



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE KEITH FABER



January 15, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

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MASON CITY SCHOOL DISTRICT
WARREN COUNTY

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**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	CFDA Number	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
<u>Child Nutrition Cluster:</u>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2018	10.555	0	\$419,249
Cash Assistance:				
National School Breakfast Program	2018	10.553	52,824	0
National School Lunch Program	2018	10.555	573,459	0
Total Child Nutrition Cluster			<u>626,283</u>	<u>419,249</u>
Total U.S. Department of Agriculture			<u>626,283</u>	<u>419,249</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
<u>Special Education Cluster:</u>				
Special Education-Grants to States	2018	84.027	1,343,728	0
Special Education-Grants to States	2017	84.027	293,121	0
Total Special Education-Grants to States			<u>1,636,849</u>	<u>0</u>
Special Education-Preschool Grants	2018	84.173	31,957	0
Special Education-Preschool Grants	2017	84.173	7,249	0
Total Special Education-Preschool Grants			<u>39,206</u>	<u>0</u>
Total Special Education Cluster			<u>1,676,055</u>	<u>0</u>
Title I Grants to Local Educational Agencies	2018	84.010	159,991	0
Title I Grants to Local Educational Agencies	2017	84.010	47,083	0
Total Title I Grants to Local Educational Agencies			<u>207,074</u>	<u>0</u>
Title III - LEP	2018	84.365	111,249	0
Title III - LEP	2017	84.365	16,266	0
Title III - Immigrant	2018	84.365	917	0
Title III - Immigrant	2017	84.365	13,952	0
Total Title III			<u>142,384</u>	<u>0</u>
Improving Teacher Quality State Grants	2018	84.367	138,581	0
Improving Teacher Quality State Grants	2017	84.367	2,752	0
Total Improving Teacher Quality State Grants			<u>141,333</u>	<u>0</u>
Title IV-A - Student Support & Academic Enrichment	2018	84.424	9,149	0
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>				
Vocational Education Basic Grants to States	2017	84.048	1,883	0
Total U.S. Department of Education			<u>2,177,878</u>	<u>0</u>
Total Federal Assistance			<u>\$2,804,161</u>	<u>\$419,249</u>

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

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mason City School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2018, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2018



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Mason City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Mason City School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Mason City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mason City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 19, 2018. Our opinion also explained that the District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mason City School District
Warren County
Independent Auditor's Report on Compliance with Requirements Applicable
To The Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

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Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2018

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**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA 84.027 and 84.173 - Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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MASON CITY SCHOOLS

MASON, OHIO

“Welcoming, valuing and engaging each learner”



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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MASON CITY SCHOOL DISTRICT
MASON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY:
OFFICE OF THE TREASURER

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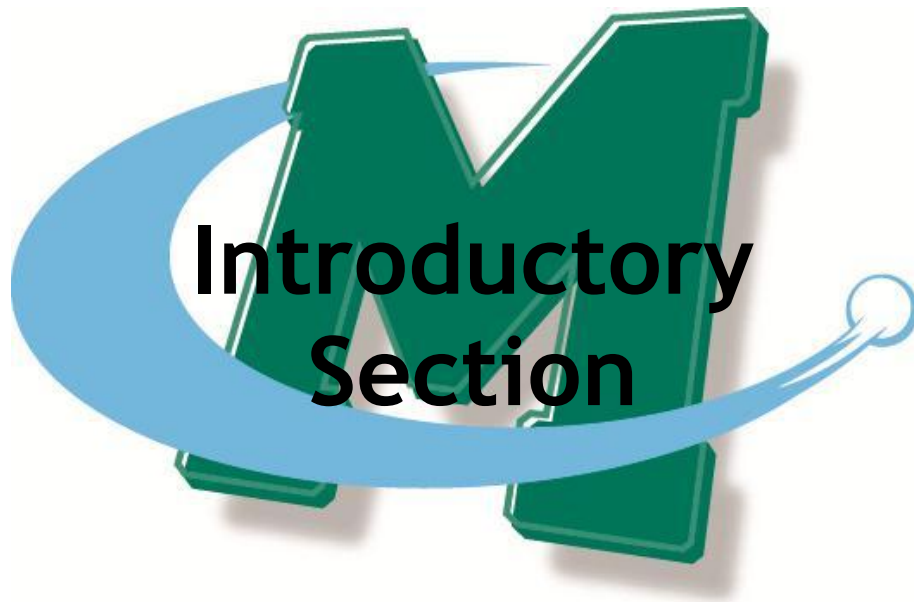
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**Introductory
Section**

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December 19, 2018

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

State law requires that school districts publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States by the Auditor of State or a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Mason City School District for the fiscal year ended June 30, 2018.

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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Mason City School District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

The current Board members, their terms and years on the Board as of June 30, 2018, are:

Board Member	Current Term	Total Years
Mr. Charles Galvin	Jan. 2018 - Dec. 2021	½
Mrs. Courtney Allen	Jan. 2016 - Dec. 2019	6 ½
Mr. Mathew Steele	Jan. 2018 - Dec. 2021	6 ½
Mrs. Connie Yingling	Jan. 2018 - Dec. 2021	18 ¾
Mr. Kevin Wise	Jan. 2016 - Dec. 2019	15 ½

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

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

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

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

The District served 10,664 in grade PK-12 students during the 2018 fiscal year in five buildings. The high school (9-12) was constructed in 2002 with an addition in 2009. The middle school (7-8) was constructed in 1959, with additions in 1967, 1980, 1987 and 1997. The intermediate school 45 building wing (4-5) was constructed in 1994. The intermediate school 56 building wing (5-6) was constructed in 1998. An addition was constructed in 2007 connecting the two intermediate building wings. Western Row Elementary School (2-3) was constructed in 1962, with additions in 1987. Mason Early Childhood Center (PreK-2) was constructed in 2007 with additions in 2018.

The District employed approximately 1,074 employees as of June 30, 2018. The District's current enrollment is 10,664. It is expected that the District's enrollment will continue to decrease slightly each year for the next several years, plateauing at approximately 10,000 students within the next 7 to 8 years.

The District's teachers, instructional coaches, and counselors are represented by the Mason Education Association (MEA). The Board of Education and MEA reached agreement on a three year contract effective July 1, 2016 which provides 2.5% base salary increases each year for three years.

The District custodial, grounds, maintenance and HVAC technicians are represented by the Ohio Association of Public School Employees (OAPSE) Local 070. The Board of Education and OAPSE reached agreement on a three year contract effective July 1, 2016 which provides 2.5% base salary increases each year for three years.

The District's other non-certified staff, administrators, directors and supervisors are currently not represented by a union. These classifications typically receive the same benefits extended to the MEA and OAPSE #070. Their salary and wages were increased 2.5% for the 2017-18 school year.

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

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

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

The Mason City School District community continues to see strong investment in the biohealth sector. In the past 18 months, 60% of new economic development projects, 80% of new jobs created and 80% of new investment has been in the biohealth sector including Assurex Health. Mason City Schools has benefited from strong partnerships with leaders in the biotech industry through advanced experiential learning opportunities for our students. During the 17-18 school year, Assurex, ABC Pediatric, CMO Axis, the City of Mason, LEAP, and UC-West Chester hospital all partnered with the Mason High School experiential learning program.

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

Financial policies and planning. Student enrollment growth has been the priority for the Board and Administration for the last 15 years. Current demographic projections indicate the District will see its population stabilize at approximately 10,000 over the next several years. The District closed the Mason Heights Elementary School in the summer of 2012 and consolidated those students into the Mason Early Childhood Center (MECC) and Western Row Elementary. The District is currently working with the Ohio Facilities Construction Commission (OFCC) on a project to expand the MECC and the Mason Middle School. These projects are expected to provide sufficient capacity for the District to cover its projected enrollment over the next ten years, and it does not anticipate the need for any additional significant capital bond issues in the next ten years.

The District continued to be highly ranked in the State of Ohio for academic performance of public schools with a Performance Index of 105.27 and spends less per pupil than the average of similar school districts. Spending is aligned with the state average for total expenditure per pupil but the District is more focused on - and spends more on - classroom instruction. The District's priorities and goals for the future are focused on high impact learning, superb staff support, and deep parent and community partnerships. All Mason students will graduate prepared to thrive in a global economy. We pledge to support our staff to ensure that every Mason child has great learning experiences. We believe that engaged parents and community members champion Mason students. The administrative team and Board of Education are mindful of these priorities and goals when making all financial decisions. Our plans for achievement of our goals strike a balance between resource reallocation, utilization of cash reserves, and eventually additional local taxes.

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

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Mason City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Shaun L. Bevan
Treasurer and CFO

**MASON CITY SCHOOLS
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2018**

ELECTED OFFICIALS

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

ADMINISTRATIVE OFFICIALS

Superintendent.....Gail Kist-Kline
 Note: Effective 07/01/18, Jonathan Cooper became Superintendent
Chief Academic Officer.....Heather Sass
Chief Operations Officer.....Todd Petrey
HR Talent Management Officer.....Tonya McCall
Innovative Learning Officer.....Jonathan Cooper
Innovative Programs Administrator.....Christine McCormick
Public Information Officer.....Tracey Carson
Treasurer.....Shaun Bevan
Assistant Treasurer.....Cynthia Stubenvoll
Benefits Supervisor.....Crystal Clark
Payroll Supervisor.....Terri Ross
Building and Grounds Supervisor.....George Highfill
Child Nutrition Supervisor.....Tamara Earl
ESL Supervisor.....Milena Varbanova
Special Services Administrator.....Jessica Stevens
Special Services Supervisor.....Jody Bergman
Special Services Supervisor.....Erin Bucher
Transportation Supervisor.....Carolyn Thornton



ORGANIZATION CHART

Board of Education Members

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

Superintendent/CEO, Gail Kist-Kline

Note: Effective 07/01/18, Jonathan Cooper became Superintendent

Treasurer, Shaun Bevan

Cynthia Stubenvoll, Assistant Treasurer
Terri Ross, Payroll Supervisor
Crystal Clark, Benefits Supervisor

Chief Academic Officer, Dr. Heather Sass,

Jill Arminio, Science Academic Learning Coach
Bob Reynolds, Math Academic Learning Coach
Shannon Homoelle, Lang Arts Academic Learning Coach
Robyn Thomas, Academic Learning Coach

Innovative Programs Administrator, Christine McCormick

Randy Doughman Innovative Learning Coach
Krissy Hufnagel Innovative Learning Coach
Dan Little Innovative Learning Coach
Aaron Roberts Innovative Learning Coach



ORGANIZATION CHART

HR Talent Management Officer, Tonya McCall

Chief Operations Officer, Todd Petrey

Public Information Officer, Tracey Carson

Principals

Melissa Bly, Mason Early Childhood Center - Grades Pre-K-2

Eric Messer, Western Row – Grades 2-3

Greg Sears, Mason Intermediate - Grades 4-6

Tonya McCall, Mason Middle School - Grades 7-8

Dave Hyatt, Mason High School - Grades 9-12

Data Center Administrator, Sheri Ballman

Central Registrar, Jan Hill

Special Services Administrator, Jessica Stevens

Special Services Supervisor, Jody Bergman

Special Services Supervisor, Erin Bucher

Special Services Supervisor, Thea Staley

ESL Administrator Milena Varbanova

Gifted Administrator, Nicole Dietrich, (HCEC) Gifted Administrator

Transportation Supervisor, Carolyn Thornton

Buildings & Grounds Supervisor, George Highfill

Facilities Coordinator, Debbie Darland

Facilities Scheduler, Kim Ashman



Government Finance Officers Association

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

Presented to

**Mason City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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**Financial
Section**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

Emphasis of Matter

As discussed in Note 21 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2018

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Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(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, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position of governmental activities increased \$72,195,557 which represents a 302% increase from 2017.
- General revenues accounted for \$122,589,099 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$18,060,818 or 13% of total revenues of \$140,649,917.
- The District had \$68,454,360 in expenses related to governmental activities; \$18,060,818 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$122,589,099 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

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

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

Fund Financial Statements

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

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

The District as a Whole

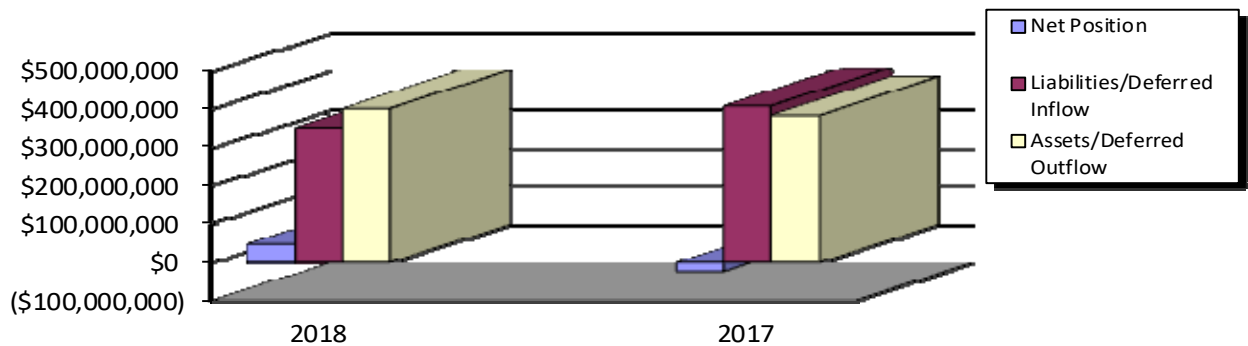
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2018 compared to 2017:

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Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2018	2017 - Restated
Assets:		
Current and Other Assets	\$193,348,039	\$192,289,366
Capital Assets	163,221,580	153,866,764
Total Assets	356,569,619	346,156,130
Deferred Outflows of Resources:		
Deferred Charge on Refunding	2,334,472	2,531,265
OPEB	1,397,020	291,301
Pension	40,608,872	34,680,041
Total Deferred Outflows of Resources	44,340,364	37,502,607
Liabilities:		
Other Liabilities	25,136,647	23,442,894
Long-Term Liabilities	252,736,021	321,954,695
Total Liabilities	277,872,668	345,397,589
Deferred Inflows of Resources:		
Property Taxes	57,733,487	54,607,462
Deferred Gain on Refunding	1,284,984	1,468,553
Grants and Other Taxes	5,450,713	4,573,993
OPEB	3,896,171	0
Pension	6,409,632	1,544,369
Total Deferred Inflows of Resources	74,774,987	62,194,377
Net Position:		
Net Investment in Capital Assets	86,330,715	66,402,057
Restricted	60,611,546	32,778,083
Unrestricted	(98,679,933)	(123,113,369)
Total Net Position	\$48,262,328	(\$23,933,229)



Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$15,211,724 to (\$23,933,229).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$48,262,328.

At year-end, capital assets represented 46% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2018, were \$86,330,715. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$60,611,546 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use. The District's balance of unrestricted net position is (\$98,679,933) as of June 30, 2018. The negative unrestricted net position, and total net position, are a result of recording pension liabilities required by governmental auditing standards, and these liabilities do not represent an immediate obligations of the District.

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

Table 2 shows the changes in net position for fiscal years 2018 and 2017.

