



**Auditor of State
Betty Montgomery**

MASON CITY SCHOOL DISTRICT
WARREN COUNTY

TABLE OF CONTENTS

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

This page intentionally left blank.

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	None	10.550		\$164,904		\$152,827
National School Lunch Program	LL-P4-02 LL-P4-03	10.555	21,875 154,673		21,875 154,673	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>176,548</u>	<u>164,904</u>	<u>176,548</u>	<u>152,827</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States						
IDEA Part B	6B-SF-01/02/03	84.027	323,739		394,402	
Autism Grant	6B-SA-02		14,400		14,400	
Raising Expectations	6B-SD-02		15,000		1,720	
Preschool Disability Grant	PG-S1-02	84.173	18,002		18,002	
Total Special Education Cluster			<u>371,141</u>	<u>0</u>	<u>428,524</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)						
Title VI-R	C1-S1-02/03	84.010	56,194		59,733	
Eisenhower	CR-S1-02	84.340	0		5,930	
Title II-A, Improving Teacher Quality	MS-S1-02	84.281	0		216	
Title V, Innovative Programs	TR-S1-03	84.367	41,451		41,451	
Title IV-SDFSC	C2-S1-02/03	84.298	36,744		37,224	
Title II-D, Technology Fund	DR-S1-02/03	84.186	11,058		21,082	
School Renovation, IDEA & Technology	TJ-S1-03	84.318	353		0	
School Renovation, IDEA & Technology	AT-S1-02	84.352A	0		4,956	
School Renovation, IDEA & Technology	AT-S3-02	84.352A	12,617		12,617	
<i>Passed through the Great Oaks Institute & Career Development</i>						
Carl Perkins/Vocational Education	None	84.049	14,609		14,419	
Total U.S. Department of Education			<u>544,167</u>	<u>0</u>	<u>626,152</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance Discretionary Grant	None	93.276	3,000		0	
TOTAL FEDERAL ASSISTANCE			<u>\$723,715</u>	<u>\$164,904</u>	<u>\$802,700</u>	<u>\$152,827</u>

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2003**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

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

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



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of the Mason City School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated January 23, 2004, in which we noted that the District adopted Governmental Accounting Standards Board Statement 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 23, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are considered to be a material weakness. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 23, 2004.

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

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

Betty Montgomery
Auditor of State

January 23, 2004



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

Compliance

We have audited the compliance of Mason City School District, Warren County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated January 23, 2004, wherein we noted the District adopted Governmental Accounting Standards Board Statement 34. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

January 23, 2004

**MASON CITY SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2003-001

Material Noncompliance / Reportable Condition

Ohio Rev. Code, Section 3315.062 (B), state that if more than fifty dollars a year is received through a student activity program, the moneys from such program shall be paid into an activity fund established by the board of education of the school district. The board shall adopt regulations governing the establishment and maintenance of such fund, including a system of accounting to separate and verify each transaction and to show the sources from which the fund revenue is received, the amount collected from each source, and the amount expended for each purpose. Expenditures from the fund shall be subject to approval of the board.

**FINDING NUMBER 2003-001
(Continued)**

Fees for student activity programs in excess of fifty dollars were collected by the Mason Band Boosters. The unaudited Mason Band Boosters financial statements for the year ended June 30, 2003 disclosed \$70,502 in fees collected for such programs as concert band and marching band, and reported expenses related to those programs in excess of the fees collected.

Our review of the unaudited Mason Band Boosters financial statements for the year ended June 30, 2003 identified additional issues:

- The financial statements disclosed "Other Income" of \$102,784 and "Other Expenses" of \$84,018. These categories may also contain fees and expenses that should be accounted for in accordance with Ohio Rev. Code, Section 3315.062 (B).
- It appears that amounts were paid by the Mason Band Boosters for personnel: \$18,798 for marching band support staff; and \$6,600 for winter guard staff. The District should review these payments to ensure compliance with pension payment requirements, and federal and state withholding and reporting requirements.

The District should require that all students pay activity fees in excess of fifty dollars into a student activity fund; the Board should adopt regulations covering the establishing; maintenance and accounting of such funds; and the Board should approve all expenditures from the fund.

3. FINDINGS FOR FEDERAL AWARDS

None.

MASON CITY SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended
June 30, 2003

“Where Each Student Is Important”

MASON, OH

MASON CITY SCHOOL DISTRICT
MASON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2003

Prepared by:
Treasurer's Office

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	I
Certificate of Achievement for Excellence in Financial Reporting	VI
Organizational Chart	VII
List of Principal Officials	VIII
FINANCIAL SECTION	
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Assets - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Net Assets - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	48
Notes to the Required Supplementary Information	53
Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	57
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	67
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets	68
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	69
Combining Statement of Cash Flows	70
Agency Fund:	
Statement of Changes in Assets and Liabilities	71
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Public School Support	72
Community Services	73
District Managed Student Activity	75
Auxiliary Services	76
Career Development	77
Management Information System	78
OneNet Network Connectivity	79
SchoolNet Professional Development	80
Ohio Reads	81
Safe School Help Line	82
School Conflict Management	83
Eisenhower	84
Title VI-B	85
Vocational Education	86
Refugee Impact	87
Title I	88
Title VI	89
Drug-Free Schools	90
Public School Preschool	91
E-Rate	92
Improving Teacher Quality	93
Continuous Improvement	94
Debt Service	95
Capital Projects	96
Building	97
SchoolNet Plus	98

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
General Fund Expenditures by Function	1	100
General Fund Revenues by Source	2	102
Property Tax Levies and Collections	3	104
Assessed and Estimated Actual Value of Taxable Property	4	105
Property Tax Rates - Direct and Overlapping Governments	5	106
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt per Capita	6	107
Computation of Legal Debt Margin	7	108
Computation of Direct and Overlapping General Obligation Bonded Debt	8	109
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures	9	110
Demographic Statistics	10	111
Property Value, Financial Institution Deposits, and Building Permits	11	112
Principal Taxpayers Real Estate	12	113
Principal Taxpayers Tangible Personal Property	13	114
Principal Taxpayers Public Utility Personal Property	14	115
Cost to Educate a 2002 Graduate	15	116
Miscellaneous Statistical Data	16	117
Largest Employers	17	118
Levy History	18	119
Student Population by Sex and by Race	19	120
Schedule of Insurance Policies and Bonding Insurance	20	121
Enrollment History	21	122
Directory of School Facilities	22	123
Finance Department	23	124



**Introductory
Section**



MASON CITY SCHOOLS

Treasurer's Office

211 North East Street • Mason, Ohio • 45040
Phone: (513) 398-3623 • Fax: (513) 398-4357

January 23, 2004

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

State law requires that school districts publish a complete set of financial statements presented in conformance with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing standards 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, 2003.

