,128	\$263

Title I	Title VI	Drug-Free Schools	Public School Preschool	E-Rate	Improving Teacher Quality	Continuous Improvement
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
169,038	40,944	25,982	33,077	83,002	158,053	32,038
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>169,038</u>	<u>40,944</u>	<u>25,982</u>	<u>33,077</u>	<u>83,002</u>	<u>158,053</u>	<u>32,038</u>
0	42,304	0	0	0	63,841	25,837
157,925	0	0	3,516	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
662	0	14,865	0	0	6	0
2,332	0	0	19,690	0	79,511	5,277
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	38,014	0	0
12,569	5,236	3,264	0	0	2,602	0
0	0	0	0	0	0	0
<u>173,488</u>	<u>47,540</u>	<u>18,129</u>	<u>23,206</u>	<u>38,014</u>	<u>145,960</u>	<u>31,114</u>
<u>(4,450)</u>	<u>(6,596)</u>	<u>7,853</u>	<u>9,871</u>	<u>44,988</u>	<u>12,093</u>	<u>924</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(4,450)	(6,596)	7,853	9,871	44,988	12,093	924
(6,395)	(11,610)	(2,865)	(9,871)	60,625	(3,305)	353
<u>(\$10,845)</u>	<u>(\$18,206)</u>	<u>\$4,988</u>	<u>\$0</u>	<u>\$105,613</u>	<u>\$8,788</u>	<u>\$1,277</u>

(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, 2004

	Food Service	Uniform School Supplies	Latchkey	Total Nonmajor Special Revenue Funds
Revenues:				
Tuition and Fees	\$548	\$0	\$0	\$53,111
Investment Earnings	4,272	0	0	22,721
Intergovernmental	485,611	0	0	2,668,868
Extracurricular Activities	0	0	63	809,739
Charges for Services	2,414,942	0	0	2,434,862
Other Revenues	81,575	0	401,334	1,257,721
Total Revenues	2,986,948	0	401,397	7,247,022
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	704,001
Special	0	0	0	751,824
Vocational	0	0	0	16,807
Other	0	0	0	45
Support Services:				
Pupil	0	0	0	175,841
Instructional Staff	0	0	0	193,501
School Administration	0	0	0	346
Operations and Maintenance	0	0	0	1,061,338
Pupil Transportation	0	0	0	13,475
Central	0	0	0	93,680
Operation of Non-Instructional Services	2,574,258	30,278	380,554	3,545,017
Extracurricular Activities	0	0	0	467,736
Total Expenditures	2,574,258	30,278	380,554	7,023,611
Excess of Revenues Over (Under) Expenditures	412,690	(30,278)	20,843	223,411
Other Financing Sources (Uses):				
Transfers In	0	0	0	630,000
Total Other Financing Sources (Uses)	0	0	0	630,000
Net Change in Fund Balance	412,690	(30,278)	20,843	853,411
Fund Balance Beginning of Year	108,885	30,388	6,915	2,034,979
Fund Balance End of Year	\$521,575	\$110	\$27,758	\$2,888,390

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Mason City Schools
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	Capital Projects	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$3,167,665	\$0	\$3,167,665
Receivables:			
Taxes	538,950	0	538,950
Total Assets	3,706,615	0	3,706,615
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	18,568	0	18,568
Interfund Payable	8,724	0	8,724
Deferred Revenue	351,869	0	351,869
Total Liabilities	379,161	0	379,161
Fund Balances:			
Reserved for Encumbrances	18,198	0	18,198
Reserved for Property Tax Advances	187,081	0	187,081
Unreserved, Undesignated, Reported in: Capital Projects Funds	3,122,175	0	3,122,175
Total Fund Balances	3,327,454	0	3,327,454
Total Liabilities and Fund Balances	\$3,706,615	\$0	\$3,706,615

Mason City Schools
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2004

	Capital Projects	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$570,843	\$0	\$570,843
Investment Earnings	11,200	0	11,200
Intergovernmental	51,746	0	51,746
Other Revenues	1,197,880	0	1,197,880
Total Revenues	1,831,669	0	1,831,669
Expenditures:			
Current:			
Instruction:			
Regular	476,511	23	476,534
Support Services:			
School Administration	513	0	513
Fiscal	6,697	0	6,697
Operations and Maintenance	23,382	0	23,382
Extracurricular Activities	50,839	0	50,839
Capital Outlay	84,778	0	84,778
Total Expenditures	642,720	23	642,743
Net Change in Fund Balance	1,188,949	(23)	1,188,926
Fund Balance Beginning of Year	2,138,505	23	2,138,528
Change in Reserve for Inventory	0	0	0
Fund Balance End of Year	\$3,327,454	\$0	\$3,327,454

Mason City Schools
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2004

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$204,957	\$0	\$14,505	\$190,452
Receivables:				
Accounts	500	0	500	0
Total Assets	205,457	0	15,005	190,452

Liabilities:				
Accounts Payable	1,715	14,106	1,715	14,106
Other Liabilities	203,742	1,715	29,111	176,346
Total Liabilities	\$205,457	\$15,821	\$30,826	\$190,452

	Section 125 Insurance			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$24,044	\$3,813	\$0	\$27,857
Total Assets	24,044	3,813	0	27,857

Liabilities:				
Other Liabilities	24,044	3,813	0	27,857
Total Liabilities	\$24,044	\$3,813	\$0	\$27,857

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$229,001	\$3,813	\$14,505	\$218,309
Receivables:				
Accounts	500	0	500	0
Total Assets	229,501	3,813	15,005	218,309

Liabilities:				
Accounts Payable	1,715	14,106	1,715	14,106
Other Liabilities	227,786	5,528	29,111	204,203
Total Liabilities	\$229,501	\$19,634	\$30,826	\$218,309

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, 2004

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$332,791	\$375,191	\$375,563	\$372
Other Revenues	59,859	66,648	67,552	904
Total Revenues	392,650	441,839	443,115	1,276
Expenditures:				
Current:				
Instruction:				
Regular	334,192	387,324	358,737	28,587
Support Services:				
Instructional Staff	363	958	390	568
Operations and Maintenance	518	1,785	556	1,229
Pupil Transportation	2,139	2,450	2,296	154
Central	1,005	1,079	1,079	0
Operation of Non-Instructional Services	9,217	13,689	9,894	3,795
Extracurricular Activities	44,675	58,530	47,956	10,574
Total Expenditures	392,109	465,815	420,908	44,907
Net Change in Fund Balance	541	(23,976)	22,207	46,183
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	135,795	135,795	135,795	0
Fund Balance End of Year	\$136,336	\$111,819	\$158,002	\$46,183