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Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program Revenues		
Charges for Services	\$10,435,816	\$11,851,643
Operating Grants, Contributions	7,625,002	7,844,513
General Revenues:		
Property Taxes	71,774,330	72,060,441
Grants and Entitlements	43,829,088	44,840,676
Investment Earnings	633,027	191,392
Revenue in Lieu of Taxes	5,046,252	4,630,395
Grants and Entitlements for Capital Construction	0	33,794,366
Other	1,306,402	692,262
Total Revenues	<u>140,649,917</u>	<u>175,905,688</u>
Program Expenses:		
Instruction	35,941,935	74,489,440
Support Services:		
Pupil and Instructional Staff	6,596,515	10,846,624
School Administrative, General		
Administration, Fiscal and Business	2,227,767	8,960,461
Operations and Maintenance	9,664,573	12,799,417
Pupil Transportation	3,280,142	6,613,893
Central	1,324,691	2,528,808
Operation of Non-Instructional Services	4,860,953	6,671,478
Extracurricular Activities	1,697,858	3,428,746
Interest and Fiscal Charges	2,859,926	3,679,221
Total Program Expenses	<u>68,454,360</u>	<u>130,018,088</u>
Increase (Decrease) in Net Position	72,195,557	45,887,600
Net Position - Beginning of Year, Restated	<u>(23,933,229)</u>	<u>N/A</u>
Net Position - End of Year	<u>\$48,262,328</u>	<u>(\$23,933,229)</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$291,301 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the

Mason City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

2018 statements report negative OPEB expense of \$4,702,469. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 operating expenses under GASB 75	\$68,454,360
Negative OPEB expense under GASB 75	4,702,469
2018 contractually required contribution	383,013
Adjusted 2018 operating expenses	73,539,842
Total 2017 operating expenses under GASB 45	130,018,088
Change in operating expenses not related to OPEB	(\$56,478,246)

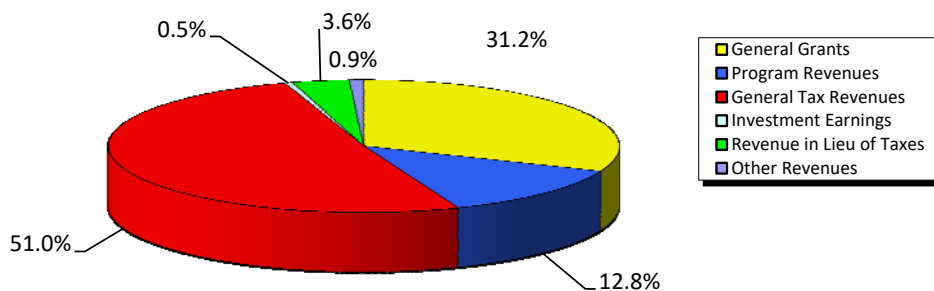
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and grants and entitlements comprised 82% of the District’s revenues for governmental activities.

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

Thus Ohio school districts do not receive additional tax revenue related to the increase in appraised value and must regularly return to the voters to maintain a constant level of service. Property taxes made up 51% of revenue for governmental activities for the District in fiscal year 2018.

Revenue Sources	2018	Percentage
General Grants	\$43,829,088	31.2%
Program Revenues	18,060,818	12.8%
General Tax Revenues	71,774,330	51.0%
Investment Earnings	633,027	0.5%
Revenue in Lieu of Taxes	5,046,252	3.6%
Other Revenues	1,306,402	0.9%
Revenue Sources	\$140,649,917	100.0%



Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Instruction comprises 52% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses and interest and fiscal charges were 14%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	\$35,941,935	\$74,489,440	(\$26,579,231)	(\$64,131,204)
Support Services:				
Pupil and Instructional Staff	6,596,515	10,846,624	(6,079,457)	(10,517,313)
School Administrative, General				
Administration, Fiscal and Business	2,227,767	8,960,461	(2,091,504)	(8,766,719)
Operations and Maintenance	9,664,573	12,799,417	(8,839,894)	(11,420,136)
Pupil Transportation	3,280,142	6,613,893	(3,116,008)	(6,494,848)
Central	1,324,691	2,528,808	(1,315,691)	(2,519,808)
Operation of Non-Instructional Services	4,860,953	6,671,478	321,199	(1,250,266)
Extracurricular Activities	1,697,858	3,428,746	166,970	(1,542,417)
Interest and Fiscal Charges	2,859,926	3,679,221	(2,859,926)	(3,679,221)
Total Expenses	\$68,454,360	\$130,018,088	(\$50,393,542)	(\$110,321,932)

The District's Funds

The District has four major governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund and the Classroom Facilities Fund. Assets of the General Fund comprised \$106,823,091 (55%), the Debt Service Fund comprised \$21,275,859 (11%), the Capital Projects Fund comprised \$25,010,229 (13%) and the Classroom Facilities Fund comprised \$28,951,670 (15%) of the total \$193,985,448 governmental funds' assets.

General Fund: Fund balance at June 30, 2018 was \$43,286,194 including \$31,304,113 of unassigned balance. The fund balance increased by \$853,471. The fund balance remained relatively stable from 2017 to 2018.

Debt Service Fund: Fund balance at June 30, 2018 was \$10,056,950. The fund balance increased by \$943,997. The primary reason for the increase in fund balance was due to a decrease in debt service payments from 2017 to 2018.

Mason City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Capital Projects Fund: Fund balance at June 30, 2018 was \$18,911,826. The fund balance increased by \$473,664. The primary reason for the increase in fund balance was mainly due to an increase in revenues in lieu of taxes.

Classroom Facilities Fund: Fund balance at June 30, 2018 was \$4,158,892. The fund balance increased by \$4,158,892 from 2017. The primary reason for the increase in fund balance was due to an increase in intergovernmental revenues.

General Fund Budgeting Highlights

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

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

The final revenue budget for the General Fund was \$105,298,386. The actual revenue was \$105,436,817. The \$138,431 variance was primarily due to conservative estimates for taxes and intergovernmental revenue. The final budget expenditures were \$107,492,150. The actual expenditures were \$106,099,488. The \$1,392,662 variance was primarily due to an overestimate for regular expenditures. The District’s ending unobligated General Fund cash balance was \$39,497,010.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$163,221,580 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal 2018 balances compared to fiscal 2017 restated:

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

	Governmental Activities	
	2018	2017
Land	\$3,655,645	\$3,655,645
Construction in Progress	10,022,711	0
Buildings and Improvements	144,275,728	145,275,948
Equipment	5,267,496	4,935,171
Total Net Capital Assets	<u>\$163,221,580</u>	<u>\$153,866,764</u>

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

Mason City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Debt

At year end, the District had \$74,354,580 in bonds and capital leases outstanding, \$9,883,000 due within one year. Table 5 summarizes bonds and capital leases outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
General Obligation Bonds:		
2016 Tax Exempt Refunding of 2007 Bonds	\$9,080,000	\$10,170,000
2016 Tax Exempt Refunding of 2007 Bonds - Premium	1,199,634	1,371,010
2006 Refunding High School/Recreation Center and Intermediate	20,705,000	29,075,000
2006 Refunding Bond Premium on High School/Recreation Center	1,305,756	1,678,829
2007 Refunding Early Childhood Center	13,870,000	13,870,000
2013 Refunding High School Addition - Current Interest Bonds	16,100,000	16,100,000
2013 Refunding High School Addition - Capital Appreciation Bonds	720,000	720,000
2013 Refunding High School Addition - Accreted Interest on Capital Appreciation Bonds	774,227	571,420
2013 Refunding High School Addition - Premium	2,320,541	2,486,294
2013 Refunding High School/Recreation Center	3,640,000	3,640,000
2013 Refunding High School/Recreation Center - Premium	228,422	285,527
Capital Leases	4,411,000	4,566,000
Total Bonds and Capital Leases	<u>\$74,354,580</u>	<u>\$84,534,080</u>

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

For the Future

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

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

Contacting the District's Financial Management

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

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Mason City School District, Ohio
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$96,187,470
Restricted Cash and Investments	85,593
Equity in Pooled Cash and Investments with Fiscal Agent	118,874
Receivables (Net):	
Taxes	68,359,884
Accounts	27,918
Interest	59,033
Intergovernmental	28,456,289
Inventory	52,978
Nondepreciable Capital Assets	13,678,356
Depreciable Capital Assets, Net	<u>149,543,224</u>
Total Assets	<u>356,569,619</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	2,334,472
Pension	40,608,872
OPEB	<u>1,397,020</u>
Total Deferred Outflows of Resources	<u>44,340,364</u>
Liabilities:	
Accounts Payable	383,642
Accrued Wages and Benefits	15,545,641
Contracts Payable	2,918,483
Retainage Payable	118,874
Accrued Interest Payable	311,168
Claims Payable	1,498,839
General Obligation Notes Payable	4,360,000
Long-Term Liabilities:	
Due Within One Year	10,913,842
Due In More Than One Year	
Net Pension Liability	137,562,104
Net OPEB Liability	31,560,320
Other Amounts	<u>72,699,755</u>
Total Liabilities	<u>277,872,668</u>
Deferred Inflows of Resources:	
Property Taxes	57,733,487
Deferred Gain on Refunding	1,284,984
Grants and Other Taxes	5,450,713
Pension	6,409,632
OPEB	<u>3,896,171</u>
Total Deferred Inflows of Resources	<u>74,774,987</u>
Net Position:	
Net Investment in Capital Assets	86,330,715
Restricted for:	
Debt Service	9,935,378
Capital Projects	45,745,012
Community Services	2,584,602
District Managed Student Activities	424,349
Auxiliary Services	183,294
Food Service	1,648,296
Federal Grants	90,615
Unrestricted	<u>(98,679,933)</u>
Total Net Position	<u>\$48,262,328</u>

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$22,006,711	\$3,459,141	\$0	(\$18,547,570)
Special	11,808,265	926,143	4,635,692	(6,246,430)
Vocational	258	0	16,609	16,351
Other	2,126,701	70,571	254,548	(1,801,582)
Support Services:				
Pupil	3,800,082	1,800	340,249	(3,458,033)
Instructional Staff	2,796,433	0	175,009	(2,621,424)
General Administration	138,899	0	0	(138,899)
School Administration	972,419	7,069	0	(965,350)
Fiscal	1,005,830	0	0	(1,005,830)
Business	110,619	129,194	0	18,575
Operations and Maintenance	9,664,573	824,587	92	(8,839,894)
Pupil Transportation	3,280,142	0	164,134	(3,116,008)
Central	1,324,691	0	9,000	(1,315,691)
Operation of Non-Instructional Services	4,860,953	3,152,483	2,029,669	321,199
Extracurricular Activities	1,697,858	1,864,828	0	166,970
Interest and Fiscal Charges	2,859,926	0	0	(2,859,926)
Total Governmental Activities	\$68,454,360	\$10,435,816	\$7,625,002	(\$50,393,542)

General Revenues:

Property Taxes Levied for:	
General Purposes	57,835,024
Debt Service Purposes	13,246,320
Capital Projects Purposes	692,986
Grants and Entitlements, Not Restricted	43,829,088
Revenue in Lieu of Taxes	5,046,252
Investment Earnings	633,027
Other Revenues	1,306,402

Total General Revenues 122,589,099

Change in Net Position 72,195,557

Net Position - Beginning of Year, Restated (23,933,229)

Net Position - End of Year \$48,262,328

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Debt Service	Capital Projects	Classroom Facilities
Assets:				
Equity in Pooled Cash and Investments	\$51,449,931	\$8,160,205	\$18,881,112	\$6,453,561
Restricted Cash and Investments	85,593	0	0	0
Equity in Pooled Cash and Investments with Fiscal Agent Receivables (Net):	0	0	0	118,874
Taxes	54,567,127	13,115,654	677,103	0
Accounts	23,998	0	1,301	0
Interest	59,033	0	0	0
Intergovernmental	0	0	5,450,713	22,379,235
Interfund	637,409	0	0	0
Inventory	0	0	0	0
Total Assets	106,823,091	21,275,859	25,010,229	28,951,670
Liabilities:				
Accounts Payable	246,679	0	69,808	0
Accrued Wages and Benefits	14,743,245	0	0	0
Compensated Absences	381,964	0	0	0
Contracts Payable	0	0	0	2,294,669
Retainage Payable	0	0	0	118,874
Accrued Interest Payable	0	0	0	0
Interfund Payable	0	0	0	0
Claims Payable	1,498,839	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	16,870,727	0	69,808	2,413,543
Deferred Inflows of Resources:				
Property Taxes	46,649,477	11,218,909	577,882	0
Grants and Other Taxes	0	0	5,450,713	22,379,235
Investment Revenue	16,693	0	0	0
Total Deferred Inflows of Resources	46,666,170	11,218,909	6,028,595	22,379,235
Fund Balances:				
Restricted	0	10,056,950	18,911,826	4,158,892
Assigned	11,982,081	0	0	0
Unassigned	31,304,113	0	0	0
Total Fund Balances	43,286,194	10,056,950	18,911,826	4,158,892
Total Liabilities, Deferred Inflows and Fund Balances	\$106,823,091	\$21,275,859	\$25,010,229	\$28,951,670

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$11,242,661	\$96,187,470
0	85,593
0	118,874
0	68,359,884
2,619	27,918
0	59,033
626,341	28,456,289
0	637,409
52,978	52,978
<u>11,924,599</u>	<u>193,985,448</u>
67,155	383,642
802,396	15,545,641
0	381,964
623,814	2,918,483
0	118,874
54,500	54,500
637,409	637,409
0	1,498,839
4,360,000	4,360,000
<u>6,545,274</u>	<u>25,899,352</u>
0	58,446,268
626,341	28,456,289
0	16,693
<u>626,341</u>	<u>86,919,250</u>
5,302,924	38,430,592
0	11,982,081
(549,940)	30,754,173
<u>4,752,984</u>	<u>81,166,846</u>
<u>\$11,924,599</u>	<u>\$193,985,448</u>

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Mason City School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2018

Total Governmental Fund Balance		\$81,166,846
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		163,221,580
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	712,781	
Interest	16,693	
Intergovernmental	<u>23,005,576</u>	
		23,735,050
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(256,668)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(8,877,053)
Deferred charges for bond refunding losses and gains associated with long-term liabilities that are not reported in the funds.		
Deferred charge on refunding	2,334,472	
Deferred gain on refunding	<u>(1,284,984)</u>	
		1,049,488
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	40,608,872	
Deferred inflows of resources related to pensions	(6,409,632)	
Deferred outflows of resources related to OPEB	1,397,020	
Deferred inflows of resources related to OPEB	<u>(3,896,171)</u>	
		31,700,089
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(137,562,104)	
Net OPEB Liability	(31,560,320)	
Other Amounts	<u>(74,354,580)</u>	
		<u>(243,477,004)</u>
Net Position of Governmental Activities		<u><u>\$48,262,328</u></u>

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Debt Service	Capital Projects	Classroom Facilities
Revenues:				
Property and Other Taxes	\$57,516,188	\$13,170,081	\$688,998	\$0
Tuition and Fees	3,155,127	0	0	0
Investment Earnings	600,107	3,114	7,922	23,150
Intergovernmental	44,955,520	2,088,832	80,942	11,415,131
Extracurricular Activities	621,743	0	0	0
Charges for Services	1,243,728	0	0	0
Revenue in Lieu of Taxes	0	0	4,848,792	0
Other Revenues	289,205	35,056	106,530	0
Total Revenues	108,381,618	15,297,083	5,733,184	11,438,281
Expenditures:				
Current:				
Instruction:				
Regular	47,847,766	0	488,113	0
Special	18,890,827	0	838	0
Vocational	0	0	0	0
Other	3,261,982	0	0	0
Support Services:				
Pupil	7,270,926	0	880	0
Instructional Staff	2,365,837	0	1,565,547	0
General Administration	153,385	0	0	0
School Administration	5,926,298	12,628	746	0
Fiscal	1,713,779	160,858	17,812	0
Business	290,789	0	0	0
Operations and Maintenance	8,975,766	0	1,615,825	0
Pupil Transportation	5,762,387	0	374,568	0
Central	2,403,126	0	76,872	0
Operation of Non-Instructional Services	1,022,412	0	0	0
Extracurricular Activities	1,781,446	0	20,800	0
Capital Outlay	0	0	1,097,519	7,279,389
Debt Service:				
Principal Retirement	0	9,460,000	0	0
Interest and Fiscal Charges	0	3,163,600	0	0
Total Expenditures	107,666,726	12,797,086	5,259,520	7,279,389
Excess of Revenues Over (Under) Expenditures	714,892	2,499,997	473,664	4,158,892
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	138,579	0	0	0
Transfers In	0	4,360,000	0	0
Transfers (Out)	0	(5,916,000)	0	0
Total Other Financing Sources (Uses)	138,579	(1,556,000)	0	0
Net Change in Fund Balance	853,471	943,997	473,664	4,158,892
Fund Balance - Beginning of Year	42,432,723	9,112,953	18,438,162	0
Fund Balance - End of Year	\$43,286,194	\$10,056,950	\$18,911,826	\$4,158,892