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, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Mason City School District's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Mason City School District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited school district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Mason City School District's separately issued Single Audit Report.

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

Profile of the School District

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

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

The current Board members, their terms and years on the Board as of June 30, 2003, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Kevin Wise	Nov. 2002 - Dec. 2003	1/2
Mrs. Marianne Culbertson	Jan. 2002 - Dec. 2005	9 - 1/2
Mr. David Lenert	Jan. 2002 - Dec. 2005	9 - 1/2
Mr. Eric Kantor	Jan. 2000 - Dec. 2003	3 - 1/2
Mrs. Connie Yingling	Jan. 2002 - Dec. 2005	3 - 3/4

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Dr. Kevin L. Bright was appointed Superintendent effective August 1, 1998 and his current contract expires July 31, 2006.

The Treasurer and CFO is the chief financial officer of the District and is directly responsible to the Board for all financial operations, investments, custody of all District funds and assets, and serves as Secretary to the Board. Mr. Richard L. Gardner was initially appointed Treasurer effective May 1, 2000, and his current contract will expire on December 31, 2006.

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

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

The District served 8,003 students during the 2003 fiscal year in eight buildings. The senior high school (9-12) was constructed in 2002. The middle school (7-8) was constructed in 1959, with additions in 1967, 1980, 1987 and 1997. The intermediate school 45 building (4-5) was constructed in 1994. The intermediate school 56 building (5-6) was constructed in 1998. Western Row Elementary School (2-3) was constructed in 1962, with additions in 1987. Mason Heights Elementary School (1-2) was constructed in 1967, with additions in 1978 and 1987. Mason Early Childhood Center (K) was constructed in 1911, with additions in 1936, 1950, 1953 and 1955 and with renovations in 1977. The Mason Heights Annex (Preschool) was constructed in 1973, with additions in 2001. The central administration is also housed in the same facility as the Mason Early Childhood Center.

The District employed 1,104 full-time and part-time employees as of June 30, 2003. The number of employees has been increasing due to the increase in student population. Since 1986 the District's enrollment has increased from 2,292 to the current enrollment of 8,003. It is expected that the District's enrollment will be approximately 8700 for fiscal year 2004 and will continue to increase through 2010.

The District teachers, educational specialists, tutors and counselors are represented by the Mason Education Association (MEA). A three year agreement on language, salary and fringe benefits was ratified on October 19, 2001. This agreement will expire on June 30, 2004. The agreement provides MEA members with 5.0 percent base salary increase for the 2003-2004 school year, bringing the base teaching salary to \$32,406.

The District's non-certified staff, administrators, directors and supervisors are currently not represented by a union. These classifications typically receive the same benefits extended to the MEA.

Factors Affecting Financial Condition

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

Local Economy. The City of Mason has a population of 22,016 and is growing steadily through planning and development. The District is served by Sprint Telephone and Cincinnati Gas and Electric Company. The Mason Pulse Journal, Community Press and The Western Star newspapers regularly cover District events. The District is also served by newspapers, radio and television stations in both Cincinnati and Dayton. Major universities easily accessible from the District are the University of Cincinnati and Xavier University in Cincinnati, Miami University in Oxford, and Wright State University and the University of Dayton, both in Dayton.

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

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

Long-term financial planning. Student enrollment growth will continue to be a priority for the Board and Administration. Demographic projections indicate the District could see its population grow to 11,500 in the next ten years. The District uses a process that solicits community input to help determine how to meet the facility needs of the District. Community input was sought regarding whether to add a second high school, future elementaries and the configuration of grade levels. The results of the community dialogue sessions indicated that it was a desire of the community to have one high school and to maintain as much as practical, grade specific elementary schools.

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

Cash management policies and practices. The District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in certificates of deposit, in the Ohio State Treasurer's Investment Pool (Star Ohio), U.S. Treasury and Agency Notes and Bonds, US Treasury Bills, repurchase agreements, commercial paper and mutual funds. The amount of interest income in fiscal year 2003 for all District funds was \$528,558. A more detailed description of the District's investment functions is provided in Note 4 to the financial statements.

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

The District pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides health, dental, optical and life insurance to all regular employees who work 20 or more hours per week. Effective September 1, 1994, new employees share the cost of the monthly premium with the Board. The premium varies depending on the terms of the negotiated agreement with teachers and Board Policy.

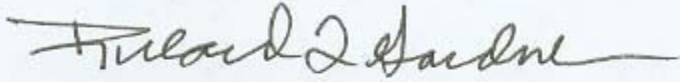
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Mason City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Richard L. Gardner". The signature is written in dark ink and includes a long horizontal flourish at the end.

Richard L. Gardner
Treasurer and CFO

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Mason City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