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, 2004

	Community Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$45,837	\$44,740	\$52,563	\$7,823
Investment Earnings	14,356	15,175	16,462	1,287
Extracurricular Activities	7,752	8,890	8,890	0
Other Revenues	568,817	648,554	652,278	3,724
Total Revenues	636,762	717,359	730,193	12,834
Expenditures:				
Current:				
Instruction:				
Regular	58,969	113,131	72,854	40,277
Special	3,841	8,814	4,746	4,068
Other	36	45	45	0
Support Services:				
Pupil	6,182	8,369	7,638	731
Instructional Staff	1,479	9,459	1,827	7,632
School Administration	280	346	346	0
Operations and Maintenance	865,077	1,137,958	1,068,773	69,185
Pupil Transportation	5,081	8,743	6,278	2,465
Operation of Non-Instructional Services	25,455	50,529	31,449	19,080
Extracurricular Activities	4,453	6,608	5,501	1,107
Total Expenditures	970,853	1,344,002	1,199,457	144,545
Excess of Revenues Over (Under) Expenditures	(334,091)	(626,643)	(469,264)	157,379
Other financing sources (uses):				
Transfers In	549,390	630,000	630,000	0
Total Other Financing Sources (Uses)	549,390	630,000	630,000	0
Net Change in Fund Balance	215,299	3,357	160,736	157,379
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,644,118	1,644,118	1,644,118	0
Fund Balance End of Year	\$1,859,417	\$1,647,475	\$1,804,854	\$157,379

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, 2004

	District Managed Student Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$432	\$250	\$362	\$112
Extracurricular Activities	507,513	424,656	425,240	584
Other Revenues	74,908	62,612	62,765	153
Total Revenues	582,853	487,518	488,367	849
Expenditures:				
Current:				
Extracurricular Activities	523,068	485,826	434,474	51,352
Total Expenditures	523,068	485,826	434,474	51,352
Excess of Revenues Over (Under) Expenditures	59,785	1,692	53,893	52,201
Other financing sources (uses):				
Advances In	6,501	5,400	5,400	0
Advances (Out)	(12,253)	(10,267)	(10,267)	0
Total Other Financing Sources (Uses)	(5,752)	(4,867)	(4,867)	0
Net Change in Fund Balance	54,033	(3,175)	49,026	52,201
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,837	28,837	28,837	0
Fund Balance End of Year	\$82,870	\$25,662	\$77,863	\$52,201

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, 2004

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,471	\$1,475	\$1,623	\$148
Intergovernmental	421,926	465,586	465,586	0
Total Revenues	423,397	467,061	467,209	148
Expenditures:				
Current:				
Operation of Non-Instructional Services	421,698	661,784	586,871	74,913
Total Expenditures	421,698	661,784	586,871	74,913
Net Change in Fund Balance	1,699	(194,723)	(119,662)	75,061
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	194,724	194,724	194,724	0
Fund Balance End of Year	\$196,423	\$1	\$75,062	\$75,061

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, 2004

	Career Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,000	\$7,378	\$7,378	\$0
Total Revenues	9,000	7,378	7,378	0
Expenditures:				
Current:				
Instruction:				
Vocational	9,355	7,907	7,907	0
Total Expenditures	9,355	7,907	7,907	0
Net Change in Fund Balance	(355)	(529)	(529)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	529	529	529	0
Fund Balance End of Year	\$174	\$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, 2004

	Management Information System Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$30,000	\$30,903	\$30,903	\$0
Total Revenues	30,000	30,903	30,903	0
Expenditures:				
Current:				
Support Services:				
Central	44,700	36,062	36,062	0
Total Expenditures	44,700	36,062	36,062	0
Net Change in Fund Balance	(14,700)	(5,159)	(5,159)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,793	18,793	18,793	0
Fund Balance End of Year	\$4,093	\$13,634	\$13,634	\$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, 2004

	Entry Year Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$48,400	\$48,400	\$0
Total Revenues	0	48,400	48,400	0
Expenditures:				
Current:				
Instruction:				
Regular	0	42,073	42,073	0
Support Services:				
Instructional Staff	0	6,327	6,327	0
Total Expenditures	0	48,400	48,400	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, 2004

	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	20,454	20,454	0
Total Expenditures	0	20,454	20,454	0
Net Change in Fund Balance	0	(2,454)	(2,454)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,454	2,454	2,454	0
Fund Balance End of Year	\$2,454	\$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, 2004

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,140	\$4,140	\$0
Total Revenues	0	4,140	4,140	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	0	4,140	3,643	497
Total Expenditures	0	4,140	3,643	497
Net Change in Fund Balance	0	0	497	497
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$497	\$497

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, 2004

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,000	\$4,000	\$0
Total Revenues	0	4,000	4,000	0
Expenditures:				
Current:				
Instruction:				
Regular	780	1,194	1,194	0
Support Services:				
Instructional Staff	2,990	6,576	4,576	2,000
Total Expenditures	3,770	7,770	5,770	2,000
Net Change in Fund Balance	(3,770)	(3,770)	(1,770)	2,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,770	3,770	3,770	0
Fund Balance End of Year	\$0	\$0	\$2,000	\$2,000

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$150,322	\$150,322	\$0
Total Revenues	0	150,322	150,322	0
Expenditures:				
Current:				
Instruction:				
Regular	0	136,435	136,435	0
Support Services:				
Instructional Staff	0	8,985	8,811	174
Pupil Transportation	0	4,902	4,902	0
Total Expenditures	0	150,322	150,148	174
Net Change in Fund Balance	0	0	174	174
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$174	\$174

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, 2004

	Safe School Help Line Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,100	\$6,100	\$6,230	\$130
Total Revenues	6,100	6,100	6,230	130
Expenditures:				
Current:				
Support Services:				
Operations and Maintenance	7,000	7,000	6,230	770
Total Expenditures	7,000	7,000	6,230	770
Net Change in Fund Balance	(900)	(900)	0	900
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	965	965	965	0
Fund Balance End of Year	\$65	\$65	\$965	\$900

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, 2004

	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	3,249	3,249	2,446	803
Total Expenditures	3,249	3,249	2,446	803
Net Change in Fund Balance	(3,249)	(3,249)	(2,446)	803
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,249	3,249	3,249	0
Fund Balance End of Year	\$0	\$0	\$803	\$803

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, 2004

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$886,924	\$862,933	\$862,933	\$0
Total Revenues	886,924	862,933	862,933	0
Expenditures:				
Current:				
Instruction:				
Special	644,929	647,746	562,824	84,922
Support Services:				
Pupil	149,637	144,719	121,947	22,772
Instructional Staff	24,426	21,810	19,906	1,904
Operation of Non-Instructional Services	25,240	40,244	20,569	19,675
Total Expenditures	844,232	854,519	725,246	129,273
Excess of Revenues Over (Under) Expenditures	42,692	8,414	137,687	129,273
Other financing sources (uses):				
Advances In	1,661	1,354	1,354	0
Advances (Out)	(44,032)	(40,742)	(40,742)	0
Total Other Financing Sources (Uses)	(42,371)	(39,388)	(39,388)	0
Net Change in Fund Balance	321	(30,974)	98,299	129,273
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,974	30,974	30,974	0
Fund Balance End of Year	\$31,295	\$0	\$129,273	\$129,273