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$0	\$71,375,267
351,760	3,506,887
2,373	636,666
4,180,284	62,720,709
981,244	1,602,987
4,163,688	5,407,416
0	4,848,792
953,318	1,384,109
<u>10,632,667</u>	<u>151,482,833</u>
161,679	48,497,558
1,677,523	20,569,188
258	258
0	3,261,982
346,968	7,618,774
169,121	4,100,505
0	153,385
8,334	5,948,006
0	1,892,449
152,522	443,311
963,899	11,555,490
0	6,136,955
9,000	2,488,998
5,389,123	6,411,535
1,558,409	3,360,655
1,645,803	10,022,711
155,000	9,615,000
<u>336,412</u>	<u>3,500,012</u>
<u>12,574,051</u>	<u>145,576,772</u>
<u>(1,941,384)</u>	<u>5,906,061</u>
0	138,579
5,916,000	10,276,000
<u>(4,360,000)</u>	<u>(10,276,000)</u>
<u>1,556,000</u>	<u>138,579</u>
(385,384)	6,044,640
<u>5,138,368</u>	<u>75,122,206</u>
<u>\$4,752,984</u>	<u>\$81,166,846</u>

Mason City School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balance - Total Governmental Funds \$6,044,640

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	\$12,364,746	
Depreciation Expense	<u>(2,999,555)</u>	
		9,365,191

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. (10,375)

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

District pension contributions	9,704,779	
Pension expense	43,431,575	
District OPEB contributions	383,013	
OPEB expense	<u>4,702,469</u>	
		58,221,836

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

Delinquent Property Taxes	399,063	
Interest	(3,639)	
Intergovernmental	<u>(11,356,544)</u>	
		(10,961,120)

Repayment of bond principal, capital lease principal and current refunding bonds (principal and premium) are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 9,615,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 88,810

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

Compensated Absences	(719,701)	
Amortization of Bond Premium	767,307	
Amortization of Deferred Charge on Refunding	(196,793)	
Bond Accretion	(202,807)	
Amortization of Gain Charge on Refunding	<u>183,569</u>	
		<u>(168,425)</u>

Change in Net Position of Governmental Activities \$72,195,557

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Education Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$100,622	\$781,233
Receivables (Net):		
Accounts	<u> 0</u>	<u> 1,543</u>
Total Assets	<u> 100,622</u>	<u> 782,776</u>
Liabilities:		
Accounts Payable	0	11,231
Other Liabilities	<u> 0</u>	<u> 771,545</u>
Total Liabilities	<u> 0</u>	<u> \$782,776</u>
Net Position:		
Held in Trust	<u> 100,622</u>	
Total Net Position	<u> \$100,622</u>	

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	Education Private Purpose Trust
Additions:	
Donations	\$2,477
Investment Earnings	45
Total Additions	<u>2,522</u>
Deductions:	
Scholarships	<u>2,500</u>
Total Deductions	<u>2,500</u>
Change in Net Position	22
Net Position - Beginning of Year	<u>100,600</u>
Net Position - End of Year	<u><u>\$100,622</u></u>

See accompanying notes to the basic financial statements.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 1 – Description of the District

The Mason City School District (the “District”) operates under a locally elected five member Board and provides educational services as authorized by its charter or further mandated by state/or federal agencies. The Board controls the District’s five instructional facilities, staffed by 488 full-time equivalent classified personnel, 680 certified full-time equivalent teaching personnel and administrative employees to provide services to students and other community members.

The District is located in Warren and Butler Counties in southwest Ohio. The District contains 25 square miles, with 99% of its territory located within Warren County and the remaining 1% in Butler County. Political subdivisions included in the District are the City of Mason, portions of Deerfield, Union and Turtle Creek Townships in Warren County, and a portion of West Chester Township in Butler County. The District is approximately 25 minutes northeast of downtown Cincinnati and 35 minutes southwest of downtown Dayton. The enrollment for the District during the current fiscal year was 10,636. The District operates one early childhood center (Pre-K-2), one elementary school and (2-3), one intermediate school (4-6), one middle school (7-8) and a high school (9-12).

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

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

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

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

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Fiduciary Funds

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Measurement Focus

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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 Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, deferred gain on refunding, grants and other taxes (which includes tax incremental financing (TIF's), OPEB, pension, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements in the grants and other taxes line item. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements. The District utilizes a financial institution for escrow related to retainage liabilities and to service bonded debt as principal and interest payments come due. These balances are presented on the financial statements as “Cash and Cash Equivalents with Fiscal Agent”.

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

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

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the current fiscal year amounted to \$600,107 credited to the General Fund; \$3,114 credited to the Debt Service Fund, \$7,922 credited to the Capital Projects Fund, \$23,150 credited to the Classroom Facilities Fund, and \$2,373 credited to Other Governmental Funds.

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Inventory

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

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	0-20 days annually depending on length of service and days worked	10-20 days per year depending on length of service and days worked
Maximum Accumulation	Not Applicable	Amount equal to three years accrual	Amount equal to three years accrual
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
<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	260 days	260 days	260 days
Vested	5-10 years of service Eligible for retirement	5-10 years of service Eligible for retirement	5-10 years of service Eligible for retirement
Termination Entitlement	Paid upon retirement at 25%-50%	Paid upon retirement at 25%-50%	Paid upon retirement at 25%-50%

Fund Balance

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

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

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

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District’s \$60,611,546 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

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

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

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

of other governments or imposed by enabling legislation. Restricted assets represent amounts followed by statute to be set-aside to create a reserve for budget stabilization.

Accrued Liabilities and Long Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment at year end. Long term loans are recognized as a liability on the statement of net position when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Equity In Pooled Cash and Investments

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. 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.

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2018, \$51,619,786 of the District's bank balance of \$52,119,786 was exposed to custodial credit risk because it was uninsured and collateralized.

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

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

Investments

As of June 30, 2018, the District had the following investments:

Investment Type	Fair Value	Fair Value Hierachy	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$2,938,050	Level 2	1.79
Federal National Mortgage Association	10,136,079	Level 2	1.76
Federal Farm Credit Bank	1,766,819	Level 2	0.39
Commercial Paper	30,872,534	Level 2	0.19
Money Market Fund	50,887	N/A	0.00
STAROhio	577,481	N/A	0.13
Total Fair Value	\$46,341,850		
Portfolio Weighted Average Maturity			0.64

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District’s recurring fair value measurements as of June 30, 2018. STAR Ohio is reported at its share price (Net Asset value per share).

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

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. Investments of the District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. Strategies to achieve this are determined and revised periodically. The District as invested 6.3% in Federal Home Loan Bank, 21.9% in Federal National Mortgage Association, 3.8% in Federal Farm Credit Bank, 66.7% in Commercial Paper, .1% in Money Market Funds, and 1.2% in STAR Ohio.

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

Note 4 - Property Taxes

Real property taxes collected in 2018 were levied in April on the assessed values as of January 1, 2017, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Real property taxes are payable annually or semi-annually. In 2018, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at June 30, 2018. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2018 on the fund financial statements. The entire amount of delinquent taxes receivable is recognized as revenue in the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations.

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

The assessed values upon which the fiscal year 2018 taxes were collected are:

	Amount
Agricultural/Residential and Other Real Estate	\$1,695,789,200
Public Utility	37,827,010
Total	<u>\$1,733,616,210</u>

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 5 – Receivables

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

Note 6 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,655,645	\$0	\$0	\$3,655,645
Construction in Progress	0	10,022,711	0	10,022,711
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	177,714,023	1,025,361	0	178,739,384
Equipment	18,042,803	1,316,674	1,344,395	18,015,082
Totals at Historical Cost	<u>199,412,471</u>	<u>12,364,746</u>	<u>1,344,395</u>	<u>210,432,822</u>
Less Accumulated Depreciation:				
Buildings and Improvements	32,438,075	2,025,581	0	34,463,656
Equipment	13,107,632	973,974	1,334,020	12,747,586
Total Accumulated Depreciation	<u>45,545,707</u>	<u>2,999,555</u>	<u>1,334,020</u>	<u>47,211,242</u>
Governmental Activities Capital Assets, Net	<u>\$153,866,764</u>	<u>\$9,365,191</u>	<u>\$10,375</u>	<u>\$163,221,580</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$109,134
Special	880
Support Services:	
Instructional Staff	22,471
School Administration	1,211
Operations and Maintenance	1,966,535
Pupil Transportation	602,600
Central	86,695
Operation of Non-Instructional Services	84,680
Extracurricular Activities	125,349
Total Depreciation Expense	<u>\$2,999,555</u>

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 7 - Short-Term Notes Payable

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

	Beginning Principal Outstanding	Additions	Deletions	Ending Principal Outstanding
Mason Intermediate Construction 2017 2.00%	\$5,800,000	\$0	\$5,800,000	\$0
Mason Intermediate Construction 2018 2.00%	<u>0</u>	<u>4,360,000</u>	<u>0</u>	<u>4,360,000</u>
Total	<u>\$5,800,000</u>	<u>\$4,360,000</u>	<u>\$5,800,000</u>	<u>\$4,360,000</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:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$4,360,000	\$130,800	\$4,490,800

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Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 8 - Long-Term Liabilities

	Interest Rate	Restated Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
2016 Tax Exempt Refunding 2007 Bonds		\$10,170,000	\$0	\$1,090,000	\$9,080,000	\$3,650,000
2016 Tax Exempt Refunding 2007 Bonds Premium		1,371,010	0	171,376	1,199,634	0
2006 Refunding High School/ Recreation Center	5.16%	29,075,000	0	8,370,000	20,705,000	4,810,000
2006 Refund Bond Premium		1,678,829	0	373,073	1,305,756	0
2007 Refunding Early Childhood Center	4.98%	13,870,000	0	0	13,870,000	0
2013 Refunding High School Addition Current Interest Bonds		16,100,000	0	0	16,100,000	0
2013 Refunding High School Addition Capital Appreciation Bonds		720,000	0	0	720,000	0
2013 Refunding High School Accreted Interest on Capital Appreciation Bonds		571,420	202,807	0	774,227	0
2013 Refunding High School Addition Premium		2,486,294	0	165,753	2,320,541	0
2013 Refunding High School/ Recreation Center		3,640,000	0	0	3,640,000	1,250,000
2013 Refunding High School/ Recreation Center Premium		285,527	0	57,105	228,422	0
Subtotal Bonds		79,968,080	202,807	10,227,307	69,943,580	9,710,000
Capital Leases		4,566,000	0	155,000	4,411,000	173,000
Compensated Absences		8,349,471	1,730,452	820,906	9,259,017	1,030,842
Subtotal Bonds and Other Amounts		92,883,551	1,933,259	11,203,213	83,613,597	10,913,842
Net Pension Liability:						
STRS		150,802,728	0	43,852,734	106,949,994	0
SERS		38,832,162	0	8,220,052	30,612,110	0
Subtotal Net Pension Liability		189,634,890	0	52,072,786	137,562,104	0
Net OPEB Liability:						
STRS		24,093,943	0	6,528,140	17,565,803	0
SERS		15,342,311	0	1,347,794	13,994,517	0
Subtotal Net OPEB Liability		39,436,254	0	7,875,934	31,560,320	0
Total Long-Term Obligations		\$321,954,695	\$1,933,259	\$71,151,933	\$252,736,021	\$10,913,842

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

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On May 16, 2013 the District issued \$16,100,000 in Current Interest Bonds with an interest rate of 4.00% and \$720,000 in Capital Appreciation Bonds of which \$16,820,000 was used to advance refund \$16,820,000 of outstanding 2007 High School Addition General Obligation Bonds with an average interest rate between 4.00% and 5.00%. The net proceeds of \$19,969,306 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, \$16,820,000 of the 2007 High School Addition General Obligation Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

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

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$9,710,000	\$2,840,200	\$12,550,200	\$0	\$0	\$0
2020	6,690,000	2,412,287	9,102,287	0	0	0
2021	7,055,000	2,070,956	9,125,956	0	0	0
2022	5,925,000	1,741,994	7,666,994	445,000	1,090,000	1,535,000
2023	1,730,000	1,585,275	3,315,275	275,000	830,000	1,105,000
2024-2028	15,995,000	5,800,643	21,795,643	0	0	0
2029-2032	16,290,000	1,567,307	17,857,307	0	0	0
Total	<u>\$63,395,000</u>	<u>\$18,018,662</u>	<u>\$81,413,662</u>	<u>\$720,000</u>	<u>\$1,920,000</u>	<u>\$2,640,000</u>

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

Note 9 – Capital Leases – Lessee Disclosure

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

The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 4.38% plus an annual administrative fee. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2018.

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Fiscal Year Ending June 30,	Long-Term Debt
2019	\$370,961
2020	382,897
2021	394,928
2022	407,985
2023	419,000
2024-2028	2,302,198
2029-2032	1,779,007
Total Minimum Lease Payments	6,056,976
Less: Amount Representing Interest (4.38%)	(1,591,473)
Less: Additional Program Cost Component	(54,503)
Present Value of Minimum Lease Payments	<u>\$4,411,000</u>

Note 10 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Mason City School District, Ohio
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The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.20% for the first thirty years of service and 2.50% for years of service credit over 30 or \$86.00 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

Post-Retirement Increases – Before January 1, 2018; on each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit. On or after January 1, 2018; on each anniversary of the initial retirement, the allowance of all retirees and survivors are increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLA’s shall be suspended for calendar years 2018, 2019, and 2020.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the employer is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% was allocated to the Health Care Fund.

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Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

The contractually required contribution to SERS was \$2,365,135 for fiscal year 2018. Of this amount \$69,580 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

Mason City School District, Ohio
Notes to the Basic Financial Statements
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A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The employer was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$7,339,644 for fiscal year 2018. Of this amount \$1,315,272 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$30,612,110	\$106,949,994	\$137,562,104
Proportion of the Net Pension Liability:			
Current Measurement Date	0.51235550%	0.45021692%	
Prior Measurement Date	<u>0.53056090%</u>	<u>0.45052031%</u>	
Change in Proportionate Share	-0.01820540%	-0.00030339%	
Pension Expense	(\$1,631,215)	(\$41,800,360)	(\$43,431,575)

At June 30, 2018, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to the Basic Financial Statements
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,317,439	\$4,129,907	\$5,447,346
Changes of assumptions	1,582,975	23,391,139	24,974,114
Changes in employer proportionate share of net pension liability	0	482,633	482,633
Contributions subsequent to the measurement date	<u>2,365,135</u>	<u>7,339,644</u>	<u>9,704,779</u>
Total Deferred Outflows of Resources	<u>\$5,265,549</u>	<u>\$35,343,323</u>	<u>\$40,608,872</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$861,975	\$861,975
Net difference between projected and actual earnings on pension plan investments	145,309	3,529,475	3,674,784
Changes in employer proportionate share of net pension liability	<u>1,055,560</u>	<u>817,313</u>	<u>1,872,873</u>
Total Deferred Inflows of Resources	<u>\$1,200,869</u>	<u>\$5,208,763</u>	<u>\$6,409,632</u>

\$9,704,779 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$700,622	\$4,583,532	\$5,284,154
2020	1,477,699	9,545,711	11,023,410
2021	234,855	6,797,312	7,032,167
2022	<u>(713,631)</u>	<u>1,868,361</u>	<u>1,154,730</u>
Total	<u>\$1,699,545</u>	<u>\$22,794,916</u>	<u>\$24,494,461</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions Experience Study Date	5 year period ended June 30, 2015

Prior to 2017, an assumption of 3.0% was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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Discount Rate

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

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$42,481,652	\$30,612,110	\$20,668,946

Changes in Benefit Terms

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	July 1, 2017	July 1, 2016
Inflation	2.50%	2.75%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45%, net of investment expenses, including inflation	7.75%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.50%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017	2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1 2013, or later, 2% COLA commences on fifth anniversary of retirement date.