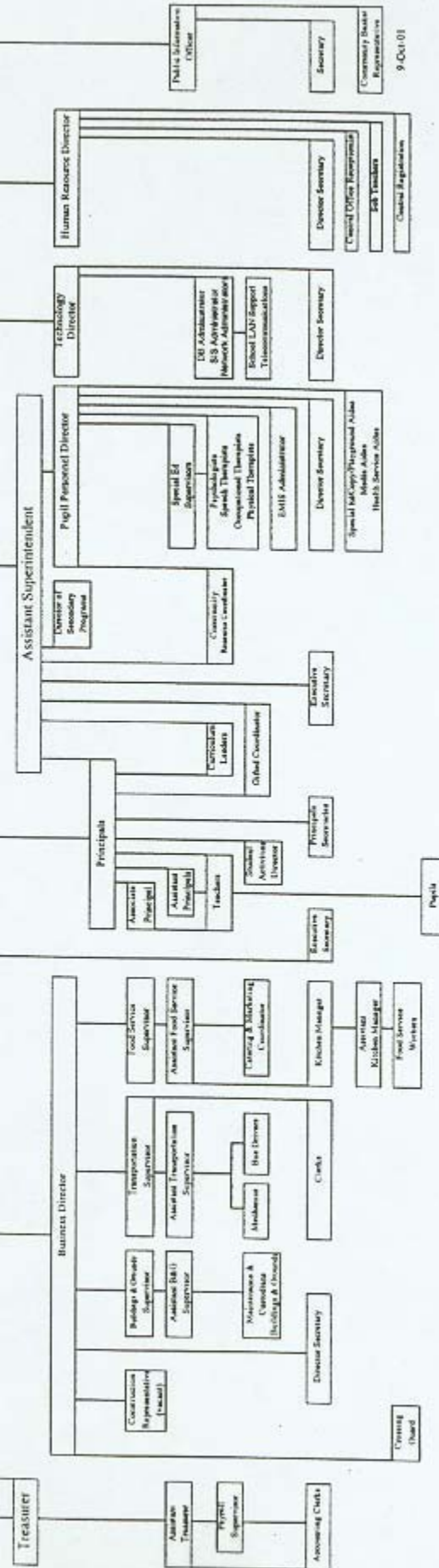
Executive Director

ORGANIZATIONAL CHART

Citizens of Mason City School District

Board of Education

Superintendent



**MASON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2003**

ELECTED OFFICIALS

President, Board of Education	Eric Kantor
Vice President, Board of Education	Connie Yingling
Board Member	Marianne Culbertson
Board Member	David Lenert
Board Member	Kevin Wise

ADMINISTRATIVE OFFICIALS

Superintendent	Kevin L. Bright
Assistant Superintendent - Curriculum and Instruction	Sonia Milrod
Assistant Superintendent - Business	Michael Brannon
Assistant Superintendent - Human Resources	Craig C. Ullery
Treasurer	Richard L. Gardner
Assistant Treasurer.....	Chris Hofer
Pupil Personnel Director	Ginny Jackson
Chief Information Officer	Dave Hickey
Payroll Supervisor.....	Terri Ross
Building and Grounds Supervisor	George Highfill
Food Service Supervisor	Darlene Hicks
Support Education Supervisor	Laura Bosse
Support Education Supervisor	Lynn Brannon
Transportation Supervisor	Dave Foster
Public Information Officer	Shelly Hausman

A large, stylized letter 'M' composed of overlapping translucent shapes in shades of teal, light blue, and yellow. The text 'Financial Section' is centered over the middle of the 'M'.

**Financial
Section**

A large, abstract, purple shape with a curved, organic form, located in the lower right portion of the page.

This Page is Intentionally Left Blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mason City School District, Warren County, Ohio, as of June 30 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the Government implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2004 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Basis) for the General Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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



Betty Montgomery
Auditor of State

January 23, 2004

**MASON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003
(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, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$7.61 million. Net assets of governmental activities increased \$6.99 million which represents a 39.2% increase from 2002. Net assets of business-type activities increased \$0.62 million or 70.0% from 2002.
- General revenues accounted for \$72.7 million in revenue or 91.6% of all revenues. Program specific revenues in the form of charges for services and sales; and grants and contributions accounted for \$6.69 million or 8.4% of total revenues of \$79.39 million.
- Total assets of governmental activities increased by \$5.07 million as cash decreased by \$13.24 million while taxes receivable and capital assets increased by \$19.00 million.
- The District had \$68.79 million in expenses related to governmental activities; only \$3.19 million of those expenses were offset by program specific charges for services, grants or contributions. General revenues of \$72.59 million were adequate to provide for these programs.
- The General Fund had \$61.04 million in revenues and \$57.38 million in expenditures. The General Fund's fund balance increased from \$11.94 to \$14.55 million.
- Net assets for Enterprise Funds increased by \$.62 million. This increase resulted from operating income of \$2.53 million and grants and contributions of \$1.08 million exceeding operating expenses of \$2.99 million.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service, uniform school supplies and latch key services are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The District as a Whole

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

Table 1 provides a summary of the District's net assets for 2003 compared to 2002:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$78,270,406	\$86,753,544	\$443,141	\$432,209	\$78,713,547	\$87,185,753
Capital Assets	<u>121,763,158</u>	<u>108,210,279</u>	<u>1,360,561</u>	<u>669,955</u>	<u>123,123,719</u>	<u>108,880,234</u>
Total Assets	<u>200,033,564</u>	<u>194,963,823</u>	<u>1,803,702</u>	<u>1,102,164</u>	<u>201,837,266</u>	<u>196,065,987</u>
Liabilities						
Long-Term Liabilities	112,110,398	114,440,398	37,564	32,594	112,147,962	114,603,685
Other Liabilities	<u>62,407,695</u>	<u>61,993,041</u>	<u>259,389</u>	<u>183,287</u>	<u>62,667,084</u>	<u>62,176,328</u>
Total Liabilities	<u>174,518,093</u>	<u>176,433,439</u>	<u>296,953</u>	<u>215,881</u>	<u>174,815,046</u>	<u>176,780,013</u>
Net Assets						
Invested in Capital						
Assets Net of Debt	9,522,067	7,668,048	1,360,561	669,955	10,882,628	8,338,003
Restricted	7,178,617	4,112,946	0	0	7,178,617	4,112,946
Unrestricted	<u>8,814,787</u>	<u>6,749,390</u>	<u>146,188</u>	<u>216,328</u>	<u>8,960,975</u>	<u>6,965,718</u>
Total Net Assets	<u>\$25,515,471</u>	<u>\$18,530,384</u>	<u>\$1,506,749</u>	<u>\$886,283</u>	<u>\$27,022,220</u>	<u>\$19,416,667</u>

Total assets increased \$5.77 million. Equity in pooled cash and cash equivalents decreased \$13.08 million. Capital assets increased \$14.24 million and taxes receivable increased \$5.44 million. Total liabilities increased \$1.96 million, resulting in a net asset increase of \$7.73 million.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	\$1,135,122	\$2,426,526	\$3,561,648
Operating Grants	1,849,047	332,303	2,181,350
Capital Grants	203,491	744,342	947,833
General Revenue:			
Property Taxes	46,418,347	0	46,418,347
Grants and Entitlements	23,915,631	0	23,915,631
Other	<u>2,252,096</u>	<u>111,025</u>	<u>2,363,121</u>
Total Revenues	<u>75,773,734</u>	<u>3,614,196</u>	<u>79,387,930</u>
Program Expenses:			
Instruction	30,939,158	0	30,939,158
Support Services:			
Pupil and Instructional Staff Board, Administrative, Fiscal and Business	8,166,807	0	8,166,807
Operations and Maintenance	5,821,994	0	5,821,994
Pupil Transportation	7,977,214	0	7,977,214
Central	4,662,523	0	4,662,523
Community Services	3,295,061	0	3,295,061
Extracurricular Activities	582,413	0	582,413
Interest and Fiscal Charges	1,373,452	0	1,373,452
Food Service	5,970,025	0	5,970,025
Uniform School Supply	0	2,621,570	2,621,570
Latchkey	0	34,797	34,797
	<u>0</u>	<u>337,363</u>	<u>337,363</u>
Total Expenses	<u>68,788,647</u>	<u>2,993,730</u>	<u>71,782,377</u>
Increase in Net Assets	<u>\$6,985,087</u>	<u>\$620,466</u>	<u>\$7,605,553</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 92.8% of the District's revenues for governmental activities.