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, 2004

	Vocational Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$10,083	\$10,083	\$10,083	\$0
Total Revenues	10,083	10,083	10,083	0
Expenditures:				
Current:				
Instruction:				
Vocational	9,562	10,675	9,416	1,259
Total Expenditures	9,562	10,675	9,416	1,259
Net Change in Fund Balance	521	(592)	667	1,259
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	592	592	592	0
Fund Balance End of Year	\$1,113	\$0	\$1,259	\$1,259

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, 2004

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$39,561	\$43,966	\$43,966	\$0
Total Revenues	39,561	43,966	43,966	0
Expenditures:				
Current:				
Instruction:				
Special	612	559	559	0
Support Services:				
Pupil	211	193	193	0
Instructional Staff	38,737	43,214	35,355	7,859
Total Expenditures	39,560	43,966	36,107	7,859
Net Change in Fund Balance	1	0	7,859	7,859
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$1	\$0	\$7,859	\$7,859

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, 2004

	Refugee Impact Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$2,200	\$2,200	\$0
Total Revenues	0	2,200	2,200	0
Expenditures:				
Current:				
Instruction:				
Regular	3,000	5,200	4,947	253
Total Expenditures	3,000	5,200	4,947	253
Net Change in Fund Balance	(3,000)	(3,000)	(2,747)	253
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,000	3,000	3,000	0
Fund Balance End of Year	\$0	\$0	\$253	\$253

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, 2004

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$185,790	\$176,202	\$176,202	\$0
Total Revenues	185,790	176,202	176,202	0
Expenditures:				
Current:				
Instruction:				
Special	167,319	161,107	139,748	21,359
Support Services:				
Pupil	793	700	662	38
Instructional Staff	2,792	2,343	2,332	11
Operation of Non-Instructional Services	15,049	12,569	12,569	0
Total Expenditures	185,953	176,719	155,311	21,408
Net Change in Fund Balance	(163)	(517)	20,891	21,408
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	516	516	516	0
Fund Balance End of Year	\$353	(\$1)	\$21,407	\$21,408

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, 2004

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$42,230	\$40,944	\$40,944	\$0
Total Revenues	<u>42,230</u>	<u>40,944</u>	<u>40,944</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	44,496	44,176	44,176	0
Operation of Non-Instructional Services	6,769	5,541	5,236	305
Total Expenditures	<u>51,265</u>	<u>49,717</u>	<u>49,412</u>	<u>305</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,035)</u>	<u>(8,773)</u>	<u>(8,468)</u>	<u>305</u>
Other financing sources (uses):				
Advances In	11,968	9,257	9,257	0
Advances (Out)	(648)	(484)	(484)	0
Total Other Financing Sources (Uses)	<u>11,320</u>	<u>8,773</u>	<u>8,773</u>	<u>0</u>
Net Change in Fund Balance	2,285	0	305	305
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$2,285</u>	<u>\$0</u>	<u>\$305</u>	<u>\$305</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, 2004

	Drug-Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$29,927	\$25,983	\$25,983	\$0
Total Revenues	29,927	25,983	25,983	0
Expenditures:				
Current:				
Support Services:				
Pupil	22,344	21,570	18,674	2,896
Operation of Non-Instructional Services	4,600	3,722	3,315	407
Total Expenditures	26,944	25,292	21,989	3,303
Excess of Revenues Over (Under) Expenditures	2,983	691	3,994	3,303
Other financing sources (uses):				
Advances (Out)	(3,568)	(2,768)	(2,768)	0
Total Other Financing Sources (Uses)	(3,568)	(2,768)	(2,768)	0
Net Change in Fund Balance	(585)	(2,077)	1,226	3,303
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,076	2,076	2,076	0
Fund Balance End of Year	\$1,491	(\$1)	\$3,302	\$3,303

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, 2004

	Public School Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$29,561	\$33,077	\$33,077	\$0
Total Revenues	29,561	33,077	33,077	0
Expenditures:				
Current:				
Instruction:				
Special	2,875	3,516	3,516	0
Support Services:				
Instructional Staff	21,400	27,984	27,984	0
Total Expenditures	24,275	31,500	31,500	0
Excess of Revenues Over (Under) Expenditures	5,286	1,577	1,577	0
Other financing sources (uses):				
Advances (Out)	(1,480)	(1,577)	(1,577)	0
Total Other Financing Sources (Uses)	(1,480)	(1,577)	(1,577)	0
Net Change in Fund Balance	3,806	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$3,806	\$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, 2004

	E-Rate Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$83,002	\$83,002	\$0
Total Revenues	0	83,002	83,002	0
Expenditures:				
Current:				
Support Services:				
Central	59,821	60,625	38,014	22,611
Total Expenditures	59,821	60,625	38,014	22,611
Net Change in Fund Balance	(59,821)	22,377	44,988	22,611
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	60,625	60,625	60,625	0
Fund Balance End of Year	\$804	\$83,002	\$105,613	\$22,611

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, 2004

	Improving Teacher Quality Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$176,307	\$176,157	\$176,157	\$0
Total Revenues	<u>176,307</u>	<u>176,157</u>	<u>176,157</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	71,845	71,063	59,768	11,295
Support Services:				
Instructional Staff	86,937	87,821	84,301	3,520
Operation of Non-Instructional Services	<u>3,128</u>	<u>2,673</u>	<u>2,602</u>	<u>71</u>
Total Expenditures	<u>161,910</u>	<u>161,557</u>	<u>146,671</u>	<u>14,886</u>
Excess of Revenues Over (Under) Expenditures	<u>14,397</u>	<u>14,600</u>	<u>29,486</u>	<u>14,886</u>
Other financing sources (uses):				
Advances (Out)	<u>(14,398)</u>	<u>(13,300)</u>	<u>(13,300)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(14,398)</u>	<u>(13,300)</u>	<u>(13,300)</u>	<u>0</u>
Net Change in Fund Balance	(1)	1,300	16,186	14,886
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>150</u>	<u>150</u>	<u>150</u>	<u>0</u>
Fund Balance End of Year	<u>\$149</u>	<u>\$1,450</u>	<u>\$16,336</u>	<u>\$14,886</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, 2004

	Continuous Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$31,417	\$32,038	\$32,038	\$0
Total Revenues	31,417	32,038	32,038	0
Expenditures:				
Current:				
Instruction:				
Regular	21,454	26,811	25,837	974
Support Services:				
Instructional Staff	4,383	5,580	5,278	302
Total Expenditures	25,837	32,391	31,115	1,276
Net Change in Fund Balance	5,580	(353)	923	1,276
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	353	353	353	0
Fund Balance End of Year	\$5,933	\$0	\$1,276	\$1,276

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, 2004

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$3,994	\$3,800	\$4,272	\$472
Intergovernmental	200,402	214,328	214,331	3
Other Revenues	2,341,103	2,499,300	2,503,816	4,516
Total Revenues	2,545,499	2,717,428	2,722,419	4,991
Expenditures:				
Current:				
Operation of Non-Instructional Services	2,801,149	2,809,299	2,461,947	347,352
Total Expenditures	2,801,149	2,809,299	2,461,947	347,352
Net Change in Fund Balance	(255,650)	(91,871)	260,472	352,343
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	264,608	264,608	264,608	0
Fund Balance End of Year	\$8,958	\$172,737	\$525,080	\$352,343