Mason City School District, Ohio
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For The Fiscal Year Ended June 30, 2018

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of

Mason City School District, Ohio
Notes to the Basic Financial Statements
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7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

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

The following table represents the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45% or one percentage point higher 8.45% than the current assumption:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$153,309,177	\$106,949,994	\$67,899,332

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

Note 11 – Defined Benefit Other Postemployment Benefits (OPEB) Plans

Net Other Postemployment Benefits (OPEB) Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at year-end is included in accrued liabilities on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-

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covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the surcharge obligation was \$295,416

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$383,013 for fiscal year 2018. Of this amount \$295,416 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the employer's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$13,994,517	\$17,565,803	\$31,560,320
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.52145630%	0.45021692%	
Prior Measurement Date	0.53825683%	0.45052031%	
Change in Proportionate Share	<u>-0.01680053%</u>	<u>-0.00030339%</u>	
OPEB Expense	\$659,987	(\$5,362,456)	(\$4,702,469)

At June 30, 2018, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$1,014,007	\$1,014,007
Contributions subsequent to the measurement date	383,013	0	383,013
Total Deferred Outflows of Resources	\$383,013	\$1,014,007	\$1,397,020
Deferred Inflows of Resources			
Changes of assumptions	\$1,328,008	\$1,414,980	\$2,742,988
Net difference between projected and actual earnings on pension plan investments	36,956	750,803	787,759
Changes in employer proportionate share of net pension liability	351,516	13,908	365,424
Total Deferred Inflows of Resources	\$1,716,480	\$2,179,691	\$3,896,171

\$383,013 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	(\$617,762)	(\$256,848)	(\$874,610)
2020	(617,762)	(256,848)	(874,610)
2021	(471,717)	(256,847)	(728,564)
2022	(9,239)	(256,848)	(266,087)
2023	0	(69,147)	(69,147)
Thereafter	0	(69,146)	(69,146)
Total	(\$1,716,480)	(\$1,165,684)	(\$2,882,164)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56%
Prior Measurement Date	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.63%
Prior Measurement Date	2.98%
Medical Trend Assumption	
Medicare	5.50% to 5.00%
Pre-Medicare	7.50% to 5.00%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease 2.63%	Current Discount Rate 3.63%	1% Increase 4.63%
Proportionate share of the net OPEB liability	\$16,900,161	\$13,994,517	\$11,692,505

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	1% Decrease 6.50% decreasing to 4.00%	Current Trend Rate 7.50% decreasing to 5.00%	1% Increase 8.50% decreasing to 6.00%
Proportionate share of the net OPEB liability	\$11,355,502	\$13,994,517	\$17,487,299

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017
Blended Discount Rate of Return	4.13%
Health Care Cost Trends	6.00% to 11.00% initial, 4.5% ultimate

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected

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benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

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

The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Proportionate share of the net OPEB liability	\$23,581,809	\$17,565,803	\$12,811,193
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$12,203,967	\$17,565,803	\$24,622,606

Changes in Assumptions – STRS

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

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

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Note 12 - Contingent Liabilities

Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

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

Note 13 - Risk Management

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

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

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

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

The District offers a High Deductible medical plan with a Health Savings Account (HSA) on a self-insured basis with third party administration services provided by Anthem. Monthly premiums for the plan are \$1,712 for family coverage (\$4,000 deductible) and \$697 for individual coverage (\$2,000 deductible). For full time employees the District pays 90% of the premium and makes the following contributions to the employees' HSAs: \$2,000 family and \$1,000 single. The District pays 100% of claims after the deductible is met.

The District offers dental on a self-insured basis with third party administrative services provided by Dental Care Plus Group. Monthly premiums for dental coverage are \$99.51 for family coverage and \$37.45 for individual coverage. The district is responsible for payment of all claim amounts.

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

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The liability for unpaid claims cost of \$1,498,839 at fiscal year end is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated.

The amount reported as claims payable in the General Fund in the Fund Financial Statements is \$1,498,839 since this amount is currently due and payable with expendable available financial resources. In the Government-wide Financial Statements, the total amount of the liability for claims of \$1,498,839 has been reported as claims payable.

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

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2017	\$2,242,469	\$14,117,203	\$14,008,249	\$2,351,423
2018	2,351,423	12,482,720	13,335,304	1,498,839

Note 14 – Accountability

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

Fund	Deficit
Other Governmental Funds:	
Gifted Supplemental	\$13,138
Title VI B	401,483
Title III	39,127
Title I	46,467
Public School Preschool	9,154
Improving Teacher Quality	40,571

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

Note 15 - Required Set-Asides

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

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

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

	Capital Acquisition	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2017	\$0	\$85,593
Current Year Set-aside Requirement	1,847,893	0
Qualified Disbursements	(1,736,469)	0
Current Year Offsets	(111,424)	0
Set-Aside Reserve Balance as of June 30, 2018	<u>\$0</u>	<u>\$85,593</u>
Restricted Cash as of June 30, 2018	<u>\$0</u>	<u>\$85,593</u>

Note 16 - Interfund Transactions

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

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$637,409	\$0	\$0	\$0
Debt Service Fund	0	0	4,360,000	5,916,000
Other Governmental Funds	0	637,409	5,916,000	4,360,000
Total All Funds	<u>\$637,409</u>	<u>\$637,409</u>	<u>\$10,276,000</u>	<u>\$10,276,000</u>

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

Note 17 - Jointly Governed Organizations

Southwestern Ohio Computer Association

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

The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District has an equity interest that is explicit and measurable in that the jointly governed agreement stipulates that the participants have a future claim to the net resources of SWOCA upon dissolution. The agreement sets forth the method to

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determine each member’s proportionate share. Financial information can be obtained from the Director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Great Oaks Career Campuses

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

Jewell Education Foundation

The District is a participant in the Jewell Education Foundation, which is a jointly governed educational foundation established to benefit the school districts in Warren County. The Foundation was created to promote and assist in funding through soliciting grants and charitable contributions for distributions to member educational institutions of participating school districts. The governing board is made up of the Warren County Vocational School District Superintendent, one member of the 1999 Warren County Vocational School District Board of Education, not on the current board, and one member submitted by each participating school district. The District made no financial contribution to the Foundation. Financial information can be obtained from the Director of planned giving, at P.O. Box 854, Lebanon, Ohio 45036.

Note 18 - Fund Balances

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

Fund Balances	General	Debt Service	Capital Projects	Classroom Facilities	Other Governmental Funds	Total
Restricted for:						
Community Services	\$0	\$0	\$0	\$0	\$2,614,918	\$2,614,918
District Managed Student Activity	0	0	0	0	424,349	424,349
Auxiliary Services	0	0	0	0	183,294	183,294
Vocational Education	0	0	0	0	3,107	3,107
Food Service Operations	0	0	0	0	1,789,264	1,789,264
Debt Service Payments	0	10,056,950	0	0	0	10,056,950
Capital Projects	0	0	18,911,826	0	0	18,911,826
Building	0	0	0	0	287,992	287,992
Classroom Facilities Fund	0	0	0	4,158,892	0	4,158,892
Total Restricted	0	10,056,950	18,911,826	4,158,892	5,302,924	38,430,592
Assigned to:						
Public Support	385,908	0	0	0	0	385,908
Encumbrances	324,273	0	0	0	0	324,273
Budgetary Variance	11,271,900	0	0	0	0	11,271,900
Total Assigned	11,982,081	0	0	0	0	11,982,081
Unassigned (Deficit)	31,304,113	0	0	0	(549,940)	30,754,173
Total Fund Balance	\$43,286,194	\$10,056,950	\$18,911,826	4,158,892	\$4,752,984	\$81,166,846

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Assigned encumbrances of \$324,273, see above, will be used for \$203,084 for maintenance supplies and services, \$7,956 for transportation supplies and services, \$16,806 for office supplies and services, \$67,340 for school supplies, \$29,087 for other purposes.

Note 19 – Construction and Other Commitments

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

<u>Description</u>	<u>Remaining Commitment</u>
General	\$570,952
Capital Construction Projects	1,793,783
Other Governmental	8,197,372

Note 20 –Tax Abatements Entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Mason has entered into such an agreement. Under this agreement the District’s property taxes were reduced by approximately \$1,013,883. The District is receiving \$885,047 from this other government in association with the forgone property tax revenue.

Note 21 – Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended June 30, 2018, the District has implemented GASB Statement No. 81, Irrevocable Split-Interest Agreements, and GASB No. 86, Certain Debt Extinguishment Issues, and GASB Statement No. 85, Omnibus 2017, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

GASB Statement No. 81 sets out to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 sets out to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary

Mason City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net position June 30, 2017	\$15,211,724
Adjustments:	
Net OPEB Liability	(39,436,254)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>291,301</u>
Restated Net Position June 30, 2017	<u><u>(\$23,933,229)</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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

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

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

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$7,339,644	\$6,709,093	\$6,654,408	\$6,594,792	\$6,497,062
Contributions in Relation to the Contractually Required Contribution	<u>(7,339,644)</u>	<u>(6,709,093)</u>	<u>(6,654,408)</u>	<u>(6,594,792)</u>	<u>(6,497,062)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$52,426,029	\$47,922,093	\$47,531,486	\$47,105,657	\$49,977,400
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$6,789,480	\$6,854,604	\$6,779,952	\$6,793,128	\$6,668,916
<u>(6,789,480)</u>	<u>(6,854,604)</u>	<u>(6,779,952)</u>	<u>(6,793,128)</u>	<u>(6,668,916)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$48,150,963	\$49,829,224	\$49,036,458	\$47,079,797	\$46,478,769
13.00%	13.00%	13.00%	13.00%	13.00%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$2,365,135	\$2,394,500	\$2,479,992	\$2,487,504	\$2,211,576
Contributions in Relation to the Contractually Required Contribution	<u>(2,365,135)</u>	<u>(2,394,500)</u>	<u>(2,479,992)</u>	<u>(2,487,504)</u>	<u>(2,211,576)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$17,519,519	\$17,103,571	\$17,714,229	\$18,873,331	\$15,956,537
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%	13.86%

See accompanying notes to the required supplementary information.

2013	2012	2011	2010	2009
\$2,622,000	\$2,791,776	\$2,808,360	\$2,738,604	\$2,579,844
<u>(2,622,000)</u>	<u>(2,791,776)</u>	<u>(2,808,360)</u>	<u>(2,738,604)</u>	<u>(2,579,844)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$15,323,775	\$16,217,762	\$16,382,282	\$17,074,491	\$17,317,711
13.84%	13.45%	12.57%	13.54%	9.84%

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
 State Teachers Retirement System of Ohio
 Last Two Fiscal Years (1)

	2018	2017
District's Proportion of the Net OPEB Liability	0.45021692%	0.45052031%
District's Proportionate Share of the Net OPEB Liability	\$17,565,803	\$24,093,943
District's Covered Payroll	\$47,922,093	\$47,531,486
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.65%	50.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

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

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
 School Employees Retirement System of Ohio
 Last Two Fiscal Years (1)

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

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

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of District Contributions to
 Postemployment Benefits Other Than Pension (OPEB)
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$0
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$52,426,029	\$47,922,093	\$47,531,486
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
 Required Supplementary Information
 Schedule of District Contributions to
 Postemployment Benefits Other Than Pension (OPEB)
 School Employees Retirement System of Ohio
 Last Three Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution to OPEB (2)	\$383,013	\$291,301	\$247,888
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(383,013)</u>	<u>(291,301)</u>	<u>(247,888)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$17,519,519	\$17,103,571	\$17,714,229
Contributions to OPEB as a Percentage of Covered Payroll	2.19%	1.70%	1.40%

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

(2) - Includes Surcharge.

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$55,629,460	\$57,149,427	\$57,224,559	\$75,132
Tuition and Fees	2,326,477	2,390,044	2,393,186	3,142
Investment Earnings	567,935	583,453	584,220	767
Intergovernmental	43,705,156	44,899,315	44,958,342	59,027
Charges for Services	79,201	81,365	81,472	107
Other Revenues	189,601	194,782	195,038	256
Total Revenues	102,497,830	105,298,386	105,436,817	138,431
Expenditures:				
Current:				
Instruction:				
Regular	48,204,347	49,168,034	48,531,016	637,018
Special	17,418,934	17,767,168	17,536,978	230,190
Other	3,282,105	3,347,720	3,304,347	43,373
Support Services:				
Pupil	7,219,516	7,363,847	7,268,441	95,406
Instructional Staff	2,380,425	2,428,014	2,396,557	31,457
General Administration	152,566	155,616	153,600	2,016
School Administration	5,758,981	5,874,113	5,798,008	76,105
Fiscal	1,713,117	1,747,365	1,724,726	22,639
Business	289,904	295,700	291,869	3,831
Operations and Maintenance	9,137,394	9,320,066	9,199,316	120,750
Pupil Transportation	5,822,952	5,939,363	5,862,413	76,950
Central	2,397,633	2,445,566	2,413,881	31,685
Operation of Non-Instructional Services	34,878	35,575	35,114	461
Extracurricular Activities	1,572,565	1,604,003	1,583,222	20,781
Total Expenditures	105,385,317	107,492,150	106,099,488	1,392,662
Excess of Revenues Over (Under) Expenditures	(2,887,487)	(2,193,764)	(662,671)	1,531,093
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	134,716	138,397	138,579	182
Advances In	1,925,344	1,977,951	1,980,551	2,600
Advances (Out)	(3,148,440)	(3,211,382)	(3,169,776)	41,606
Total Other Financing Sources (Uses)	(1,088,380)	(1,095,034)	(1,050,646)	44,388
Net Change in Fund Balance	(3,975,867)	(3,288,798)	(1,713,317)	1,575,481
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	41,210,327	41,210,327	41,210,327	0
Fund Balance - End of Year	\$37,234,460	\$37,921,529	\$39,497,010	\$1,575,481

See accompanying notes to the required supplementary information.

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

Note 1 - Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2018.