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

Thus Ohio school districts do not receive additional tax revenue related to the increase in appraised value and must regularly return to the voters to maintain a constant level of service. Property taxes made up 61.3% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 45% of governmental program expenses. Support services expenses were 43.5% of governmental program expenses. Interest expense was 8.7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	\$30,939,158	\$28,981,758
Support Services:		
Pupil and Instructional Staff	8,166,807	8,016,986
Board, Administration, Fiscal and Business	5,821,994	5,821,994
Operations and Maintenance	7,977,214	7,676,211
Pupil Transportation	4,662,523	4,541,152
Central	3,295,061	3,185,658
Community Services	582,413	122,747
Extracurricular Activities	1,373,452	1,284,456
Interest and Fiscal Charges	<u>5,970,025</u>	<u>5,970,025</u>
Total Expenses	<u>\$68,788,647</u>	<u>\$65,600,987</u>

Business-Type Activities

Business-type activities, include the food service operation, the sale of uniform school supplies and latchkey services. These programs had revenues of \$3.61 million and expenses of \$2.99 million for fiscal year 2003. Business activities receive no support from tax revenues.

The District's Funds

Information about the District's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$93,608,141 and expenditures and other financing uses of \$102,754,957. The net change in fund balance for the year was (\$9,146,816) or (33.0%).

General Fund Budgeting Highlights

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

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

For the General Fund, budget basis revenue was \$64.42 million. The original budget estimate was \$61.53 million. The \$2.89 million difference was primarily due to conservative estimates for taxes and intergovernmental revenue.

The District's ending unobligated General Fund cash balance was \$2.88 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At year end, the District had \$123.1 million invested in land, buildings and equipment. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land and Improvements	\$5,839,438	\$5,712,991	\$0	\$0	\$5,839,438	\$5,712,991
Construction in Progress	372,188	45,024,024	0	0	372,188	45,024,024
Buildings and Improvements	103,789,388	47,520,879	0	0	103,789,388	47,520,879
Equipment	<u>11,762,144</u>	<u>9,952,384</u>	<u>1,360,561</u>	<u>669,956</u>	<u>13,122,705</u>	<u>10,622,340</u>
Total Net Assets	<u>\$121,763,158</u>	<u>\$108,210,278</u>	<u>\$1,360,561</u>	<u>\$669,956</u>	<u>\$123,123,719</u>	<u>\$108,880,234</u>

The increase in capital assets is due to \$17.43 million in acquisitions (mainly in connection with the new high school and community center), offset by the recognition of \$2.99 million in depreciation expense and retirement of \$.22 million in assets, net of depreciation. This District continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At year end, the District had \$112,010,000 in bonds outstanding, \$2,860,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2003	Governmental Activities 2002
Total:		
General Obligation Bonds:		
1992 Building Construction & Equipment	\$3,200,000	\$4,200,000
1995 Building Construction & Equipment	17,815,000	18,140,000
1998 Building Construction & Equipment	21,420,000	21,690,000
2001 High School/Recreation Center Construction & Equipment	<u>69,575,000</u>	<u>70,310,000</u>
	<u>\$112,010,000</u>	<u>\$114,340,000</u>

At year end, the District's overall legal debt margin (based on its being granted special needs status) was \$36,344,680 with an unvoted debt margin of \$1,102,119. The District maintains an Aa2 bond rating (from Moody's).

For the Future

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

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

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

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

Mason City School District
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$28,760,726	\$356,356	\$29,117,082
Restricted Cash and Investments	85,593	0	85,593
Cash with Fiscal and Escrow Agents	586,086	0	586,086
Receivables:			
Taxes	48,439,872	0	48,439,872
Accounts	107,481	25,869	133,350
Interest	2,931	0	2,931
Intergovernmental	287,717	0	287,717
Inventory	0	60,916	60,916
Nondepreciable Capital Assets	6,211,626	0	6,211,626
Depreciable Capital Assets, Net	115,551,532	1,360,561	116,912,093
Total Assets	200,033,564	1,803,702	201,837,266
Liabilities:			
Accounts Payable	485,237	24,469	509,706
Accrued Wages and Benefits	7,397,606	203,880	7,601,486
Retainage Payable	586,086	0	586,086
Accrued Interest Payable	539,445	0	539,445
Deferred Revenue	42,490,318	30,125	42,520,443
Claims Payable	542,179	0	542,179
General Obligation Notes Payable	7,950,000	0	7,950,000
Long-Term Liabilities:			
Due Within One Year	3,031,366	915	3,032,281
Due In More Than One Year	111,495,856	37,564	111,533,420
Total Liabilities	174,518,093	296,953	174,815,046
Net Assets:			
Invested in Capital Assets, Net of Related Debt	9,522,067	1,360,561	10,882,628
Restricted for:			
Debt Service	5,064,105	0	5,064,105
Other Purposes	2,114,512	0	2,114,512
Unrestricted	8,814,787	146,188	8,960,975
Total Net Assets	\$25,515,471	\$1,506,749	\$27,022,220

See accompanying notes.

This Page is Intentionally Left Blank.