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, 2004

	Uniform School Supplies Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	26,711	45,174	45,672	(498)
Total Expenditures	26,711	45,174	45,672	(498)
Net Change in Fund Balance	(26,711)	(45,174)	(45,672)	(498)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,714	45,714	45,714	0
Fund Balance End of Year	\$19,003	\$540	\$42	(\$498)

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, 2004

	Latchkey Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$55	\$0	\$63	\$63
Other Revenues	351,945	400,775	401,345	570
Total Revenues	352,000	400,775	401,408	633
Expenditures:				
Current:				
Operation of Non-Instructional Services	366,650	407,253	381,855	25,398
Total Expenditures	366,650	407,253	381,855	25,398
Net Change in Fund Balance	(14,650)	(6,478)	19,553	26,031
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,037	46,037	46,037	0
Fund Balance End of Year	\$31,387	\$39,559	\$65,590	\$26,031

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, 2004

	Debt Service Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$9,363,396	\$9,571,646	\$9,571,646	\$0
Investment Earnings	62,861	60,000	64,259	4,259
Intergovernmental	1,077,150	1,101,107	1,101,107	0
Total Revenues	10,503,407	10,732,753	10,737,012	4,259
Expenditures:				
Current:				
Support Services:				
School Administration	11,008	12,000	10,917	1,083
Fiscal	143,691	580,391	142,504	437,887
Debt Service:				
Principal Retirement	11,075,000	11,075,000	11,075,000	0
Interest and Fiscal Charges	5,588,695	5,451,003	5,451,003	0
Total Expenditures	16,818,394	17,118,394	16,679,424	438,970
Excess of Revenues Over (Under) Expenditures	(6,314,987)	(6,385,641)	(5,942,412)	443,229
Other financing sources (uses):				
Proceeds of Short-Term Notes	7,181,592	7,341,316	7,341,317	1
Total Other Financing Sources (Uses)	7,181,592	7,341,316	7,341,317	1
Net Change in Fund Balance	866,605	955,675	1,398,905	443,230
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,138,379	4,138,379	4,138,379	0
Fund Balance End of Year	\$5,004,984	\$5,094,054	\$5,537,284	\$443,230

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, 2004

	Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$412,570	\$449,815	\$449,815	\$0
Investment Earnings	10,273	10,500	11,200	700
Intergovernmental	47,461	51,746	51,746	0
Other Revenues	1,063,373	1,195,000	1,197,880	2,880
Total Revenues	1,533,677	1,707,061	1,710,641	3,580
Expenditures:				
Current:				
Instruction:				
Regular	1,894,039	1,000,000	476,511	523,489
Support Services:				
School Administration	2,077	5,000	513	4,487
Fiscal	27,116	20,000	6,697	13,303
Operations and Maintenance	94,672	340,157	23,382	316,775
Extracurricular Activities	278,644	68,819	68,819	0
Capital Outlay	344,143	1,215,534	84,996	1,130,538
Total Expenditures	2,640,691	2,649,510	660,918	1,988,592
Excess of Revenues Over (Under) Expenditures	(1,107,014)	(942,449)	1,049,723	1,992,172
Other financing sources (uses):				
Advances In	35,323	8,724	8,724	0
Total Other Financing Sources (Uses)	35,323	8,724	8,724	0
Net Change in Fund Balance	(1,071,691)	(933,725)	1,058,447	1,992,172
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,072,454	2,072,454	2,072,454	0
Fund Balance End of Year	\$1,000,763	\$1,138,729	\$3,130,901	\$1,992,172

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, 2004

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$18	\$125,625	\$129,531	\$3,906
Total Revenues	18	125,625	129,531	3,906
Expenditures:				
Current:				
Instruction:				
Regular	1,675	7,002	6,921	81
Support Services:				
Operations and Maintenance	17,468	83,944	72,195	11,749
Pupil Transportation	160,413	664,162	663,000	1,162
Central	37,295	459,557	154,143	305,414
Extracurricular Activities	2,556	10,564	10,564	0
Capital Outlay	975,728	36,338,753	4,032,774	32,305,979
Total Expenditures	1,195,135	37,563,982	4,939,597	32,624,385
Excess of Revenues Over (Under) Expenditures	(1,195,117)	(37,438,357)	(4,810,066)	32,628,291
Other financing sources (uses):				
Proceeds of Short-Term Notes	4,982	35,000,000	35,000,000	0
Total Other Financing Sources (Uses)	4,982	35,000,000	35,000,000	0
Net Change in Fund Balance	(1,190,135)	(2,438,357)	30,189,934	32,628,291
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,563,501	2,563,501	2,563,501	0
Fund Balance End of Year	\$1,373,366	\$125,144	\$32,753,435	\$32,628,291

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, 2004

	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	23	23	23	0
Total Expenditures	23	23	23	0
Excess of Revenues Over (Under) Expenditures	(23)	(23)	(23)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	23	23	23	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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**Statistical
Section**

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**MASON CITY SCHOOL DISTRICT, OHIO
GENERAL FUND
EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

	2004	2003	2002	2001	2000
Current:					
Instruction:					
Regular	\$28,460,627	\$24,256,509	\$21,375,506	\$18,293,160	\$15,636,456
Special	5,007,638	4,436,480	3,291,535	2,763,760	2,325,817
Vocational	-	681	-	-	-
Other Instruction	328,374	186,396	120,084	34,455	26,034
Support Services:					
Pupils	3,710,409	3,487,513	2,824,871	2,310,898	1,935,035
Instructional Staff	5,441,371	4,478,041	3,755,489	3,043,773	2,540,641
Board of Education	58,484	72,318	58,415	46,824	40,083
Administration	4,377,386	4,055,742	3,632,567	2,674,129	2,425,189
Fiscal	1,393,104	1,215,312	1,041,477	929,219	769,359
Business	223,220	266,655	122,103	177,658	154,879
Operation and Maintenance of Plant Services	7,562,328	7,456,706	4,872,680	4,372,285	3,876,115
Pupil Transportation Central	4,172,560	4,185,399	3,660,658	2,769,998	2,338,707
	2,174,039	2,181,195	1,903,830	986,006	864,088
Operation of Non-Instructional Services	38,067	62,829	48,906	37,969	36,449
Extracurricular Activities	1,191,450	1,038,035	866,683	537,463	480,008
Capital Outlay	19,247	-	109,688	153,080	551,768
Debt Service	87,122	-	144,254	146,449	75,273
Total	\$64,245,426	\$57,379,811	\$47,828,746	\$39,277,126	\$34,075,901