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

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

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

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

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

Net Change in Fund Balance	
	General Fund
GAAP Basis	\$853,471
Revenue Accruals	(2,944,801)
Expenditures Accruals	2,109,111
Advances In	1,980,551
Advances (Out)	(3,169,776)
Encumbrances	(541,873)
Budget Basis	(\$1,713,317)

Note 2 - SERS Change in Assumptions-Net Pension Liability

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Note 3 - STRS Change in Assumptions and Benefit Terms-Net Pension Liability

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

Note 4 - SERS Change in Assumptions-Net OPEB Liability

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

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Mason City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

Note 5 - STRS Change in Assumptions-Net OPEB Liability

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

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

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

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

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

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

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Taxes	\$13,339,770	\$13,091,091	(\$248,679)
Investment Earnings	3,173	3,114	(59)
Intergovernmental	2,128,512	2,088,832	(39,680)
Other Revenues	35,722	35,056	(666)
Total Revenues	<u>15,507,177</u>	<u>15,218,093</u>	<u>(289,084)</u>
Expenditures:			
Current:			
Support Services:			
School Administration	12,784	12,628	156
Fiscal	168,919	166,858	2,061
Debt Service:			
Principal Retirement	9,576,867	9,460,000	116,867
Interest and Fiscal Charges	3,202,683	3,163,600	39,083
Total Expenditures	<u>12,961,253</u>	<u>12,803,086</u>	<u>158,167</u>
Excess of Revenues Over (Under) Expenditures	<u>2,545,924</u>	<u>2,415,007</u>	<u>(130,917)</u>
Other Financing Sources (Uses):			
Transfers In	4,442,823	4,360,000	(82,823)
Transfers (Out)	(5,989,085)	(5,916,000)	73,085
Total Other Financing Sources (Uses)	<u>(1,546,262)</u>	<u>(1,556,000)</u>	<u>(9,738)</u>
Net Change in Fund Balance	999,662	859,007	(140,655)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>7,295,196</u>	<u>7,295,196</u>	<u>0</u>
Fund Balance - End of Year	<u>\$8,294,858</u>	<u>\$8,154,203</u>	<u>(\$140,655)</u>

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Capital Projects Fund		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes	\$649,292	\$684,814	\$35,522
Revenue in lieu of taxes	4,597,278	4,848,792	251,514
Investment Earnings	7,511	7,922	411
Intergovernmental	76,743	80,942	4,199
Other Revenues	307,051	323,850	16,799
Total Revenues	5,637,875	5,946,320	308,445
Expenditures:			
Current:			
Instruction:			
Regular	743,524	604,896	138,628
Special	1,030	838	192
Support Services:			
Pupil	1,082	880	202
Instructional Staff	1,960,347	1,594,846	365,501
School Administration	917	746	171
Fiscal	21,894	17,812	4,082
Operations and Maintenance	2,650,464	2,156,293	494,171
Pupil Transportation	1,043,685	849,093	194,592
Central	95,595	77,772	17,823
Extracurricular Activities	55,313	45,000	10,313
Capital Outlay	2,043,787	1,662,729	381,058
Total Expenditures	8,617,638	7,010,905	1,606,733
Net Change in Fund Balance	(2,979,763)	(1,064,585)	1,915,178
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	18,151,912	18,151,912	0
Fund Balance - End of Year	\$15,172,149	\$17,087,327	\$1,915,178

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Classroom Facilities Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$23,143	\$23,150	\$7
Intergovernmental	11,411,700	11,415,131	3,431
Total Revenues	11,434,843	11,438,281	3,438
Expenditures:			
Current:			
Capital Outlay	11,425,522	11,380,847	44,675
Total Expenditures	11,425,522	11,380,847	44,675
Net Change in Fund Balance	9,321	57,434	48,113
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$9,321	\$57,434	\$48,113

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Capital Projects Fund

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

Mason City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$5,916,355	\$5,326,306	\$11,242,661
Receivables (Net):			
Accounts	2,619	0	2,619
Intergovernmental	626,341	0	626,341
Inventory	52,978	0	52,978
Total Assets	6,598,293	5,326,306	11,924,599
Liabilities:			
Accounts Payable	67,155	0	67,155
Accrued Wages and Benefits	802,396	0	802,396
Contracts Payable	0	623,814	623,814
Accrued Interest Payable	0	54,500	54,500
Interfund Payable	637,409	0	637,409
General Obligation Notes Payable	0	4,360,000	4,360,000
Total Liabilities	1,506,960	5,038,314	6,545,274
Deferred Inflows of Resources:			
Grants and Other Taxes	626,341	0	626,341
Total Deferred Inflows of Resources	626,341	0	626,341
Fund Balances:			
Restricted	5,014,932	287,992	5,302,924
Unassigned	(549,940)	0	(549,940)
Total Fund Balances	4,464,992	287,992	4,752,984
Total Liabilities, Deferred Inflows and Fund Balances	\$6,598,293	\$5,326,306	\$11,924,599

Mason City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Tuition and Fees	\$351,760	\$0	\$351,760
Investment Earnings	1,799	574	2,373
Intergovernmental	4,180,284	0	4,180,284
Extracurricular Activities	981,244	0	981,244
Charges for Services	4,163,688	0	4,163,688
Other Revenues	953,318	0	953,318
Total Revenues	10,632,093	574	10,632,667
Expenditures:			
Current:			
Instruction:			
Regular	161,679	0	161,679
Special	1,677,523	0	1,677,523
Vocational	258	0	258
Support Services:			
Pupil	346,968	0	346,968
Instructional Staff	169,121	0	169,121
School Administration	8,334	0	8,334
Business	152,522	0	152,522
Operations and Maintenance	963,899	0	963,899
Central	9,000	0	9,000
Operation of Non-Instructional Services	5,389,123	0	5,389,123
Extracurricular Activities	1,558,409	0	1,558,409
Capital Outlay	0	1,645,803	1,645,803
Debt Service:			
Principal Retirement	155,000	0	155,000
Interest and Fiscal Charges	214,245	122,167	336,412
Total Expenditures	10,806,081	1,767,970	12,574,051
Excess of Revenues Over (Under) Expenditures	(173,988)	(1,767,396)	(1,941,384)
Other Financing Sources (Uses):			
Transfers In	0	5,916,000	5,916,000
Transfers (Out)	0	(4,360,000)	(4,360,000)
Total Other Financing Sources (Uses)	0	1,556,000	1,556,000
Net Change in Fund Balance	(173,988)	(211,396)	(385,384)
Fund Balance - Beginning of Year	4,638,980	499,388	5,138,368
Fund Balance - End of Year	\$4,464,992	\$287,992	\$4,752,984

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

Mason City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Community Services	District Managed Student Activity	Auxiliary Services	OneNet Network Connectivity	Gifted Supplemental
Assets:					
Equity in Pooled Cash and Investments	\$2,621,217	\$428,713	\$204,274	\$0	\$11,004
Receivables (Net):					
Accounts	505	93	0	0	0
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	2,621,722	428,806	204,274	0	11,004
Liabilities:					
Accounts Payable	1,594	4,457	5,240	0	0
Accrued Wages and Benefits	5,210	0	15,740	0	13,074
Interfund Payable	0	0	0	0	11,068
Total Liabilities	6,804	4,457	20,980	0	24,142
Deferred Inflows of Resources:					
Grants and Other Taxes	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Restricted	2,614,918	424,349	183,294	0	0
Unassigned	0	0	0	0	(13,138)
Total Fund Balances	2,614,918	424,349	183,294	0	(13,138)
Total Liabilities, Deferred Inflows and Fund Balances	\$2,621,722	\$428,806	\$204,274	\$0	\$11,004

Title VI-B	Vocational Education	Title III	Title I	Public School Preschool	Improving Teacher Quality	Miscellaneous Federal Grants
\$401,119	\$3,107	\$69,613	\$49,115	\$9,359	\$45,364	\$851
0	0	0	0	0	0	0
401,418	0	84,710	46,963	9,362	83,037	851
0	0	0	0	0	0	0
<u>802,537</u>	<u>3,107</u>	<u>154,323</u>	<u>96,078</u>	<u>18,721</u>	<u>128,401</u>	<u>1,702</u>
0	0	0	0	0	2,898	0
401,184	0	24,030	48,619	9,151	0	0
401,418	0	84,710	46,963	9,362	83,037	851
<u>802,602</u>	<u>0</u>	<u>108,740</u>	<u>95,582</u>	<u>18,513</u>	<u>85,935</u>	<u>851</u>
<u>401,418</u>	<u>0</u>	<u>84,710</u>	<u>46,963</u>	<u>9,362</u>	<u>83,037</u>	<u>851</u>
<u>401,418</u>	<u>0</u>	<u>84,710</u>	<u>46,963</u>	<u>9,362</u>	<u>83,037</u>	<u>851</u>
0	3,107	0	0	0	0	0
<u>(401,483)</u>	<u>0</u>	<u>(39,127)</u>	<u>(46,467)</u>	<u>(9,154)</u>	<u>(40,571)</u>	<u>0</u>
<u>(401,483)</u>	<u>3,107</u>	<u>(39,127)</u>	<u>(46,467)</u>	<u>(9,154)</u>	<u>(40,571)</u>	<u>0</u>
<u>\$802,537</u>	<u>\$3,107</u>	<u>\$154,323</u>	<u>\$96,078</u>	<u>\$18,721</u>	<u>\$128,401</u>	<u>\$1,702</u>

Continued

Mason City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Food Service	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$2,072,619	\$5,916,355
Receivables (Net):		
Accounts	2,021	2,619
Intergovernmental	0	626,341
Inventory	52,978	52,978
Total Assets	2,127,618	6,598,293
Liabilities:		
Accounts Payable	52,966	67,155
Accrued Wages and Benefits	285,388	802,396
Interfund Payable	0	637,409
Total Liabilities	338,354	1,506,960
Deferred Inflows of Resources:		
Grants and Other Taxes	0	626,341
Total Deferred Inflows of Resources	0	626,341
Fund Balances:		
Restricted	1,789,264	5,014,932
Unassigned	0	(549,940)
Total Fund Balances	1,789,264	4,464,992
Total Liabilities, Deferred Inflows and Fund Balances	\$2,127,618	\$6,598,293

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Mason City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	Community Services	District Managed Student Activity	Auxiliary Services	OneNet Network Connectivity	Gifted Supplemental
Revenues:					
Tuition and Fees	\$95,231	\$256,529	\$0	\$0	\$0
Investment Earnings	454	252	100	0	0
Intergovernmental	0	93	930,242	9,000	53,251
Extracurricular Activities	38,000	943,244	0	0	0
Charges for Services	1,031,173	0	0	0	0
Other Revenues	767,750	183,068	0	0	0
Total Revenues	1,932,608	1,383,186	930,342	9,000	53,251
Expenditures:					
Current:					
Instruction:					
Regular	161,679	0	0	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
Support Services:					
Pupil	2,122	0	0	0	60,104
Instructional Staff	0	0	0	0	0
School Administration	8,334	0	0	0	0
Business	152,522	0	0	0	0
Operations and Maintenance	963,550	0	0	0	0
Central	0	0	0	9,000	0
Operation of Non-Instructional Services	23,871	0	867,099	0	0
Extracurricular Activities	52,489	1,505,920	0	0	0
Debt Service:					
Principal Retirement	155,000	0	0	0	0
Interest and Fiscal Charges	214,245	0	0	0	0
Total Expenditures	1,733,812	1,505,920	867,099	9,000	60,104
Net Change in Fund Balance	198,796	(122,734)	63,243	0	(6,853)
Fund Balance - Beginning of Year	2,416,122	547,083	120,051	0	(6,285)
Fund Balance - End of Year	\$2,614,918	\$424,349	\$183,294	\$0	(\$13,138)

Title VI-B	Vocational Education	Title III	Title I	Public School Preschool	Improving Teacher Quality	Miscellaneous Federal Grants
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
1,650,164	0	132,826	215,362	39,829	109,344	9,149
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,650,164</u>	<u>0</u>	<u>132,826</u>	<u>215,362</u>	<u>39,829</u>	<u>109,344</u>	<u>9,149</u>
0	0	0	0	0	0	0
1,308,072	0	123,301	206,427	39,723	0	0
0	258	0	0	0	0	0
284,742	0	0	0	0	0	0
3,034	0	20,596	0	0	136,342	9,149
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
58,884	0	0	1,975	0	5,827	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,654,732</u>	<u>258</u>	<u>143,897</u>	<u>208,402</u>	<u>39,723</u>	<u>142,169</u>	<u>9,149</u>
(4,568)	(258)	(11,071)	6,960	106	(32,825)	0
<u>(396,915)</u>	<u>3,365</u>	<u>(28,056)</u>	<u>(53,427)</u>	<u>(9,260)</u>	<u>(7,746)</u>	<u>0</u>
<u>(\$401,483)</u>	<u>\$3,107</u>	<u>(\$39,127)</u>	<u>(\$46,467)</u>	<u>(\$9,154)</u>	<u>(\$40,571)</u>	<u>\$0</u>

Continued

Mason City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	Food Service	Total Nonmajor Special Revenue Funds
Revenues:		
Tuition and Fees	\$0	\$351,760
Investment Earnings	993	1,799
Intergovernmental	1,031,024	4,180,284
Extracurricular Activities	0	981,244
Charges for Services	3,132,515	4,163,688
Other Revenues	2,500	953,318
Total Revenues	4,167,032	10,632,093
Expenditures:		
Current:		
Instruction:		
Regular	0	161,679
Special	0	1,677,523
Vocational	0	258
Support Services:		
Pupil	0	346,968
Instructional Staff	0	169,121
School Administration	0	8,334
Business	0	152,522
Operations and Maintenance	349	963,899
Central	0	9,000
Operation of Non-Instructional Services	4,431,467	5,389,123
Extracurricular Activities	0	1,558,409
Debt Service:		
Principal Retirement	0	155,000
Interest and Fiscal Charges	0	214,245
Total Expenditures	4,431,816	10,806,081
Net Change in Fund Balance	(264,784)	(173,988)
Fund Balance - Beginning of Year	2,054,048	4,638,980
Fund Balance - End of Year	\$1,789,264	\$4,464,992

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Community Services Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Tuition and Fees	\$99,935	\$95,031	(\$4,904)
Investment Earnings	477	454	(23)
Extracurricular Activities	39,961	38,000	(1,961)
Charges for Services	1,084,507	1,031,293	(53,214)
Other Revenues	807,816	768,178	(39,638)
Total Revenues	2,032,696	1,932,956	(99,740)
Expenditures:			
Current:			
Instruction:			
Regular	185,639	164,306	21,333
Support Services:			
Pupil	4,674	4,137	537
School Administration	9,416	8,334	1,082
Business	172,091	152,315	19,776
Operations and Maintenance	1,152,426	1,019,991	132,435
Operation of Non-Instructional Services	33,092	29,289	3,803
Extracurricular Activities	60,417	53,474	6,943
Debt Service:			
Principal Retirement	175,125	155,000	20,125
Interest and Fiscal Charges	242,062	214,245	27,817
Total Expenditures	2,034,942	1,801,091	233,851
Net Change in Fund Balance	(2,246)	131,865	134,111
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	2,430,302	2,430,302	0
Fund Balance - End of Year	\$2,428,056	\$2,562,167	\$134,111

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	District Managed Student Activity Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Tuition and Fees	\$246,874	\$256,529	\$9,655
Investment Earnings	243	252	9
Extracurricular Activities	908,783	944,324	35,541
Other Revenues	175,837	182,714	6,877
Total Revenues	1,331,737	1,383,819	52,082
Expenditures:			
Current:			
Extracurricular Activities	1,740,708	1,563,512	177,196
Total Expenditures	1,740,708	1,563,512	177,196
Excess of Revenues Over (Under) Expenditures	(408,971)	(179,693)	229,278
Other Financing Sources (Uses):			
Transfers In	60,380	62,741	2,361
Transfers (Out)	(69,852)	(62,741)	7,111
Total Other Financing Sources (Uses)	(9,472)	0	9,472
Net Change in Fund Balance	(418,443)	(179,693)	238,750
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	557,093	557,093	0
Fund Balance - End of Year	\$138,650	\$377,400	\$238,750

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$100	\$100	\$0
Intergovernmental	930,224	930,242	18
Total Revenues	930,324	930,342	18
Expenditures:			
Current:			
Operation of Non-Instructional Services	1,095,973	907,099	188,874
Total Expenditures	1,095,973	907,099	188,874
Net Change in Fund Balance	(165,649)	23,243	188,892
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	165,664	165,664	0
Fund Balance - End of Year	\$15	\$188,907	\$188,892

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

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

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Gifted Supplemental Fund		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental	\$53,251	\$53,251	\$0
Total Revenues	53,251	53,251	0
Expenditures:			
Current:			
Support Services:			
Pupil	64,015	53,064	10,951
Total Expenditures	64,015	53,064	10,951
Excess of Revenues Over (Under) Expenditures	(10,764)	187	10,951
Other Financing Sources (Uses):			
Advances In	11,069	11,069	0
Advances (Out)	(305)	(253)	52
Total Other Financing Sources (Uses)	10,764	10,816	52
Net Change in Fund Balance	0	11,003	11,003
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$0	\$11,003	\$11,003