Mason City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$25,808,521	\$697,192	\$562,662	\$88,461
Special	4,919,224	4,080	560,172	0
Vocational	25,017	0	24,959	0
Other	186,396	19,874	0	0
Support Services:				
Pupil	3,538,012	5,115	22,323	0
Instructional Staff	4,628,795	15,444	106,939	0
General Administration	72,318	0	0	0
School Administration	4,116,169	0	0	0
Fiscal	1,364,522	0	0	0
Business	268,985	0	0	0
Operations and Maintenance	7,977,214	293,983	7,020	0
Pupil Transportation	4,662,523	6,341	0	115,030
Central	3,295,061	0	109,403	0
Community Services	582,413	4,097	455,569	0
Extracurricular Activities	1,373,452	88,996	0	0
Interest and Fiscal Charges	5,970,025	0	0	0
Total Governmental Activities	68,788,647	1,135,122	1,849,047	203,491
Business-Type Activities:				
Food Service	2,621,570	2,083,843	332,303	744,342
Uniform School Supply	34,797	0	0	0
Latchkey	337,363	342,683	0	0
Total Business-Type Activities	2,993,730	2,426,526	332,303	744,342
Totals	\$71,782,377	\$3,561,648	\$2,181,350	\$947,833

General Revenues:
Property Taxes Levied for:
 General Purposes
 Debt Service
 Capital Projects
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Unrestricted Contributions
Investment Earnings
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$24,460,206)	\$0	(\$24,460,206)
(4,354,972)	0	(4,354,972)
(58)	0	(58)
(166,522)	0	(166,522)
(3,510,574)	0	(3,510,574)
(4,506,412)	0	(4,506,412)
(72,318)	0	(72,318)
(4,116,169)	0	(4,116,169)
(1,364,522)	0	(1,364,522)
(268,985)	0	(268,985)
(7,676,211)	0	(7,676,211)
(4,541,152)	0	(4,541,152)
(3,185,658)	0	(3,185,658)
(122,747)	0	(122,747)
(1,284,456)	0	(1,284,456)
(5,970,025)	0	(5,970,025)
<u>(65,600,987)</u>	<u>0</u>	<u>(65,600,987)</u>
0	538,918	538,918
0	(34,797)	(34,797)
0	5,320	5,320
<u>0</u>	<u>509,441</u>	<u>509,441</u>
<u>(\$65,600,987)</u>	<u>\$509,441</u>	<u>(\$65,091,546)</u>
36,422,708	0	36,422,708
9,514,354	0	9,514,354
481,285	0	481,285
23,915,631	0	23,915,631
1,076,718	0	1,076,718
60,000	0	60,000
524,446	2,661	527,107
590,932	108,364	699,296
<u>72,586,074</u>	<u>111,025</u>	<u>72,697,099</u>
6,985,087	620,466	7,605,553
<u>18,530,384</u>	<u>886,283</u>	<u>19,416,667</u>
<u>\$25,515,471</u>	<u>\$1,506,749</u>	<u>\$27,022,220</u>

Mason City School District
 Balance Sheet
 Governmental Funds
 June 30, 2003

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$17,854,847	\$4,138,379	\$2,563,501	\$4,203,999	\$28,760,726
Restricted Cash and Investments	85,593	0	0	0	85,593
Cash with Fiscal and Escrow Agents	0	0	586,086	0	586,086
Receivables:					
Taxes	38,150,022	9,828,692	0	461,158	48,439,872
Accounts	98,813	0	0	8,668	107,481
Interest	2,931	0	0	0	2,931
Intergovernmental	0	0	0	287,717	287,717
Interfund	69,138	0	0	0	69,138
Total Assets	56,261,344	13,967,071	3,149,587	4,961,542	78,339,544
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	332,645	0	97,736	54,856	485,237
Accrued Wages and Benefits	6,941,635	0	0	165,926	7,107,561
Compensated Absences	227,978	0	0	4,667	232,645
Retainage Payable	0	0	586,086	0	586,086
Accrued Interest Payable	0	0	59,625	0	59,625
Interfund Payable	0	0	0	69,138	69,138
Deferred Revenue	33,666,684	8,423,146	0	639,636	42,729,466
Claims Payable	542,179	0	0	0	542,179
General Obligation Notes Payable	0	0	7,950,000	0	7,950,000
Total Liabilities	41,711,121	8,423,146	8,693,447	934,223	59,761,937
Fund Balances:					
Reserved for Encumbrances	460,445	0	1,170,389	198,498	1,829,332
Reserved for Property Tax Advances	4,483,338	1,405,546	0	66,053	5,954,937
Reserved for Budget Stabilization	85,593	0	0	0	85,593
Unreserved, Undesignated, Reported in:					
General Fund	9,520,847	0	0	0	9,520,847
Special Revenue Funds	0	0	0	1,690,293	1,690,293
Debt Service Funds	0	4,138,379	0	0	4,138,379
Capital Projects Funds	0	0	(6,714,249)	2,072,475	(4,641,774)
Total Fund Balances	14,550,223	5,543,925	(5,543,860)	4,027,319	18,577,607
Total Liabilities and Fund Balances	\$56,261,344	\$13,967,071	\$3,149,587	\$4,961,542	\$78,339,544

See accompanying notes.

Mason City School District
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2003

Total Governmental Fund Balance	\$18,577,607
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	121,763,158
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	239,148
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(479,820)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(2,474,224)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(112,110,398)</u>
Net Assets of Governmental Activities	<u>\$25,515,471</u>

See accompanying notes.

Mason City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$36,422,709	\$9,514,353	\$0	\$481,285	\$46,418,347
Tuition and Fees	513,190	0	0	33,474	546,664
Investment Earnings	313,637	89,055	109,551	12,205	524,448
Intergovernmental	23,444,479	988,422	0	1,296,120	25,729,021
Extracurricular Activities	0	0	0	549,057	549,057
Other Revenues	344,412	0	0	1,621,184	1,965,596
Total Revenues	61,038,427	10,591,830	109,551	3,993,325	75,733,133
Expenditures:					
Current:					
Instruction:					
Regular	24,256,509	0	12,127,723	663,052	37,047,284
Special	4,436,480	0	479,540	482,128	5,398,148
Vocational	681	0	77,345	23,908	101,934
Other	186,396	0	0	0	186,396
Support Services:					
Pupil	3,487,513	0	185,628	30,949	3,704,090
Instructional Staff	4,478,041	0	572,354	102,301	5,152,696
General Administration	72,318	0	0	0	72,318
School Administration	4,055,742	21,953	464,071	1,032	4,542,798
Fiscal	1,215,312	127,970	0	6,014	1,349,296
Business	266,655	0	15,469	26	282,150
Operations and Maintenance	7,456,706	0	1,082,909	360,392	8,900,007
Pupil Transportation	4,185,399	0	150,511	9,229	4,345,139
Central	2,181,195	0	965,220	103,028	3,249,443
Community Services	62,829	0	63,575	428,246	554,650
Extracurricular Activities	1,038,035	0	371,257	276,586	1,685,878
Debt Service:					
Principal Retirement	0	2,330,000	0	0	2,330,000
Interest and Fiscal Charges	0	5,809,938	168,792	0	5,978,730
Total Expenditures	57,379,811	8,289,861	16,724,394	2,486,891	84,880,957
Excess of Revenues Over (Under) Expenditures	3,658,616	2,301,969	(16,614,843)	1,506,434	(9,147,824)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	1,008	0	0	0	1,008
Transfers In	0	7,950,000	8,874,000	1,050,000	17,874,000
Transfers (Out)	(1,050,000)	(8,874,000)	(7,950,000)	0	(17,874,000)
Total Other Financing Sources (Uses)	(1,048,992)	(924,000)	924,000	1,050,000	1,008
Net Change in Fund Balance	2,609,624	1,377,969	(15,690,843)	2,556,434	(9,146,816)
Fund Balance Beginning of Year	11,940,599	4,165,956	10,146,983	1,470,885	27,724,423
Fund Balance End of Year	\$14,550,223	\$5,543,925	(\$5,543,860)	\$4,027,319	\$18,577,607

See accompanying notes.