Source: School District Financial Records

TABLE 1

1999	1998	1997	1996	1995
\$13,210,555	\$11,566,931	\$9,447,228	\$8,363,374	\$7,506,310
1,752,373	1,786,033	1,402,853	1,119,742	954,666
976	53,908	146,108	128,513	130,081
92,084	79,258	68,829	28,432	48,322
1,691,591	1,404,157	1,160,350	735,965	566,827
1,930,057	794,102	603,098	396,937	329,300
42,098	37,001	28,380	34,388	30,748
2,289,868	1,807,065	1,375,131	1,329,407	1,150,504
670,861	593,025	499,780	432,019	333,669
97,767	87,650	75,078	11,502	0
3,499,804	2,552,327	2,004,935	1,936,272	1,746,923
1,969,889	1,694,702	1,435,736	1,313,261	1,189,795
689,812	389,904	245,385	108,589	98,470
37,517	31,725	24,258	0	67,295
373,919	342,360	306,259	319,021	309,175
4,284	5,000	36,070	0	6,514
4,825	8,351	527,122	0	0
\$28,358,280	\$23,233,499	\$19,386,600	\$16,257,422	\$14,468,599

**MASON CITY SCHOOL DISTRICT, OHIO
GENERAL FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

	2004	2003	2002	2001	2000
Taxes	33,401,216	36,422,709	\$28,088,525	\$21,454,044	\$21,419,332
Intergovernmental	26,750,591	23,444,479	21,715,088	16,808,850	13,956,754
Interest	232,339	313,637	405,659	878,597	607,941
Tuition and Fees	417,502	513,190	391,920	372,793	333,160
Other Revenues	484,404	344,412	633,696	263,647	70,583
Total	\$61,286,052	\$61,038,427	\$51,234,888	\$39,777,931	\$36,387,770

Source: School District Financial Records

TABLE 2

1999	1998	1997	1996	1995
\$18,100,212	\$15,618,561	\$12,200,649	\$9,421,138	\$8,904,411
11,514,719	9,593,628	7,553,888	5,836,834	5,002,516
431,026	289,501	152,358	148,533	156,463
41,137	34,236	44,294	29,993	47,355
88,322	133,820	39,398	74,630	126,852
\$30,175,416	\$25,669,746	\$19,990,587	\$15,511,128	\$14,237,597

MASON CITY SCHOOL DISTRICT, OHIO
 PROPERTY TAX LEVIES AND COLLECTIONS
 REAL AND TANGIBLE PERSONAL PROPERTY (1)
 LAST TEN CALENDAR YEARS (2)

TABLE 3

Year (3)	Current Levy	Delinquent Levy (4)	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
2003	\$47,752,879	\$3,168,596	\$50,921,475	\$47,142,230	98.72%	\$2,427,285	49,569,515	103.80%
2002	35,546,237.00	1,191,674.00	36,737,911.00	34,843,236.00	98.02%	1,044,746.00	35,887,982.00	100.96%
2001	34,057,794.00	1,332,263.00	35,390,057.00	33,144,606.00	97.32%	967,840.00	34,112,446.00	100.16%
2000	27,474,665.00	1,802,906.00	29,277,571.00	26,821,127.00	97.62%	1,526,426.00	28,347,553.00	103.18%
1999	25,101,477	1,054,502	26,155,979	24,590,242	97.96%	305,654	24,895,896	99.18%
1998	22,694,987	1,047,925	23,742,912	22,594,774	99.56%	339,122	22,933,896	101.05%
1997	19,249,501	1,028,609	20,278,110	18,885,003	98.11%	363,613	19,248,616	100.00%
1996	11,969,696	0	11,969,696	12,098,720	101.08%	130,539	12,229,259	102.17%
1995	8,417,152	0	8,417,152	8,287,046	98.45%	114,281	8,401,327	99.81%
1994	7,736,942	0	7,736,942	7,460,697	96.43%	62,769	7,523,466	97.24%
1993	7,522,885	0	7,522,885	7,432,176	98.79%	130,874	7,563,050	100.53%

Source: Warren County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Ten years was all of the information available from the County Auditor.
- (3) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.
- (4) The delinquent levy has not been calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum. The County Auditor has changed reporting procedures to permit this disclosure beginning in tax year 1997.

MASON CITY SCHOOL DISTRICT, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN CALENDAR YEARS

TABLE 4

Year (1)	Real Property		Public Utility		Personal Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2004	\$1,053,132,200	\$2,998,017,170	\$23,694,270	\$26,909,540	\$158,872,721	\$635,490,884	\$1,235,699,191	\$3,660,417,594			33.8%
2003	920,126,080	2,628,931,657	22,811,670	32,848,805	159,181,600	636,726,400	1,102,119,350	3,298,506,862			33.4%
2002	844,804,830	2,413,728,086	20,324,550	29,267,352	152,292,210	609,168,840	1,017,421,590	3,052,164,278			33.3%
2001	766,334,940	2,189,528,400	31,930,770	45,980,309	111,364,313	445,457,252	909,630,023	2,680,965,961			33.9%
2000	584,567,320	1,670,192,343	27,966,800	40,272,192	110,006,159	440,024,636	722,540,279	2,150,489,171			33.6%
1999	507,879,160	1,451,083,314	28,916,380	41,639,587	99,696,766	398,787,064	636,492,306	1,891,509,965			33.6%
1998	447,470,900	1,278,488,286	28,019,150	40,347,576	82,819,360	331,277,440	558,309,410	1,650,113,302			33.8%
1997	345,531,240	987,232,114	26,469,100	38,115,504	74,145,702	296,582,808	446,146,042	1,321,930,426			33.7%
1996	308,029,880	880,085,371	25,750,470	37,080,677	61,598,063	246,392,252	395,378,413	1,163,538,300			34.0%
1995	276,071,590	788,775,971	24,507,380	35,290,627	59,009,495	236,037,980	359,588,465	1,060,104,579			33.9%

Source: Warren County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) Represents tax collection year

MASON CITY SCHOOL DISTRICT, OHIO
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUATION)
 LAST TEN CALENDAR YEARS

TABLE 5

Tax Year	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Mason City School District	74.11	72.61	71.11	64.57	61.95	61.95	61.95	62.36	53.26	51.00
Warren County	6.53	4.96	4.00	4.00	4.00	4.75	5.00	5.00	7.07	7.10
City of Mason	7.32	7.32	7.32	7.32	7.32	2.32	2.32	1.89	1.89	1.90
Deefield Township	10.60	10.60	10.60	9.75	9.75	9.75	4.80	4.30	5.80	7.05
Warren-Clinton Community Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Great Oaks Joint Vocational School	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Turtlecreek Township	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.60
Union Township	9.20	9.20	6.20	6.20	6.20	6.20	5.20	5.20	5.20	6.20
Warren County Health District	0.50	0.50	1.00	0.50	0.50	0.50	0.50	0.50	0.00	0.00

Source: Warren County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

**MASON CITY SCHOOL DISTRICT, OHIO
 RATIO OF GENERAL OBLIGATION BONDED DEBT TO
 ASSESSED VALUE AND BONDED DEBT PER CAPITA
 LAST TEN YEARS**