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$1,650,164	\$1,650,164	\$0
Total Revenues	<u>1,650,164</u>	<u>1,650,164</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	1,599,340	1,292,258	307,082
Support Services:			
Pupil	350,552	283,244	67,308
Instructional Staff	4,250	3,434	816
Operation of Non-Instructional Services	78,609	63,516	15,093
Total Expenditures	<u>2,032,751</u>	<u>1,642,452</u>	<u>390,299</u>
Excess of Revenues Over (Under) Expenditures	<u>(382,587)</u>	<u>7,712</u>	<u>390,299</u>
Other Financing Sources (Uses):			
Advances In	401,418	401,418	0
Advances (Out)	(18,831)	(15,215)	3,616
Total Other Financing Sources (Uses)	<u>382,587</u>	<u>386,203</u>	<u>3,616</u>
Net Change in Fund Balance	0	393,915	393,915
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>1,675</u>	<u>1,675</u>	<u>0</u>
Fund Balance - End of Year	<u>\$1,675</u>	<u>\$395,590</u>	<u>\$393,915</u>

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Vocational Education Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Vocational	4,391	1,883	2,508
Total Expenditures	4,391	1,883	2,508
Net Change in Fund Balance	(4,391)	(1,883)	2,508
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	4,991	4,991	0
Fund Balance - End of Year	\$600	\$3,108	\$2,508

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$132,826	\$132,826	\$0
Total Revenues	<u>132,826</u>	<u>132,826</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	179,099	121,788	57,311
Support Services:			
Instructional Staff	<u>30,288</u>	<u>20,596</u>	<u>9,692</u>
Total Expenditures	<u>209,387</u>	<u>142,384</u>	<u>67,003</u>
Excess of Revenues Over (Under) Expenditures	<u>(76,561)</u>	<u>(9,558)</u>	<u>67,003</u>
Other Financing Sources (Uses):			
Advances In	84,710	84,710	0
Advances (Out)	<u>(8,149)</u>	<u>(5,541)</u>	<u>2,608</u>
Total Other Financing Sources (Uses)	<u>76,561</u>	<u>79,169</u>	<u>2,608</u>
Net Change in Fund Balance	0	69,611	69,611
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$69,611</u>	<u>\$69,611</u>

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$215,362	\$215,362	\$0
Total Revenues	215,362	215,362	0
Expenditures:			
Current:			
Instruction:			
Special	252,348	205,101	47,247
Operation of Non-Instructional Services	2,430	1,975	455
Total Expenditures	254,778	207,076	47,702
Excess of Revenues Over (Under) Expenditures	(39,416)	8,286	47,702
Other Financing Sources (Uses):			
Advances In	46,963	46,963	0
Advances (Out)	(7,547)	(6,134)	1,413
Total Other Financing Sources (Uses)	39,416	40,829	1,413
Net Change in Fund Balance	0	49,115	49,115
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$0	\$49,115	\$49,115

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Public School Preschool Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$39,829	\$39,829	\$0
Total Revenues	39,829	39,829	0
Expenditures:			
Current:			
Instruction:			
Special	48,418	39,206	9,212
Total Expenditures	48,418	39,206	9,212
Excess of Revenues Over (Under) Expenditures	(8,589)	623	9,212
Other Financing Sources (Uses):			
Advances In	9,362	9,362	0
Advances (Out)	(773)	(626)	147
Total Other Financing Sources (Uses)	8,589	8,736	147
Net Change in Fund Balance	0	9,359	9,359
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$0	\$9,359	\$9,359

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Improving Teacher Quality Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$109,344	\$109,344	\$0
Total Revenues	109,344	109,344	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	172,601	140,306	32,295
Operation of Non-Instructional Services	8,075	6,564	1,511
Total Expenditures	180,676	146,870	33,806
Excess of Revenues Over (Under) Expenditures	(71,332)	(37,526)	33,806
Other Financing Sources (Uses):			
Advances In	83,037	83,037	0
Advances (Out)	(11,706)	(9,516)	2,190
Total Other Financing Sources (Uses)	71,331	73,521	2,190
Net Change in Fund Balance	(1)	35,995	35,996
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	3,838	3,838	0
Fund Balance - End of Year	\$3,837	\$39,833	\$35,996

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Miscellaneous Federal Grants Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$9,149	\$9,149	\$0
Total Revenues	9,149	9,149	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	10,000	9,149	851
Total Expenditures	10,000	9,149	851
Excess of Revenues Over (Under) Expenditures	(851)	0	851
Other Financing Sources (Uses):			
Advances In	851	851	0
Total Other Financing Sources (Uses)	851	851	0
Net Change in Fund Balance	0	851	851
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$0	\$851	\$851

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$1,025	\$993	(\$32)
Intergovernmental	646,262	626,283	(19,979)
Charges for Services	3,232,446	3,132,515	(99,931)
Other Revenues	2,167	2,100	(67)
Total Revenues	<u>3,881,900</u>	<u>3,761,891</u>	<u>(120,009)</u>
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	356	349	7
Operation of Non-Instructional Services	4,062,308	3,986,270	76,038
Total Expenditures	<u>4,062,664</u>	<u>3,986,619</u>	<u>76,045</u>
Net Change in Fund Balance	(180,764)	(224,728)	(43,964)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>2,223,389</u>	<u>2,223,389</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$2,042,625</u></u>	<u><u>\$1,998,661</u></u>	<u><u>(\$43,964)</u></u>

NONMAJOR CAPITAL PROJECTS FUND

Fund Descriptions

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

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

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Building Fund		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$574	\$574	\$0
Total Revenues	574	574	0
Expenditures:			
Current:			
Capital Outlay	3,896,990	2,554,598	1,342,392
Total Expenditures	3,896,990	2,554,598	1,342,392
Excess of Revenues Over (Under) Expenditures	(3,896,416)	(2,554,024)	1,342,392
Other Financing Sources (Uses):			
Transfers In	1,602,640	1,601,884	(756)
Transfers (Out)	(2,443,643)	(1,601,884)	841,759
Total Other Financing Sources (Uses)	(841,003)	0	841,003
Net Change in Fund Balance	(4,737,419)	(2,554,024)	2,183,395
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	6,347,720	6,347,720	0
Fund Balance - End of Year	\$1,610,301	\$3,793,696	\$2,183,395

OTHER GENERAL FUNDS

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

Fund Descriptions

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

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

Mason City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Public School Support Fund (1)		
	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:			
Tuition and Fees	\$760,058	\$758,901	(\$1,157)
Extracurricular Activities	621,481	620,535	(946)
Other Revenues	95,456	95,311	(145)
Total Revenues	1,476,995	1,474,747	(2,248)
Expenditures:			
Current:			
Instruction:			
Regular	603,202	589,274	13,928
Special	1,379,861	1,348,000	31,861
Support Services:			
General Administration	134	131	3
Operations and Maintenance	825	806	19
Pupil Transportation	958	936	22
Central	244	238	6
Operation of Non-Instructional Services	20,681	20,203	478
Extracurricular Activities	54,067	52,819	1,248
Total Expenditures	2,059,972	2,012,407	47,565
Excess of Revenues Over (Under) Expenditures	(582,977)	(537,660)	45,317
Other Financing Sources (Uses):			
Advances In	2,536,228	2,532,367	(3,861)
Advances (Out)	(1,989,198)	(1,943,268)	45,930
Total Other Financing Sources (Uses)	547,030	589,099	42,069
Net Change in Fund Balance	(35,947)	51,439	87,386
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	309,935	309,935	0
Fund Balance - End of Year	\$273,988	\$361,374	\$87,386

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

Mason City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2018

	Latchkey Fund (1)		Variance from Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment Earnings	\$576	\$576	\$0
Charges for Services	1,161,957	1,162,401	444
Other Revenues	2,749	2,750	1
Total Revenues	1,165,282	1,165,727	445
Expenditures:			
Current:			
Instruction:			
Regular	10,108	8,333	1,775
Support Services:			
Operations and Maintenance	6,071	5,005	1,066
Operation of Non-Instructional Services	1,189,052	980,286	208,766
Extracurricular Activities	182,772	150,682	32,090
Total Expenditures	1,388,003	1,144,306	243,697
Net Change in Fund Balance	(222,721)	21,421	244,142
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	1,231,433	1,231,433	0
Fund Balance - End of Year	\$1,008,712	\$1,252,854	\$244,142

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

NONMAJOR FUNDS

Fiduciary funds

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

Fund Descriptions

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

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

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

Mason City School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$692,360	\$772,363	\$758,184	\$706,539
Receivables (Net):				
Accounts	143	1,543	143	1,543
Total Assets	<u>692,503</u>	<u>773,906</u>	<u>758,327</u>	<u>708,082</u>
Liabilities:				
Accounts Payable	15,168	11,231	15,168	11,231
Other Liabilities	677,335	762,675	743,159	696,851
Total Liabilities	<u>\$692,503</u>	<u>\$773,906</u>	<u>\$758,327</u>	<u>\$708,082</u>
	Section 125 Insurance			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$50,448	\$137,314	\$116,213	\$71,549
Total Assets	<u>50,448</u>	<u>137,314</u>	<u>116,213</u>	<u>71,549</u>
Liabilities:				
Other Liabilities	50,448	137,314	116,213	71,549
Total Liabilities	<u>\$50,448</u>	<u>\$137,314</u>	<u>\$116,213</u>	<u>\$71,549</u>
	District Agency			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$13,856	\$189,100	\$199,811	\$3,145
Total Assets	<u>13,856</u>	<u>189,100</u>	<u>199,811</u>	<u>3,145</u>
Liabilities:				
Accounts Payable	2,750	0	2,750	0
Other Liabilities	11,106	189,100	197,061	3,145
Total Liabilities	<u>\$13,856</u>	<u>\$189,100</u>	<u>\$199,811</u>	<u>\$3,145</u>
	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$756,664	\$1,098,777	\$1,074,208	\$781,233
Receivables (Net):				
Accounts	143	1,543	143	1,543
Total Assets	<u>756,807</u>	<u>1,100,320</u>	<u>1,074,351</u>	<u>782,776</u>
Liabilities:				
Accounts Payable	17,918	11,231	17,918	11,231
Other Liabilities	738,889	1,089,089	1,056,433	771,545
Total Liabilities	<u>\$756,807</u>	<u>\$1,100,320</u>	<u>\$1,074,351</u>	<u>\$782,776</u>



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STATISTICAL SECTION

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

Contents

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

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

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

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

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

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

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

	2009	2010	2011	2012
Governmental Activities				
Net Investment In Capital Assets	\$19,761,272	\$28,790,298	\$34,400,901	\$40,667,026
Restricted	25,165,469	22,124,030	23,791,786	25,059,547
Unrestricted	42,474,167	39,041,011	37,547,433	30,049,791
Total Net Position	\$87,400,908	\$89,955,339	\$95,740,120	\$95,776,364

Source: District Records

Note:

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

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

2013	2014	2015	2016	2017	2018
\$46,466,926	\$50,767,119	\$51,834,565	\$60,022,603	\$66,402,057	\$86,330,715
27,840,790	27,740,454	31,879,104	33,340,612	32,778,083	60,611,546
27,418,240	(129,592,529)	(120,034,729)	(120,047,956)	(123,113,369)	(98,679,933)
<u>\$101,725,956</u>	<u>(\$51,084,956)</u>	<u>(\$36,321,060)</u>	<u>(\$26,684,741)</u>	<u>(\$23,933,229)</u>	<u>\$48,262,328</u>

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Instruction	\$55,303,869	\$59,693,695	\$62,149,103	\$64,220,741
Pupil	6,475,271	6,467,313	7,015,312	6,997,992
Instructional Staff	7,131,304	7,349,240	8,118,256	7,965,043
General Administration	38,910	46,528	60,567	58,014
School Administration	5,522,215	5,623,539	5,894,519	5,473,265
Fiscal	2,124,953	1,952,877	1,851,351	1,788,154
Business	400,907	418,485	422,415	453,915
Operation and Maintenance	14,272,035	13,318,720	13,504,242	12,666,272
Pupil Transportation	7,076,294	7,895,529	7,615,345	6,686,897
Central	4,224,174	4,357,847	3,790,359	3,700,107
Operation of Non-instructional Services	6,074,836	5,759,571	6,058,518	6,449,265
Extracurricular Activities	2,881,756	2,408,819	2,848,531	3,052,085
Interest and Fiscal Charges	7,133,219	6,725,808	6,348,747	6,025,236
Total Government Expenses	118,659,743	122,017,971	125,677,265	125,536,986
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	1,951,159	1,930,782	3,295,198	3,695,339
Pupil	60,584	58,884	55,023	5,834
Instructional Staff	4,105	6,067	12,302	366
School Administration	0	0	0	0
Business	93,756	66,345	185,500	131,781
Operations and Maintenance	1,125,267	1,792,142	1,322,932	1,133,157
Pupil Transportation	16,471	6,291	0	0
Central	761	3,826	0	590
Operation of Non-Instructional Services	4,268,276	4,230,020	3,525,476	3,645,072
Extracurricular Activities	934,769	864,221	1,481,703	1,947,812
Operating Grants and Contributions	5,537,453	7,748,872	9,870,113	5,697,717
Capital Grants and Contributions	124,305	0	0	0
Total Government Revenues	14,116,906	16,707,450	19,748,247	16,257,668
Net (Expense)/Revenue				
Total Government Net Expense	(\$104,542,837)	(\$105,310,521)	(\$105,929,018)	(\$109,279,318)

Source: District Records

2013	2014	2015	2016	2017	2018
\$65,304,074	\$65,567,175	\$71,759,192	\$66,906,992	\$74,489,440	\$35,941,935
6,620,329	6,956,891	6,915,158	7,915,545	7,736,352	3,800,082
1,422,550	2,384,639	2,389,958	2,572,243	3,110,272	2,796,433
250,134	57,685	60,845	64,284	136,638	138,899
5,245,939	5,345,653	5,269,714	5,459,816	6,131,843	972,419
1,797,291	1,932,376	1,859,141	1,826,523	2,160,384	1,005,830
472,876	447,303	421,654	463,923	531,596	110,619
13,096,862	12,976,097	12,433,209	12,445,936	12,799,417	9,664,573
6,497,196	6,619,587	6,221,325	6,262,821	6,613,893	3,280,142
3,542,809	3,279,666	3,105,493	2,437,029	2,528,808	1,324,691
6,119,224	5,988,246	6,484,771	6,400,287	6,671,478	4,860,953
3,241,891	3,351,887	3,290,127	3,466,056	3,428,746	1,697,858
5,148,229	7,025,687	4,503,141	4,111,137	3,679,221	3,859,926
118,759,404	121,932,892	124,713,728	120,332,592	130,018,088	69,454,360
3,581,819	4,074,943	4,517,089	3,798,624	5,123,863	4,455,855
1,034	1,522	4,222	8,675	1,442	1,800
16,647	11,783	6,661	13,303	0	0
0	0	5,468	8,895	9,702	7,069
96,480	174,176	160,911	176,699	184,040	129,194
826,183	1,445,552	1,258,416	1,343,914	1,378,993	824,587
0	422	3,588	0	0	0
1	17	0	0	0	0
3,501,751	3,281,890	3,418,897	3,397,489	3,267,274	3,152,483
1,794,764	2,037,073	1,940,095	2,009,068	1,886,329	1,864,828
5,360,476	6,630,987	7,040,629	7,126,928	7,844,513	8,625,002
0	0	0	0	0	0
15,179,155	17,658,365	18,355,976	17,883,595	19,696,156	19,060,818
(\$103,580,249)	(\$104,274,527)	(\$106,357,752)	(\$102,448,997)	(\$110,321,932)	(\$50,393,542)