Mason City School District
 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, 2003

Net Change in Fund Balance - Total Governmental Funds (S9,146,816)

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

Governmental funds report capital outlays 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 by which capital
 outlays exceeded depreciation in the current period. 13,752,435

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 deduction
 for the loss on the disposal of capital assets must also be
 recognized. (199,555)

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds. 239,148

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 2,330,000

In the statement of activities, interest is accrued, whereas in
 governmental funds, an interest expenditure is reported when due. 8,705

Some expenses reported in the statement of activities,
 such as compensated absences and accrued benefits,
 do not require the use of current financial
 resources and therefore are not reported as expenditures
 in governmental funds. 1,170

Change in Net Assets of Governmental Activities \$6,985,087

See accompanying notes.

Mason City School District
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activity Enterprise Funds
Assets:	
Equity in Pooled Cash and Investments	\$356,356
Receivables:	
Accounts	25,869
Inventory	<u>60,916</u>
Total Current Assets	<u>443,141</u>
Depreciable Capital Assets, Net	<u>1,360,561</u>
Total Assets	<u>1,803,702</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	24,469
Accrued Wages and Benefits	203,880
Compensated Absences	915
Deferred Revenue	<u>30,125</u>
Total Current Liabilities	<u>259,389</u>
Long-Term Liabilities:	
Compensated Absences	<u>37,564</u>
Total Liabilities	<u>296,953</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,360,561
Unrestricted	<u>146,188</u>
Total Net Assets	<u>\$1,506,749</u>

See accompanying notes.

Mason City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds
Operating Revenues:	
Sales	\$2,083,843
Charges for Services	342,683
Other Revenues	108,364
	<hr/>
Total Operating Revenues	2,534,890
	<hr/>
Operating Expenses:	
Personal Services	1,512,592
Contractual Services	65,859
Materials and Supplies	1,320,946
Depreciation	91,231
Other Expenses	3,102
	<hr/>
Total Operating Expenses	2,993,730
	<hr/>
Operating Income (Loss)	(458,840)
	<hr/>
Non-Operating Revenues (Expenses):	
Investment Earnings	2,661
Donated Commodities	152,827
Operating Grants	179,476
	<hr/>
Total Non-Operating Revenues (Expenses)	334,964
	<hr/>
Income (Loss) Before Contributions & Transfers	(123,876)
	<hr/>
Capital Grants and Contributions	744,342
	<hr/>
Change in Net Assets	620,466
	<hr/>
Net Assets Beginning of Year	886,283
	<hr/>
Net Assets End of Year	<u>\$1,506,749</u>

See accompanying notes.

Mason City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$2,517,731
Cash Payments to Employees	(1,448,685)
Cash Payments to Suppliers	(1,230,235)
Cash Payments for Claims	0
Other Cash Payments	(2,958)
Net Cash Provided (Used) by Operating Activities	<u>(164,147)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	179,476
Payments to Other Funds	(2,500)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>176,976</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(37,495)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(37,495)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	2,661
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>2,661</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(22,005)
Cash and Cash Equivalents Beginning of Year	<u>378,361</u>
Cash and Cash Equivalents End of Year	<u>356,356</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(458,840)
Adjustments:	
Depreciation	91,231
Donated Commodities	152,827
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(17,137)
(Increase) Decrease in Inventory	(27,587)
(Increase) Decrease in Other Assets	11,787
Increase (Decrease) in Payables	19,294
Increase (Decrease) in Accrued Liabilities	52,200
Increase (Decrease) in Deferred Revenue	12,078
Net Cash Provided (Used) by Operating Activities	<u>(\$164,147)</u>
Schedule of Noncash Capital Activities:	
During the fiscal year, the Food Service Fund received contributed food commodities valued at	\$152,827

See accompanying notes.

Mason City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Education Private Purpose Trust	Endowment Private Purpose Trust	Agency
Assets:			
Equity in Pooled Cash and Investments	\$66,764	\$24,186	\$229,001
Receivables:			
Accounts	507	0	500
Total Assets	<u>67,271</u>	<u>24,186</u>	<u>\$229,501</u>
Liabilities:			
Accounts Payable	0	0	1,715
Other Liabilities	0	0	227,786
Total Liabilities	<u>0</u>	<u>0</u>	<u>\$229,501</u>
Net Assets:			
Held in Trust	<u>67,271</u>	<u>24,186</u>	
Total Net Assets	<u>\$67,271</u>	<u>\$24,186</u>	

See accompanying notes.

Mason City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2003

	Education Private Purpose Trust	Endowment Private Purpose Trust
Additions:		
Donations	\$50,266	\$2,039
Investment Earnings	586	863
Total Additions	<u>50,852</u>	<u>2,902</u>
Deductions:		
Scholarships	<u>5,000</u>	<u>1,883</u>
Total Deductions	<u>5,000</u>	<u>1,883</u>
Change in Net Assets	45,852	1,019
Net Assets Beginning of Year	<u>21,419</u>	<u>23,167</u>
Net Assets End of Year	<u><u>\$67,271</u></u>	<u><u>\$24,186</u></u>

See accompanying notes.

**MASON CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2003**

1. DESCRIPTION OF THE DISTRICT

The Mason City School District (the "District") operates under a locally elected five member Board and provides educational services as authorized by its charter or further mandated by state/or federal agencies. The Board controls the District's eight instructional facilities, staffed by 563 classified personnel, 541 certified full-time teaching personnel and administrative employees to provide services to students and other community members.

The District is located in Warren and Butler Counties in southwest Ohio. The District contains 25 square miles, with 99% of its territory located within Warren County and the remaining 1% in Butler County. Political subdivisions included in the District are the City of Mason, portions of Deerfield, Union and Turtle Creek Townships in Warren County, and a portion of West Chester Township in Butler County. The District is approximately 25 minutes northeast of downtown Cincinnati and 35 minutes southwest of downtown Dayton. The enrollment for the District during the current fiscal year was 8,003. The District operates one preschool, one early childhood center (K), two elementary schools (1-2) and (2-3), one intermediate school (4-6), one middle school (7-8) and a high school (9-12).