TABLE 6

Year	General Obligation Bonded Debt	Assessed Value	District Population	Less Debt Service Fund	Net Bonded Debt	Ratio of Debt to Assessed Value	Net Debt Per Capita
2004	\$143,885,000	\$1,235,699,191	22,500	\$5,825,741	\$138,059,259	11.17%	\$6,394.89
2003	\$112,010,000	\$1,102,119,350	22,500	\$5,541,992	\$106,468,008	9.66%	\$4,978.22
2002	\$114,340,000	\$1,017,421,590	22,500	\$4,165,956	\$110,174,044	10.83%	\$5,081.78
2001	\$117,410,000	\$909,630,023	22,016	\$77,835,620	\$39,574,380	4.35%	\$5,332.94
2000	46,925,000	722,540,279	21,150	\$1,982,737	\$44,942,263	6.22%	\$2,218.68
1999	48,250,000	636,492,306	19,200	\$901,279	\$47,348,721	7.44%	\$2,513.02
1998	49,135,000	558,309,410	17,500	1,964,055	47,170,945	8.45%	2,807.71
1997	28,610,000	446,146,042	15,863	1,532,457	27,077,543	6.07%	1,803.57
1996	29,536,000	395,378,413	14,366	693,336	28,842,664	7.29%	2,055.97
1995	11,700,000	359,589,075	13,240	480,807	11,219,193	3.12%	883.69

Source: City of Mason and School District Records

**MASON CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 AS OF JUNE 30, 2004**

TABLE 7

Assessed Valuation	<u><u>\$1,231,632,421</u></u>
Voted Debt:	
Debt Limit - 9% of Assessed Value (1)	<u>\$110,846,918</u>
Debt Limit - Special Needs District (2)	<u>\$215,911,053</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bond	3,900,000
General Obligation Bond	21,070,000
General Obligation Bond	68,475,000
General Obligation Bond	15,440,000
General Obligation Bond	35,000,000
Bond Anticipation Note	<u>7,200,000</u>
Sub-total	<u>\$151,085,000</u>
Less: Amount Available in Debt Service Fund	<u>(5,825,741)</u>
Total Debt Subject to Limit	<u><u>\$145,259,259</u></u>
Voted Debt Margin (Special Needs District)	<u><u>\$70,651,794</u></u>
Unvoted Debt:	
Debt Limit - .10% of Assessed Value (1)	<u><u>\$1,231,632</u></u>

Source: Warren County Auditor and School District Financial Records

- (1) Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. All District debt subject to the limitation is voted.
- (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, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
 AS OF JUNE 30, 2004**

TABLE 8

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Mason CSD	\$151,085,000	100.00%	\$151,085,000
Butler County	76,372,200	0.05%	38,186
Warren County	3,771,025	27.23%	1,026,850
Lebanon City	7,706,608	0.00%	0
City of Mason	13,745,000	88.41%	12,151,955
Deerfield Township	6,814,300	48.67%	3,316,520
West Chester Township	37,435,000	0.25%	93,588
Great Oaks Joint Vocational School	<u>5,310,000</u>	6.81%	<u>361,611</u>
Total	<u><u>\$302,239,133</u></u>		<u><u>\$168,073,710</u></u>

Source: Ohio Municipal Advisory Council

**MASON CITY SCHOOL DISTRICT, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN CALENDAR YEARS**

TABLE 9

Year (1)	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2004	\$18,830,000	\$5,451,003	\$24,281,003	\$64,245,426	37.79%
2003	\$2,330,000	\$5,809,938	\$8,139,938	\$57,379,811	14.19%
2002	3,070,000	5,793,808	8,863,808	47,828,746	18.53%
2001	1,220,000	2,496,207	3,716,207	39,277,126	9.46%
2000	1,105,000	2,554,382	3,659,382	34,075,901	10.74%
1999	1,335,000	2,618,210	3,953,210	28,358,280	13.94%
1998	1,479,200	1,992,231	3,471,431	23,233,499	14.94%
1997	926,000	1,623,493	2,549,493	19,326,196	13.19%
1996	771,993	1,783,629	2,555,622	16,257,422	15.72%
1995	940,518	728,284	1,668,802	14,468,599	11.53%
1994	693,756	782,463	1,476,219	12,598,203	11.72%

Source: School District Financial Records.

**MASON CITY SCHOOL DISTRICT, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN CALENDAR YEARS**

TABLE 10

Year	Warren County Population (1) (4)	Mason City Population (1) (4) (5)	School Enrollment (2)	Unemployment Rate Warren County (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate U.S.A. (3)
2004	158,383	22,016	8,635	4.00%	5.80%	5.60%
2003	158,383	22,016	8,003	4.70%	6.60%	6.50%
2002	158,383	22,016	7,363	4.60%	5.90%	6.00%
2001	158,383	22,016	6,711	3.30%	4.40%	4.70%
2000	113,909	21,150	6,057	3.20%	4.20%	4.20%
1999	113,909	19,200	5,364	3.20%	4.50%	4.50%
1998	113,909	17,500	4,783	3.40%	4.50%	4.70%
1997	113,909	15,863	4,371	2.90%	4.30%	5.20%
1996	113,909	14,366	3,845	3.80%	4.60%	5.40%
1995	113,909	13,240	3,420	4.00%	4.50%	5.50%

Source:

- (1) 1990 Census
- (2) School District Records
- (3) Ohio Bureau Employment Services - Data for 2002 based upon June.
- (4) 2000 Census
- (5) Estimate

**MASON CITY SCHOOL DISTRICT, OHIO
PROPERTY VALUE, FINANCIAL INSTITUTION DEPOSITS
AND BUILDING PERMITS
LAST TEN CALENDAR YEARS**

TABLE 11

Year	Property Value (Real Estate Only)	County Bank Deposits (1) (3)	Value of Building Permits Issued (2)
2003	1,053,132,200	3,857,000,000	115,704,796
2002	920,126,080	1,510,000,000	83,056,255
2001	844,804,830	1,388,000,000	172,221,950
2000	766,334,940	1,248,000,000	95,176,832
1999	584,567,320	1,200,862,000	118,161,589
1998	507,879,160	1,150,159,000	111,291,583
1997	447,470,900	1,080,081,000	78,812,560
1996	345,531,240	1,044,777,000	74,115,054
1995	308,029,880	968,832,000	62,415,454
1994	276,071,590	885,766,000	44,414,494

Source:

(1) Federal Reserve Bank of Cleveland & Federal Deposit Insurance Corp. (www2.FDIC.GOV)

(2) City of Mason Department of Economic Development and Planning

(3) Information Unavailable

**MASON CITY SCHOOL DISTRICT, OHIO
 PRINCIPAL TAXPAYERS
 REAL ESTATE TAX**

TABLE 12

Name of Taxpayer	Type of Business	Assessed Value (1)	Percent of Total Real Estate Assessed Value
Duke Realty Ltd. Partnership	Commercial Property Leasing	\$14,595,690	1.39%
Mason Christian Village	Retirement Community	6,154,210	0.59%
Cintas Sales Corporation	Professional Uniforms	5,981,630	0.57%
Metropolitan Life Insurance	Insurance Company	5,747,700	0.55%
Northeast Cincinnati Hotels	Hotel Chain	5,534,350	0.53%
Drees Company	Residential Builder and Developer	4,816,980	0.46%
Twin Fountains of Mason	Apartment Complex	4,549,300	0.43%
Hills Real Estate Group	Real Estate	4,419,000	0.42%
A-Mold Corp.	Manufacture Aluminum Wheels	3,882,850	0.37%
SSC Kings Mall LLC	Community Shopping Center	3,573,960	0.34%
		<u>\$59,255,670</u>	<u>5.65%</u>

Source: Warren County Auditor

(1) Assessed values are for the 2004 collection year.