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

	2009	2010	2011	2012
Net (Expense)/Revenue				
Total Government Net Expense	(\$104,542,837)	(\$105,310,521)	(\$105,929,018)	(\$109,279,318)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	53,567,568	45,848,200	52,288,070	49,004,611
Property Taxes Levied for Debt Service Purposes	13,272,994	11,152,734	12,121,055	11,350,361
Property Taxes Levied for Capital Projects	630,681	560,240	608,871	570,167
Grants and Entitlements not Restricted	43,328,411	44,953,615	43,721,854	42,386,226
Payment in Lieu of Taxes	2,945,631	3,246,149	2,239,232	4,778,155
Unrestricted Contributions	0	0	0	31,069
Investment Earnings	1,955,147	546,300	199,006	486,293
Gain on Sale of Capital Assets	106,833	0	0	0
Grants and Entitlements for Capital Construction	0	0	0	0
Other Revenues	296,355	1,557,714	535,711	708,680
Total Primary Government	116,103,620	107,864,952	111,713,799	109,315,562
Change in Net Position				
Total primary government	\$11,560,783	\$2,554,431	\$5,784,781	\$36,244

Source: District Records

2013	2014	2015	2016	2017	2018
(\$103,580,249)	(\$104,274,527)	(\$106,357,752)	(\$102,448,997)	(\$110,321,932)	(\$50,393,542)
50,625,797	46,641,011	56,481,261	48,393,144	58,117,164	57,835,024
11,837,442	10,948,558	13,292,896	11,132,818	13,277,230	13,246,320
572,491	518,442	629,514	673,718	666,047	692,986
41,301,384	43,444,518	45,646,771	45,479,897	44,840,676	43,829,088
5,555,468	3,771,193	4,318,908	5,635,305	4,630,395	5,046,252
101,247	150,018	108,151	39,017	50,000	0
21,871	185,110	85,326	149,052	191,392	633,027
0	0	0	0	0	0
0	0	0	0	33,794,366	0
393,022	681,835	558,821	582,365	642,262	1,306,402
110,408,722	106,340,685	121,121,648	112,085,316	156,209,532	122,589,099
\$6,828,473	\$2,066,158	\$14,763,896	\$9,636,319	\$45,887,600	\$72,195,557

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

	2009	2010	2011	2012
General Fund				
Reserved	\$5,474,753	\$2,915,141		
Unreserved	39,626,965	39,064,608		
Assigned			915,078	\$453,699
Unassigned			38,344,772	31,456,329
Total General Fund	45,101,718	41,979,749	39,259,850	31,910,028
All Other Governmental Funds				
Reserved	6,544,608	2,036,230		
Unreserved, Reported in:				
Special Revenue Funds	3,322,528	2,865,349		
Debt Service Funds	8,888,165	8,791,501		
Capital Project Funds	(2,636,690)	(1,096,645)		
Nonspendable			98,674	40,450
Restricted			20,685,463	23,567,432
Committed			10,811	0
Assigned			0	0
Unassigned			(6,895,100)	(7,257,846)
Total All Other Governmental Funds	\$16,118,611	\$12,596,435	\$13,899,848	\$16,350,036

Source: District Records

Note:

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

2013	2014	2015	2016	2017	2018
\$6,458,415	\$2,085,713	\$1,090,919	\$1,069,724	\$4,255,497	\$11,982,081
25,600,588	28,026,632	36,194,522	34,427,290	38,177,226	31,304,113
32,059,003	30,112,345	37,285,441	35,497,014	42,432,723	43,286,194
60,368	0	0	0	0	0
27,134,389	27,995,049	32,147,340	33,514,871	33,191,172	38,430,592
9,977	9,977	0	0	0	0
0	2,085,713	1,090,919	1,069,724	4,255,497	0
(7,315,115)	20,363,548	29,847,003	28,925,499	37,675,537	(549,940)
\$19,889,619	\$50,454,287	\$63,085,262	\$63,510,094	\$75,122,206	\$37,880,652

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

	2009	2010	2011	2012
Revenues:				
Taxes	\$68,613,408	\$57,194,629	\$63,731,625	\$60,288,880
Revenue in Lieu of Taxes	3,025,536	3,246,149	2,239,232	4,778,155
Tuition and Fees	1,523,740	1,509,382	2,329,960	2,515,311
Investment Earnings	1,955,148	406,189	199,756	603,465
Intergovernmental	49,582,625	52,871,835	52,069,359	49,089,810
Extracurricular Activities	1,358,760	1,329,655	1,439,532	1,884,715
Charges for Services	5,583,324	5,643,348	6,669,397	6,215,452
Other Revenues	405,443	1,589,710	454,073	679,903
Total Revenues	<u>\$132,047,984</u>	<u>\$123,790,897</u>	<u>\$129,132,934</u>	<u>\$126,055,691</u>

Source: District Records

2013	2014	2015	2016	2017	2018
\$65,182,145	\$58,136,666	\$70,578,586	\$58,898,232	\$73,379,471	\$71,375,267
5,555,468	3,771,193	4,318,908	5,635,305	4,630,395	4,848,792
2,655,445	3,040,814	3,437,268	2,731,732	4,064,377	3,506,887
26,968	177,608	92,767	93,934	230,885	636,666
46,877,573	49,608,589	52,820,730	52,630,047	52,538,177	62,720,709
1,681,678	1,853,772	1,680,111	1,723,057	1,607,507	1,602,987
5,562,734	6,227,734	6,315,917	6,396,579	6,222,941	5,407,416
395,557	771,206	549,023	526,682	649,084	1,384,109
<u>\$127,937,568</u>	<u>\$123,587,582</u>	<u>\$139,793,310</u>	<u>\$128,635,568</u>	<u>\$143,322,837</u>	<u>\$151,482,833</u>

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

	2009	2010	2011	2012
Instruction	\$54,468,808	\$59,143,129	\$61,249,413	\$63,516,740
Pupil	6,463,212	6,444,095	6,983,336	7,042,546
Instructional Staff	7,120,586	7,355,141	8,077,645	7,896,816
General Administration	38,910	46,528	60,567	58,014
School Administration	5,474,364	5,568,335	5,932,932	5,401,632
Fiscal	2,103,592	1,943,552	1,830,777	1,766,689
Business	396,948	411,529	423,721	453,580
Operation and Maintenance	12,464,888	11,557,719	11,476,277	10,593,149
Pupil Transportation	6,434,424	7,611,602	7,542,715	5,998,494
Central	3,886,588	4,254,192	3,596,498	3,666,498
Operation of Non-instructional Services	5,857,504	5,664,258	5,886,282	6,300,558
Extracurricular Activities	2,750,507	2,660,674	2,732,756	2,868,870
Capital Outlay	26,864,428	4,257,718	605,199	532,743
Debt Service				
Principal Retirement	6,415,000	6,949,000	7,595,000	8,612,000
Interest and Fiscal Charges	7,272,726	6,945,574	6,571,523	6,246,996
Bond Issuance Cost	0	0	0	0
Total Expenditures	\$148,012,485	\$130,813,046	\$130,564,641	\$130,955,325
Debt Service as a Percentage of Noncapital Expenditures	11.29%	11.10%	11.00%	11.46%

Source: District Records

2013	2014	2015	2016	2017	2018
\$64,031,836	\$64,497,627	\$68,181,928	\$67,201,564	\$70,047,255	\$72,328,986
6,547,920	6,914,148	7,054,999	7,480,831	7,354,465	7,618,774
1,518,557	2,365,585	2,404,644	2,706,886	3,104,463	4,100,505
250,134	57,685	61,315	64,662	135,545	153,385
5,206,190	5,269,650	5,481,341	5,515,942	5,591,558	5,948,006
1,788,716	1,957,646	1,931,843	1,835,162	2,066,361	1,892,449
441,407	445,040	434,372	453,876	522,844	443,311
11,144,409	11,538,247	10,807,624	10,809,004	11,712,430	11,555,490
5,832,777	6,556,743	5,730,801	6,418,207	6,284,309	6,136,955
3,174,086	2,911,398	2,920,588	2,249,808	2,344,341	2,488,998
5,899,742	5,503,217	6,460,795	6,236,907	6,458,499	6,411,535
3,034,665	3,168,911	3,244,502	3,413,531	3,187,316	3,360,655
523,717	20,507	92,741	448,244	26,206	10,022,711
9,538,000	6,647,000	8,466,000	8,873,000	20,358,000	9,615,000
5,390,008	7,228,513	4,913,373	4,503,112	3,890,033	3,500,012
314,815	0	0	0	168,110	0
<u>\$124,636,979</u>	<u>\$125,081,917</u>	<u>\$128,186,866</u>	<u>\$128,210,736</u>	<u>\$143,251,735</u>	<u>\$145,576,772</u>
12.29%	11.18%	10.49%	10.59%	17.29%	9.85%

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

Schedule 7

	2009	2010	2011	2012
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	\$179,406	\$378,104	\$15,221	\$0
Issuance of Long Term Debt	5,249,000	0	0	0
Issuance of Refunding Bonds	0	0	0	0
Payment to Refunded Bonds Escrow Agent	0	0	0	0
Refunding Bond Premium	0	0	0	0
Premium on Bonds and Notes Issued	0	0	0	0
Transfers In	19,460,344	18,513,505	18,036,569	16,951,461
Transfers Out	(19,460,344)	(18,513,505)	(18,036,569)	(16,951,461)
Total Other Financing Sources (Uses)	5,428,406	378,104	15,221	0
Net Change in Fund Balances	(\$10,536,095)	(\$6,644,045)	(\$1,416,486)	(\$4,899,634)

Source: District Records

2013	2014	2015	2016	2017	2018
\$73,154	\$0	\$0	\$0	\$0	\$138,579
0	0	0	0	0	0
20,460,000	0	0	0	10,170,000	0
(23,808,438)	0	0	0	0	0
0	0	0	0	1,371,010	0
3,663,253	0	0	0	0	0
16,060,000	15,819,000	15,297,229	14,092,243	17,237,749	10,276,000
(16,060,000)	(15,819,000)	(15,297,229)	(14,092,243)	(17,237,749)	(10,276,000)
387,969	0	0	0	11,541,010	138,579
\$3,688,558	(\$1,494,335)	\$11,606,444	\$424,832	\$11,612,112	\$6,044,640

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

Calendar Year	Assessed Value			Total Assessed Value	Total Estimated Value	Total Direct Rate
	Real Property	Public Utility Personal	Tangible Personal			
2008	\$1,571,051,330	\$21,158,000	\$5,915,050	\$1,598,124,380	\$4,566,069,657	83.45
2009	1,480,572,180	22,788,680	4,489,250	1,507,850,110	4,308,143,171	83.45
2010	1,492,898,890	10,198,936	0	1,503,097,826	4,294,565,217	83.45
2011	1,505,970,130	21,168,660	0	1,527,138,790	4,363,253,686	83.45
2012	1,443,664,060	27,216,000	0	1,470,880,060	4,202,514,457	83.97
2013	1,461,234,590	29,850,640	0	1,491,085,230	4,260,243,514	83.97
2014	1,482,387,830	32,320,460	0	1,514,708,290	4,327,737,971	83.97
2015	1,629,258,740	33,913,130	0	1,663,171,870	4,751,919,629	83.11
2016	1,663,905,800	34,841,600	0	1,698,747,400	4,853,564,000	83.11
2017	1,695,789,200	37,827,010	0	1,733,616,210	4,953,189,171	85.11

Source: County Auditor

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

Calendar Year	District Direct Rate				Overlapping Rates			
	General	Bond	Permanent Improvement	Total	Warren County	City of Mason	Mason Public Library	Deerfield Township
2008	74.46	8.56	0.43	83.45	6.71	7.32	0.00	10.60
2009	74.46	8.56	0.43	83.45	5.78	6.44	0.00	10.60
2010	74.46	8.56	0.43	83.45	5.78	7.32	0.75	12.60
2011	74.46	8.56	0.43	83.45	7.78	7.32	0.75	12.60
2012	74.46	9.08	0.43	83.97	7.78	7.32	0.75	12.60
2013	74.46	9.08	0.43	83.97	7.78	6.72	0.75	14.10
2014	74.46	9.08	0.43	83.97	7.78	6.72	0.75	14.10
2015	74.46	8.22	0.43	83.11	7.78	6.72	0.75	14.10
2016	74.46	8.22	0.43	83.11	7.78	6.72	0.75	14.10
2017	76.46	8.22	0.43	83.11	7.78	6.72	0.75	14.10

Source: County Auditor



Overlapping Rates

Great Oaks JVSD	Warren-Clinton Community Mental Health	Turtlecreek Township	Union Township	Warren County Health District	City of Lebanon	Lebanon Library
2.70	1.00	5.62	9.20	0.50	0.00	0.00
2.70	1.00	9.12	9.20	0.50	7.82	1.00
2.70	1.00	9.12	9.20	0.50	8.32	1.00
2.70	1.00	9.12	9.20	0.50	7.82	1.00
2.70	1.00	9.12	9.20	0.50	7.82	1.00
2.70	1.00	9.12	9.20	0.50	8.32	1.00
2.70	1.00	9.12	9.20	0.50	9.32	1.00
2.70	1.00	9.12	9.20	0.50	9.32	1.00
2.70	1.00	9.12	9.20	0.50	9.32	1.00
2.70	1.00	9.12	13.10	0.50	9.32	1.00

Mason City School District, Ohio
Principal Property Tax Payers -- Warren County
Tax Collection Year 2018 and 2008
Schedule 10

payer	2018	
	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	\$37,713,580	2.96%
Somerset at Deerfield	15,887,550	1.24%
GC Net Lease	14,130,840	1.10%
Hills Properties LTD	13,424,690	1.05%
LSREF 4 Skyline (OH/NE)	11,309,590	0.88%
CVG Partners IV LLC	10,995,500	0.86%
Twin Fountains of Mason	9,064,800	0.71%
Duke Realty Ohio	8,044,720	0.63%
Mason Christian Village	7,676,120	0.60%
Cintas Sales Corporation	7,478,770	0.58%
Total:	\$135,726,160	10.61%

payer	2008	
	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	\$22,059,760	1.38%
Deerfield Realty Holding	14,726,450	0.92%
Duke Realty Ohio	9,832,420	0.62%
Community Insurance	8,913,750	0.56%
Twin Fountains of Mason	8,695,050	0.54%
Craig & Frances Lindner Center of Hope	8,408,480	0.53%
Mason Christian Village	6,966,730	0.44%
Kenwood Lincoln Mercury	6,651,140	0.42%
Sterling Lakes Apartments	6,284,240	0.39%
Core Governors Pointe	6,106,700	0.38%
Total:	\$98,644,720	6.18%

Source: County Auditor

Note:

The amounts presented represent the assessed values upon which 2017 and 2007 collections were based.