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

FUND ACCOUNTING

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

Governmental Funds

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

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

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

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only trust funds are private purpose trust funds which account for scholarship programs for students.

MEASUREMENT FOCUS

Fund Financial Statements

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary Funds are reported using the economic resources measurement focus.

Government-wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and 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 business segment or governmental function is self-financing or draws from the general revenues of the District.

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Expenses/Expenditures

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

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

CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. The District utilizes a financial institution for escrow related to retainage liabilities and to service bonded debt as principal and interest payments come due. These balances are presented on the financial statements as "Cash with fiscal and escrow agents".

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the current fiscal year. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes.

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the current fiscal year amounted to \$528,558.

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

For purposes of the statement of cash flows, the Enterprise Funds' portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories of proprietary funds are stated at the lower of cost or market and cost is determined on a first-in, first-out basis.

Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

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

COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences represent amounts due and payable. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	20-30 days Annually	10-20 days per year depending on length of service
Maximum Accumulation	Not Applicable	Amount equal to yearly accrual	Amount equal to yearly accrual
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave</u>			
How Earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum Accumulation	228 days	228 days	228 days
Vested	15 years of service Eligible for retirement	15 years of service Eligible for retirement	15 years of service Eligible for retirement
Termination Entitlement	Paid upon retirement	Paid upon retirement	Paid upon retirement

NET ASSETS

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, uniform school supplies and latch key. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

FUND EQUITY

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

CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the District not being able to present budgetary comparisons for the general and each major special revenue fund.

The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$11,940,599	\$4,165,956	\$10,146,983	\$1,470,885	\$27,724,423
GASB 34 Adjustments:					
Capital Assets					\$108,210,279
Accrued Interest Payable					(488,526)
Compensated Absences Payable					(2,056,290)
Accrued Pension Liability					(419,104)
Long Term Liabilities					<u>(114,440,398)</u>
Governmental Activities Net Assets, June 30, 2002					<u>\$18,530,384</u>

4. CASH AND INVESTMENTS

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At the year end, the carrying amount of the District's deposits was \$17,579,231. The bank balance of deposits was \$18,071,545 of which \$300,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging bank's trust department but not in the District's name pursuant to Section 135.181, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. Ohio Revised Code Section 135.181 Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designed public depository may pledge a single pool of eligible securities to secure payment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized under the provisions of GASB Statement No. 3.

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

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

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

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Money Market Fund*	\$0	\$0	\$0	\$11,896
Federal Agency Securities	0	3,219,531	0	3,219,531
State Treasury Pool*	0	0	0	9,298,054
Total Investments	\$0	\$3,219,531	\$0	\$12,529,481

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

5. PROPERTY TAXES

Real property taxes collected in 2003 were levied in April on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was \$5,954,937 and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these available advances for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was \$2,997,945.

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 2003 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$920,126,080
Public Utility Personal	22,811,670
Tangible Personal Property	<u>159,181,600</u>
Total	<u>\$1,102,119,350</u>

6. RECEIVABLES

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

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Government Activities				
Nondepreciable Capital Assets:				
Land	\$5,712,991	\$126,447	\$0	\$5,839,438
Construction in Progress	45,024,024	12,832,680	57,484,516	372,188
Depreciable Capital Assets:				
Buildings and Improvements	56,382,866	57,605,228	0	113,988,094
Equipment	16,322,304	3,571,333	457,697	19,435,940
Totals at Historical Cost	<u>\$123,442,185</u>	<u>\$74,135,688</u>	<u>\$57,942,213</u>	<u>\$139,635,660</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$8,861,987	\$1,336,719	\$0	\$10,198,706
Equipment	6,369,919	1,562,019	258,142	7,673,796
Total Accumulated Depreciation	<u>\$15,231,906</u>	<u>\$2,898,738</u>	<u>\$258,142</u>	<u>\$17,872,502</u>
Governmental Activities Capital Assets, Net	<u>\$108,210,279</u>	<u>\$71,236,950</u>	<u>\$57,684,071</u>	<u>\$121,763,158</u>
Business-Type Activities				
Equipment	<u>\$1,051,267</u>	<u>\$783,508</u>	<u>\$1,672</u>	<u>\$1,833,103</u>
Total at Historical Cost	<u>\$1,051,267</u>	<u>\$783,508</u>	<u>\$1,672</u>	<u>\$1,833,103</u>
Less Accumulated Depreciation:				
Equipment	<u>\$381,311</u>	<u>\$91,231</u>	<u>\$0</u>	<u>\$472,542</u>
Total Accumulated Depreciation	<u>\$381,311</u>	<u>\$91,231</u>	<u>\$0</u>	<u>\$472,542</u>
Business-Type Activities Capital Assets, Net	<u>\$669,956</u>	<u>\$692,277</u>	<u>\$1,672</u>	<u>\$1,360,561</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,828,189
Special	43,441
Vocational	6,339
Support Services:	
Pupil	34,117
Instructional Staff	90,243
School Administration	59,300
Fiscal	13,405
Business	3,339
Operations and Maintenance	156,522
Pupil Transportation	439,644
Central	109,893
Community Services	27,958
Extracurricular Activities	<u>86,348</u>
Total Depreciation Expense	<u>\$2,898,738</u>

8. SHORT-TERM NOTES PAYABLE

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

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Principal Outstanding</u>
Mason Intermediate Construction 2002 2.00%	\$8,700,000	\$0	\$8,700,000	\$0
Mason Intermediate Construction 2003 2.00%	<u>0</u>	<u>7,950,000</u>	<u>0</u>	<u>7,950,000</u>
Total	<u>\$8,700,000</u>	<u>\$7,950,000</u>	<u>\$8,700,000</u>	<u>\$7,950,000</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.