**MASON CITY SCHOOL DISTRICT, OHIO
PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX**

TABLE 13

Name of Taxpayer	Type of Business	Assessed Value (1)	Percent of Total Tangible Personal Property Assessed Value
Mitsubishi Electric	Manufactures Automobile Parts	\$18,137,680	11.43%
UBE Automotive	Aluminum Wheel Supplier	13,967,000	8.80%
Procter & Gamble	Health Care Research	11,860,000	7.48%
Cintas Corporation No. 2	Professional Uniforms	7,020,860	4.43%
Kenwood Lincoln-Mercury	Automobile Dealership	4,478,950	2.82%
Thomson Learning Inc.	Learning Solutions	3,810,410	2.40%
Leggett & Platt Inc.	Innerspring Mattress Components	3,741,850	2.36%
Blackhawk Automotive Plastics	Automotive Plastics	3,642,440	2.30%
Anthem Prescription Management	Health Care Benefits	3,210,330	2.02%
Luxottica Retail	Optical Retail Chain	2,563,580	1.62%
		<u>\$72,433,100</u>	<u>45.66%</u>

Source: Warren County Auditor

(1) Assessed values are for the 2004 collection year.

(2) Type of business information was not available from the County Auditor.

MASON CITY SCHOOL DISTRICT, OHIO
 PRINCIPAL TAXPAYERS
 PUBLIC UTILITY PERSONAL PROPERTY TAX

TABLE 14

Name of Taxpayer	Assessed Value (1)	Percentage of Total Public Utility Personal Property Assessed Value
Cincinnati Gas and Electric	\$14,825,710	62.61%
United Telephone	6,141,980	25.94%
Cincinnati Bell Telephone	746,300	3.15%
Cincinnati Bell Wireless	380,050	1.60%
New Par	283,340	1.20%
Sprintcom Inc.	271,280	1.15%
Time Warner Telecom	168,540	0.71%
Q West Comm. Corp.	150,750	0.64%
Cincinnati SMSA Ltd. Ptnr.	120,290	0.51%
Dayton Power & Light Co.	73,770	0.31%
	\$23,162,010	97.82%

Source: Warren County Auditor

(1) Assessed values are for the 2004 collection year.

MASON CITY SCHOOL DISTRICT, OHIO
 COST TO EDUCATE A 2004 GRADUATE
 MASON CITY SCHOOL DISTRICT VERSUS STATE OF OHIO

TABLE 15

School Year	Grade	----- Cost Per Pupil -----		Comparison
		Mason CSD (1)	State Average (1)	
1991-92	K	4,266	4,436	(170)
1992-93	1	4,238	4,822	(584)
1993-94	2	4,461	4,882	(421)
1994-95	3	4,440	5,117	(677)
1995-96	4	4,475	5,299	(824)
1996-97	5	4,458	5,555	(1,097)
1997-98 (2)	6	5,285	5,469	(184)
1998-99 (2)	7	6,271	6,800	(529)
1999-00 (2)	8	6,354	7,108	(754)
2000-01(2)	9	6,857	7,639	(782)
2001-02(2)	10	7,487	8,054	(567)
2002-03(2)	11	7,581	8,015	(434)
2003-04(2)	12	8,369	8,768	(399)
		<u>\$74,542</u>	<u>\$81,964</u>	<u>(\$7,422)</u>

Source: School District Financial Records.

- (1) The Department of Education has no mechanism in place to provide this data on a GAAP basis. As a result, all figures are presented on a cash basis to provide a more meaningful comparison.
- (2) The Department of Education adopted a new calculation for per pupil spending. Beginning in 1997-98 per pupil spending is based upon the departments expenditures flow model.

**MASON CITY SCHOOL DISTRICT, OHIO
MISCELLANEOUS STATISTICAL DATA**

TABLE 16

Year of Original Charter:	June 10, 1968
Current Charter:	September 9, 1991
Form of Government:	Public School District
Area of District:	25 Square Miles
Number Miles Traveled by Transportation Fleet for the 2003-2004 School Year:	1,004,631
Number Meals Served by Food Service Department for the 2003-2004 School Year:	930,049

School Buildings	Grade Levels	Enrollment
Mason Heights Elementary	1-2	1,480
Western Row Elementary	3-4	1,469
Mason Middle School	5-6	1,332
Mason Intermediate	7-8	1,366
William Mason High School	9-12	2,134
Mason Early Childhood Center	PS-K	854
		<u>8,635</u>

Degree	Number of Certified Staff	Percentage of Total
Bachelor's Degree	87.5	15.10%
Bachelor + 150	190.1	32.83%
Master's Degree	299.5	51.72%
Doctorate	2.0	0.35%
Total	<u>579.1</u>	<u>100.00%</u>

Years of Experience	Number of Certified Staff	Percentage of Total
0 - 5	257.5	44.43%
6 - 10	138.5	23.90%
11 - 15	74.5	12.86%
16 - 20	46.0	7.94%
21 - 25	38.0	6.56%
26 - 30	20.0	3.45%
31 - 35	5.0	0.86%
36 - 40	0.0	0.00%
	<u>579.5</u>	<u>100.00%</u>

Source: School District Records

**MASON CITY SCHOOL DISTRICT, OHIO
LARGEST EMPLOYERS**

TABLE 17

Employer	Nature of Activity or Business	Number of Employees
Procter & Gamble	Health Care Research Center	2,400
Cintas	Manufacture Uniforms	1,800
Anthem Blue Cross & Blue Shield	Health Care Benefits	1,300
Mason City School District	Education	1,180
Luxottica Retail	Optical Retail Chain	1,162
Blackhawk Automotive	Manufacture Plastic Moldings	733
Siemens Business Services, Inc.	Computer Repair, Service & Network Solutions	500
Portion Pac	Manufacture Condiments	483
UBE Automotive North America	Manufacture Aluminum Wheels	458
Mitsubishi Electric Automotive	Manufacture Starters and Alternators	435