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

Calendar Year	Taxes Levied	Collected within the Calendar Year of the Levy		Delinquent Collections in Subsequent Levy Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$67,096,885	\$65,579,262	97.74%	\$1,517,623	\$67,096,885	100.00%
2009	68,754,298	66,782,787	97.13%	1,334,015	68,116,802	99.07%
2010	68,964,253	66,990,013	97.14%	1,297,700	68,287,713	99.02%
2011	70,093,350	68,714,230	98.03%	1,379,120	68,287,713	97.42%
2012	70,237,102	69,277,930	98.63%	959,172	70,237,102	100.00%
2013	71,446,609	70,531,504	98.72%	915,105	71,446,609	100.00%
2014	71,144,660	69,751,930	98.04%	1,038,720	70,790,650	99.50%
2015	73,825,100	72,825,654	98.65%	999,446	73,825,100	100.00%
2016	75,428,947	74,177,960	98.34%	1,065,126	75,243,086	99.75%
2017	76,823,664	75,781,755	98.64%	1,041,978	76,823,733	100.00%

Source: County Auditor

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

Fiscal Year	Capital Leases	General Obligation Bonds	Debt Service Fund Balance	Net General Obligation Bonds
2009	\$5,249,000	\$145,623,798	\$10,012,515	\$135,611,283
2010	5,225,000	138,453,741	9,226,109	129,227,632
2011	5,170,000	130,668,684	8,754,032	121,914,652
2012	5,103,000	121,878,627	6,936,422	114,942,205
2013	5,025,000	112,488,385	6,528,744	105,959,641
2014	4,933,000	108,878,030	5,878,777	102,999,253
2015	4,827,000	99,945,595	7,802,150	92,143,445
2016	4,704,000	90,643,770	7,047,669	83,596,101
2017	4,566,000	79,968,080	9,112,953	70,855,127
2018	4,411,000	69,943,580	10,056,950	59,886,630

Source: District Records

Net Bonded Debt Per Capita	Ratio of Net Bonded Debt to Estimated Value	Primary Government		
		Total Outstanding Debt	Percentage of Personal Income	Per Capita
\$654	2.97%	\$150,872,798	1.86%	\$728
613	3.00%	143,678,741	1.75%	682
573	2.84%	135,838,684	1.57%	639
535	2.63%	126,981,627	1.38%	591
488	2.52%	117,513,385	1.19%	541
470	2.42%	113,811,030	1.12%	519
416	2.13%	104,772,595	0.95%	473
372	1.76%	95,347,770	0.82%	425
312	1.46%	84,534,080	0.68%	372
262	1.21%	74,354,580	0.57%	325

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Mason City School District, Ohio
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2018
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County	\$40,923,580	0.06%	\$24,554
Lebanon City	13,531,603	0.00%	0
City of Mason	23,665,000	89.35%	21,144,678
Deerfield Township	4,170,000	58.91%	2,456,547
Union Township	114,962	2.72%	3,127
West Chester Township	25,895,000	0.24%	62,148
Great Oaks Joint Vocational School	6,070,000	8.78%	532,946
Subtotal, Overlapping Debt	114,370,145		24,224,000
District direct debt	74,354,580	100.00%	74,354,580
Total direct and overlapping debt	\$188,724,725		\$98,578,580

Source: Ohio Municipal Advisory Council

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

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

	2009	2010	2011	2012
Debt Limit	\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540
Total Net Debt Applicable to Limit	139,027,485	132,638,891	125,070,968	117,843,578
Legal Debt Margin	\$108,831,055	\$115,219,649	\$122,787,572	\$130,014,962
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	56.09%	53.51%	50.46%	47.54%

Source: District Records

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

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$1,733,616,210
Debt Limit (9% of Assessed Value)	156,025,459
Debt Limit - Special Needs District (2)	247,858,540
Debt Applicable to Limit	69,943,580
Legal Debt Margin	<u>\$177,914,960</u>

2013	2014	2015	2016	2017	2018
\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540	\$247,858,540
125,413,385	121,611,030	112,172,595	90,643,700	79,968,080	69,943,580
<u>\$122,445,155</u>	<u>\$126,247,510</u>	<u>\$135,685,945</u>	<u>\$157,214,840</u>	<u>\$167,890,460</u>	<u>\$177,914,960</u>
50.60%	49.06%	45.26%	36.57%	32.26%	28.22%

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

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2008	207,353	\$8,121,993	\$39,156	5.60%
2009	210,712	8,189,840	38,867	9.30%
2010	212,693	8,645,056	40,536	8.10%
2011	214,910	9,202,095	42,818	6.30%
2012	217,241	9,880,531	45,482	6.50%
2013	219,169	10,131,284	46,226	6.40%
2014	221,659	10,990,640	49,584	5.20%
2015	224,469	11,572,120	51,553	4.10%
2016	227,063	12,442,832	54,941	4.20%
2017	228,882	13,002,293	56,808	4.10%

Source:

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

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

Employer	2018 (1)	
	Number of Employees	Percentage of Total Employment
Macy's Credit and Customer Service	2,154	1.93%
Proctor & Gamble	1,943	1.74%
WellPoint	1,748	1.57%
Luxottica	1,913	1.71%
Atrium Medical Center	1,526	1.37%
Cintas Corporation	1,512	1.36%
Cincinnati Premium Outlets	1,000	0.90%
Otterbein	933	0.84%
Countryside YMCA	777	0.70%
Express Scripts	700	0.63%
	14,206	12.73%
Total County Employment (3)	111,581	

Employer	2009 (2)	
	Number of Employees	Percentage of Total Employment
Anthem	2,243	2.17%
Procter & Gamble	2,100	2.03%
Luxottica Retail	1,494	1.44%
Cintas Corporate	1,310	1.26%
Mason City Schools	1,230	1.19%
Siemens Business Services	525	0.51%
L3 Cincinnati Electronics	508	0.49%
Thompson Learning	479	0.46%
Mitsubishi Electric	478	0.46%
Portion Pac	465	0.45%
Lindner Center of Hope	225	0.22%
	11,057	10.67%
Total County Employment (3)	103,600	

Source:

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

(2) City of Mason Income Tax Department

(3) Historical Civilian Labor Force Estimates

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

	2009	2010	2011	2012
Office/Administrative				
Superintendent/Associate/Assistants	4.00	4.00	4.00	3.00
Principals/Assistant	25.00	26.00	26.00	23.00
Other	20.75	21.75	21.00	20.00
Official/Administrative	49.75	51.75	51.00	46.00
Professional- Educational				
Total General Education	558.55	547.53	544.00	527.26
Special Education	86.58	96.51	94.91	93.12
Curriculum Specialist	13.00	12.00	12.00	10.50
Counseling	22.10	22.10	21.00	21.00
Librarian/Media	2.00	2.00	2.00	2.00
Other Professional	1.00	1.00	1.00	1.00
Professional-Educational	683.23	681.14	674.91	654.88
Professional - Other				
Public Relations	1.00	1.00	1.00	1.00
Psychologists	5.00	8.00	9.00	9.00
Social Work	1.00	1.00	1.00	1.00
Speech, OT, PT	13.87	13.87	14.15	13.95
Professional - Other	20.87	23.87	25.15	24.95
Technical				
Information Technology	13.00	13.00	12.00	11.00
Practical Nursing	8.96	9.46	9.93	8.99
Library Aide	11.70	9.70	10.20	10.20
Other Technical	2.00	2.00	2.00	2.00
Technical	35.66	34.16	34.13	32.19
Office/ Clerical	70.19	69.99	67.89	62.50
Crafts & Trades	14.00	13.00	13.00	12.00
Bus Drivers	91.35	90.81	80.28	68.80
Service Work/ Laborer				
Attendance Officer	0.94	0.94	0.94	0.94
Custodian	60.00	59.00	56.00	44.00
Groundskeeping	2.00	2.00	2.00	2.00
Food Service	51.65	54.64	51.48	48.43
Guard/ Watchman	3.00	4.00	4.00	4.00
Monitoring (Recess)	24.70	21.50	24.57	28.24
Attendent (Paraprofessionals)	160.91	163.55	171.04	158.94
Other Services Worker/ Laborer	0.27	1.14	0.27	0.27
Total support and administration	303.47	306.77	310.30	286.82
Total Employees	1,268.52	1,271.49	1,256.66	1,188.14

Source: State Department of Education

2013	2014	2015	2016	2017	2018
3.00	3.00	3.00	4.00	4.00	4.00
21.00	20.33	21.00	21.00	21.00	20.50
17.90	17.00	19.00	19.50	18.00	18.50
41.90	40.33	43.00	44.50	43.00	43.00
511.05	513.00	482.33	483.91	482.13	486.80
88.67	87.72	78.63	74.15	75.00	79.00
12.50	10.00	8.00	6.00	8.00	8.00
20.00	20.00	19.80	19.80	20.00	20.00
2.00	2.00	2.00	2.00	2.00	2.00
0.00	0.00	14.00	12.50	2.65	2.65
634.22	632.72	604.76	598.36	589.78	598.45
1.00	1.00	1.00	1.00	1.00	1.00
9.00	9.00	10.00	9.00	9.00	9.00
1.00	1.00	1.00	1.00	1.00	1.00
14.12	14.88	13.34	13.34	12.94	12.94
25.12	25.88	25.34	24.34	23.94	23.94
11.00	9.00	8.00	8.00	7.00	6.00
8.52	8.46	8.46	10.46	11.58	8.70
7.20	7.20	8.63	8.63	8.63	7.63
2.00	1.00	1.00	1.00	1.00	1.00
28.72	25.66	26.09	28.09	28.21	23.33
56.77	55.52	58.03	59.46	59.16	56.03
11.00	9.00	10.00	11.50	9.50	6.50
69.75	66.37	70.56	71.68	81.80	74.49
0.94	0.94	0.94	0.94	0.94	0.94
41.00	37.00	34.00	30.00	29.00	24.00
3.00	3.00	3.00	2.00	2.00	2.00
46.77	45.18	47.76	47.00	49.90	47.29
1.00	1.00	0.00	0.00	0.00	0.00
22.08	21.86	24.95	19.51	27.85	24.61
141.71	134.11	130.32	134.87	152.08	149.66
0.00	0.00	9.43	8.81	0.00	0.00
256.50	243.09	250.40	243.13	261.77	248.50
1,123.98	1,098.57	1,088.18	1,081.06	1,097.16	1,074.24

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

Fiscal Year	Enrollment	Operating Expenditure	Cost Per Pupil	Percentage Change	Expenses
2009	10,803	\$107,460,331	\$9,947	1.09%	\$118,659,743
2010	10,974	112,660,754	10,266	3.21%	122,017,971
2011	11,013	115,792,919	10,514	2.42%	125,677,265
2012	10,991	115,563,586	10,514	0.00%	125,536,986
2013	10,911	108,870,439	9,978	-5.10%	118,759,404
2014	10,773	111,185,897	10,321	3.44%	121,932,892
2015	10,715	114,714,752	10,706	3.73%	124,713,728
2016	10,713	114,386,380	10,677	-0.27%	120,332,592
2017	10,728	118,809,386	11,075	3.72%	130,018,088
2018	10,664	122,439,049	11,482	3.67%	69,454,360

Source: Nonfinancial information from district records.

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
\$10,984	3.22%	744.00	14.5	4.55%
11,119	1.23%	761.00	14.4	5.37%
11,412	2.63%	755.00	14.6	6.44%
11,422	0.09%	708.50	15.5	6.94%
10,884	-4.71%	691.50	15.8	7.68%
11,318	3.99%	672.50	16.0	8.00%
11,639	2.83%	656.00	16.3	8.00%
11,232	-3.49%	646.50	16.6	8.00%
12,120	7.90%	637.60	16.8	8.00%
12,120	7.90%	645.60	16.5	8.00%

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

	2009	2010	2011	2012
Elementary				
Mason Early Childhood (2006)				
Square feet	172,211	172,211	172,211	172,211
Capacity	2,100	2,100	2,100	2,100
Enrollment	1,754	1,747	1,706	1,549
Mason Heights (1965)				
Square feet	101,863	101,863	101,863	101,863
Capacity	1,200	1,200	1,200	1,200
Enrollment	874	833	821	838
Western Row (1961)				
Square feet	100,002	100,002	100,002	100,002
Capacity	1,200	1,200	1,200	1,200
Enrollment	907	866	855	840
Mason Intermediate (1998/1994)				
Square feet	356,700	356,700	356,700	356,700
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,608	2,715	2,700	2,678
Junior High School				
Mason Middle (1958)				
Square feet	276,378	276,378	276,378	276,378
Capacity	1,850	1,850	1,850	1,850
Enrollment	1,713	1,724	1,773	1,800
High School				
William Mason High (2002) (2010)				
Square feet	375,010	539,236	539,236	539,236
Capacity	2,950	3,513	3,513	3,700
Enrollment	2,947	3,089	3,158	3,286

Source: School District Records

2013	2014	2015	2016	2017	2018
172,211	172,211	172,211	172,211	172,211	172,211
2,100	2,100	2,100	2,100	2,100	2,100
1,905	1,854	1,825	1,833	1,861	1,834
100,002	100,002	100,002	100,002	100,002	100,002
1,200	1,200	1,200	1,200	1,200	1,200
1,164	1,050	1,025	974	1,012	1,022
356,700	356,700	356,700	356,700	356,700	356,700
3,000	3,000	3,000	3,000	3,000	3,000
2,617	2,606	2,554	2,486	2,430	2,412
276,378	276,378	276,378	276,378	276,378	276,378
1,850	1,850	1,850	1,850	1,850	1,850
1,845	1,853	1,749	1,799	1,834	1,765
539,236	539,236	539,236	539,236	539,236	539,236
3,700	3,700	3,700	3,700	3,700	3,700
3,380	3,410	3,562	3,621	3,591	3,631

Mason City School District, Ohio
 Miscellaneous Statistical Data
 Schedule 20

Year of Original Charter	June 10, 1968
Current Charter	September 9, 1991
Form of Government	Public School District
Area of District	25 Square Miles
Number Miles Traveled by Transportation	
Fleet for the 2017-2018 School Year	971,460
Number Meals Served by Food Service	
Department for the 2017-2018 School Year	1,127,493

School Buildings	Grade Levels	Enrollment
Mason Early Childhood Center	PS-2	1,834
Western Row Elementary	2-3	1,022
Mason Intermediate	4-6	2,412
Mason Middle School	7-8	1,765
William Mason High School	9-12	3,631
		10,664

Degree	Number of Certified Staff	Percentage of Total
Bachelor's Degree	28.5	4.41%
Bachelor + 150	55.3	8.57%
Master's Degree	558.8	86.56%
Doctorate	3.0	0.46%
Total	645.6	100.00%

Years of Experience	Number of Certified Staff	Percentage of Total
0 - 5	63.0	9.76%
6 - 10	67.0	10.38%
11 - 15	170.8	26.46%
16 - 20	182.8	28.31%
21 - 25	94.0	14.56%
26 - 30	52.0	8.05%
31 - 35	16.0	2.48%
36 - 40	0.0	0.00%
	645.6	100.00%

Source: School District Records

Mason City School District, Ohio
 Student Population by Sex and by Race
 For the 2017-2018 School Year
 Schedule 21

Grade	Male	Female	Total
PS	96	69	165
K	273	266	539
1	342	335	677
2	377	342	719
3	393	363	756
4	391	372	763
5	427	379	806
6	401	442	843
7	457	389	846
8	463	456	919
9	440	442	882
10	433	445	878
11	455	415	870
12	517	484	1,001
	<u>5,465</u>	<u>5,199</u>	<u>10,664</u>

Race	Total	Percent
American Indian/Alaskan	29	0.27%
Asian	2,749	25.78%
Black	473	4.44%
Caucasian	7,170	67.23%
Hispanic	94	0.88%
Multi-Racial	135	1.27%
Hawaiian/Pac Island	14	0.13%
	<u>10,664</u>	<u>100.00%</u>

Source: School District Financial Records.

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

School Year (1)	Grade						
	Preschool	KDN	1	2	3	4	5
2017-18	165	539	677	719	756	763	806
2016-17	171	553	675	734	740	768	820
2015-16	165	544	676	687	735	777	826
2014-15	164	580	662	702	742	806	862
2013-14	171	575	679	713	766	867	876
2012-13	191	601	687	743	847	872	866
2011-12	193	623	733	826	852	845	872
2010-11	201	689	816	828	848	862	959
2009-10	211	727	809	827	872	931	885
2008-09	196	751	807	855	926	861	890

Source: School District Records

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

Grade							Total
6	7	8	9	10	11	12	% Increase or Decrease
843	846	919	882	878	870	1,001	10,664 -0.60%
842	903	931	864	871	946	910	10,728 0.14%
883	910	889	859	962	888	912	10,713 -0.02%
886	872	877	941	873	883	865	10,715 -0.54%
863	878	977	857	878	832	841	10,773 -1.26%
879	969	877	867	828	812	872	10,911 -0.73%
961	880	917	850	809	851	779	10,991 -0.20%
879	899	874	814	849	755	740	11,013 0.36%
899	867	857	852	768	719	750	10,974 1.58%
857	853	860	767	727	746	707	10,803 0.87%

Mason City School District, Ohio
Directory of School Facilities
As of June 30, 2018
Schedule 23

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

Source: School District Records

OHIO AUDITOR OF STATE
KEITH FABER



MASON CITY SCHOOL DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2019**