Source: City of Mason Economic Development
Warren County Economic Development

**MASON CITY SCHOOL DISTRICT, OHIO
LEVY HISTORY**

TABLE 18

Date of Election	Type of Issue	Millage	For	Against	% For
11/7/1967	General Operating 10 year	4.00	916	754	54.9%
11/5/1968	General Operating (Renewal Continuing)	16.10	1,667	906	64.8%
8/19/1969	Special Operating	6.80	270	513	34.5%
11/4/1969	Special - General Operating	4.90	839	938	47.2%
12/11/1969	Special - General Operating (Cont.)	4.90	821	664	55.3%
11/8/1977	General Operating (Renewal)	4.00	1,970	692	74.0%
11/8/1977	Bond Issue (SAH) *	1.60	1,681	931	64.4%
3/14/1978	General Operating (New Cont.)	6.50	902	505	64.1%
6/5/1979	Bond Issue (SAH) *	1.10	295	77	79.3%
9/8/1981	Bond Issue (SAH) *	1.30	330	86	79.3%
2/5/1985	Bond Issue	6.50	651	1,037	38.6%
11/5/1985	Bond Issue	4.70	1,642	1,518	52.0%
5/3/1988	General Operating (New Cont.)	8.60	1,567	1,407	52.7%
5/7/1991	Special Levy (Land Purchase)	0.70	994	868	53.4%
11/5/1991	Bond Issue	3.78	1,978	2,115	48.3%
2/4/1992	Bond Issue	3.27	1,470	1,524	49.1%
6/2/1992	Bond Issue	3.27	1,909	1,889	50.3%
5/5/1995	Bond Issue	3.98	1,644	1,068	60.6%
3/19/1996	General Operating (New Cont.)	9.80	2,832	2,218	56.1%
2/4/1997	Bond Issue	5.01	1,895	802	70.3%
3/7/2000	Bond Issue	6.78	3,690	3,248	53.2%
5/8/2001	Operating Levy**	9.95	3,196	2,301	58.1%
3/2/2004	Bond Issue	1.78	4,213	2,377	63.9%

Source: School District Records

* SAH - Stay at Home Issues

** Incremental Levy phased in over three years beginning in 2002: 6.95, 8.45, 9.95

MASON CITY SCHOOL DISTRICT, OHIO
 STUDENT POPULATION BY SEX AND BY RACE
 FOR THE 2003-2004 SCHOOL YEAR

TABLE 19

Grade	Male	Female	Total
PS	65	39	104
K	390	360	750
1	386	348	734
2	379	367	746
3	388	361	749
4	343	377	720
5	340	316	656
6	331	345	676
7	366	303	669
8	375	322	697
9	287	294	581
10	289	283	572
11	266	230	496
12	238	238	476
Ungraded	5	4	9
	4,448	4,187	8,635

Race	Total	Percent
American Indian/Alaskan	17	0.20%
Asian	540	6.25%
Black	257	2.98%
Caucasian	7,534	87.25%
Hispanic	152	1.76%
Multi-Racial	135	1.56%
	8,635	100.00%

Source: School District Financial Records.

MASON CITY SCHOOL DISTRICT, OHIO
 SCHEDULE OF INSURANCE POLICIES
 AND BONDING INSURANCE

TABLE 20

Agent	Insurance Company	Policy #	Policy Period	Description	Liability Limit	Premium
Dakin Insurance	Indiana Insurance	CBP9461034	2/1/04-2/1/05	Comprehensive Property and Plant Employee Benefit Liability	\$127,654,155 \$1,000,000 each occurrence \$3,000,000 aggregate \$4,000,000 Excess Umbrella	\$185,208
Dakin Insurance	Indiana Insurance	BA9143978	2/1/04-2/1/05	Fleet Insurance	1,000,000 \$4,000,000 Excess Umbrella	143,362
Dakin Insurance	Indiana Insurance	CU9574500	2/1/04-2/1/05	Liability Insurance	\$1,000,000 each occurrence \$2,000,000 aggregate \$4,000,000 Excess Umbrella	22,853
Dakin Insurance	Cincinnati Insurance	B80-841745	2/1/04-2/1/05	Public Employee Bond	50,000	755
OSBA Bond Program	Nationwide Insurance	91PB 402-236-0001L	1/1/03-1/1/07	Treasurer's Bond	50,000	1,080
OSBA Bond Program	Nationwide Insurance	BR005671	1/1/03-1/1/07	Board President's Bond	20,000	102
OSBA Bond Program	Nationwide Insurance	BR005671	1/1/03-1/1/07	Superintendent's Bond	20,000	102

Source: School District Records.

MASON CITY SCHOOL DISTRICT, OHIO
 ENROLLMENT HISTORY
 LAST TEN YEARS

TABLE 21

School Year (1)	Preschool	KDN	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Total	% Increase
2003-04	104	750	734	746	749	720	656	676	669	697	581	572	496	485	8,635	
2002-03	93	698	689	712	685	617	636	630	687	569	556	495	503	433	8,003	7.90%
2001-02	86	648	657	637	581	610	587	657	543	533	495	490	438	401	7,363	8.69%
2000-01	74	627	592	532	562	549	611	487	501	502	480	417	408	369	6,711	9.72%
1999-00	57	565	500	505	513	566	453	473	458	472	403	394	367	331	6,057	10.80%
1998-99	51	437	455	454	511	410	418	404	446	376	392	358	331	321	5,364	12.92%
1997-98	49	402	410	467	370	388	360	399	350	358	336	312	316	266	4,783	12.15%
1996-97	64	388	418	333	341	334	361	323	325	326	309	314	276	259	4,371	9.43%
1995-96	45	386	309	307	296	318	293	298	298	282	299	258	275	181	3,845	13.68%
1994-95	42	291	293	256	302	269	278	280	266	269	245	255	188	186	3,420	12.43%

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

Source: School District Records

**MASON CITY SCHOOLS DISTRICT, OHIO
 DIRECTORY OF SCHOOL FACILITIES
 AS OF JUNE 30, 2004**

TABLE 22

Facility	Address	Administrator / Contact	Grades	Phone Numbers
Early Childhood Center	211 North East Street	Mike Zimmermann	PS-K	398-3741
Mason Heights School	200 Northcrest Drive	Tom Morris	1-2	398-8866
Western Row School	755 Western Row Road	Will Becker	3	398-5821
Mason Intermediate 45	6307 Mason-Montgomery Rd.	Catherine Hunter	4-6	459-2850
Mason Intermediate 56	6315 Mason-Montgomery Rd.			
Mason Middle School	6370 Mason-Montgomery Rd.	Tonya McCall	7-8	398-9035
Mason High School	6100 S. Mason-Montgomery Rd.	Bob Carter	9-12	398-5025
Professional Development Center	4836 Tylersville Road	Lori Sideris		336-7367
Bus Garage	5025 Enterprise Drive	Ron McClure		398-6682
Maintenance Garage	5120 Enterprise Drive	George Highfill		398-2784

TABLE 23

This Comprehensive Annual Financial Report
was prepared by:

The Treasurer's Office
Mason City School District
Richard Gardner, Treasurer

The Mason City School District Treasurer's Office:

Chris Hofer	Assistant Treasurer
Terri Ross	Payroll Supervisor
Rosita Dobbins	Accounting Clerk
Amy Elliott	Accounting Clerk
Ericka Hood	Accounting Clerk
Stefanie Howland	Accounting Clerk
Pat Nurre	Accounting Clerk

Additional copies of this report may be obtained from:

Richard Gardner, Treasurer
Mason City School District
211 North East Street
Mason, OH 45040
Phone: (513) 398-3623
Email: gardnerr@mason.k12.oh.us
Web Page: ww2.mason.k12.oh.us



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Betty Montgomery**

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Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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 13, 2005**