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$7,950,000	\$159,000	\$8,109,000

9. LONG-TERM LIABILITIES

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>					
<u>General Obligation Bonds:</u>					
1992 Building Construction and Equipment 5.59%	\$4,200,000	\$0	\$1,000,000	\$3,200,000	\$1,000,000
1995 Building Construction and Equipment 5.65%	18,140,000	0	325,000	17,815,000	410,000
1998 Building Construction and Equipment 5.24%	21,690,000	0	270,000	21,420,000	350,000
2001 High School / Recreation Center Bonds Construction and Equipment 5.06%	<u>70,310,000</u>	<u>0</u>	<u>735,000</u>	<u>69,575,000</u>	<u>1,100,000</u>
Total General Obligation Bonds and Notes	114,340,000	0	2,330,000	112,010,000	2,860,000
Compensated Absences	2,201,144	215,680	0	2,416,824	85,329
Capital Leases	<u>231,091</u>	<u>0</u>	<u>130,693</u>	<u>100,398</u>	<u>86,037</u>
Total Governmental Activities Long-Term Liabilities	<u>\$116,772,235</u>	<u>\$215,680</u>	<u>\$2,460,693</u>	<u>\$114,527,222</u>	<u>\$3,031,366</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$32,594</u>	<u>\$5,885</u>	<u>\$0</u>	<u>\$38,479</u>	<u>\$915</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations will be paid from the general fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$2,860,000	\$5,689,836	\$8,549,836
2005	3,470,000	5,532,023	9,002,023
2006	4,260,000	5,341,609	9,601,609
2007	4,240,000	5,147,141	9,387,141
2008	4,710,000	4,947,720	9,657,720
2009	5,085,000	4,711,269	9,796,269
2010	5,515,000	4,432,733	9,947,733
2011	6,140,000	4,123,476	10,263,476
2012	6,655,000	3,802,028	10,457,028
2013	7,175,000	3,454,604	10,629,604
2014	7,930,000	3,058,724	10,988,724
2015	8,550,000	2,616,975	11,166,975
2016	9,255,000	2,130,699	11,385,699
2017	7,080,000	1,688,589	8,768,589
2018	7,585,000	1,296,521	8,881,521
2019	5,000,000	959,375	5,959,375
2020	5,235,000	694,125	5,929,125
2021	5,495,000	425,875	5,920,875
2022	<u>5,770,000</u>	<u>144,250</u>	<u>5,914,250</u>
Totals	<u>\$112,010,000</u>	<u>\$60,197,572</u>	<u>\$172,207,572</u>

10. CAPITAL LEASES

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2004	\$86,037
2005	<u>17,352</u>
Total	103,389
Less: Amount Representing Interest	<u>(2,991)</u>
Present Value of Minimum Lease Payments	<u>\$100,398</u>

11. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current contribution rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,113,468, \$1,280,455, and \$997,086 respectively; 43.5% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001. \$628,656 represents the unpaid contribution for fiscal year 2003.

STATE TEACHERS RETIREMENT SYSTEM

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$3,277,440, \$3,338,853, and \$2,808,374 respectively; 81.9% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001. \$593,088 represents the unpaid contribution for fiscal year 2003.

12. POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$1,053,463 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$434,000,000.

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

For 2002 fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$697,215 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

13. CONTINGENT LIABILITIES

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

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

14. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the current fiscal year the District contracted with Indiana Insurance for general liability insurance with a \$2,000,000 aggregate plus excess umbrella of an additional \$1,000,000 limit covering all employees and volunteers of the District.

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

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

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

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District offers medical and dental on a self-insured basis with third party administration services provided by Humana, Inc. Monthly premiums for medical coverage are \$586.86 for family coverage or \$218.26 for individual coverage. Monthly premiums for dental coverage are \$90.00 for family coverage or \$33.00 for individual coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

Vision is offered on a fully insured basis by the District with services provided by VSP (Vision Service Plan). Monthly premiums for vision are \$10.13 for family coverage and \$4.69 for individual coverage. VSP is responsible for payment of all claim amounts as established in the plan document.

The liability for unpaid claims cost of \$542,179 reported in the general fund at fiscal year end is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the current year were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2002	\$32,574	\$514,693	\$494,402	\$52,865
2003	\$52,865	\$4,457,349	\$3,968,035	\$542,179

15. STATE SCHOOL FUNDING DECISION

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

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

16. ACCOUNTABILITY

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Title VI B	\$79,782
Title I	6,395
Title VI	11,610
Drug-Free Schools	2,865
Public School Preschool	9,871
Improving Teacher Quality	3,305
Capital Projects:	
Building	5,543,860

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

17. FUND BALANCE RESERVES FOR SET-ASIDES

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

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set-aside Reserve Balance as of June 30, 2002	(\$ 306,861)	\$ 0	\$85,593	(\$ 221,268)
Current Year Set-aside Requirement	994,706	994,706	0	1,989,412
Qualified Disbursements	(1,161,033)	(994,706)	0	(2,155,739)
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2003	<u>(\$ 473,188)</u>	<u>\$ 0</u>	<u>\$85,593</u>	<u>(\$ 387,595)</u>
Restricted Cash as of June 30, 2003	<u>\$ 85,593</u>			

18. INTERFUND TRANSACTIONS

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

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$69,138	
Special Revenue Fund:		
District Managed Student Activity		\$10,267
Title VI-B		40,742
Title VI		484
Drug-Free Schools		2,768
Public School Preschool		1,577
Improving Teacher Quality	<u> </u>	<u>13,300</u>
	<u>\$69,138</u>	<u>\$69,138</u>

19. SIGNIFICANT CONTRACTUAL OBLIGATIONS

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

Furniture Focus Corporation	\$348,091
Voorhis, Slone, Welsh & Crossland	156,488
Westside Paving Contractors	<u>248,370</u>
Total	<u>\$752,949</u>

20. JOINTLY GOVERNED ORGANIZATION

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

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

- B. The Great Oaks Joint Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the thirty-six participating school district's elected board, which possesses its own budgeting and taxing authority. To obtain financial information write to the Great Oaks Vocational School, Mr. John Wahle, Chief Financial Officer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.
- C. The District is a participant in the Jewell Education Foundation, which is a jointly governed educational foundation established to benefit the school districts in Warren County. The Foundation was created to promote and assist in funding through soliciting grants and charitable contributions for distributions to member educational institutions of participating school districts. The governing board is made up of the Warren County Vocational School District Superintendent, one member of the 1999 Warren County Vocational School District Board of Education, not on the current board, and one member submitted by each participating school district. The District made no financial contribution to the Foundation. Financial information can be obtained from the director of planned giving, Rick Wood, at P.O. Box 854, Lebanon, Ohio 45036.

This Page Intentionally Left Blank

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$32,583,249	\$34,207,510	\$34,210,375	\$2,865
Tuition and Fees	4,738,554	4,838,781	4,975,186	136,405
Interest	322,590	330,000	338,699	8,699
Intergovernmental	22,362,766	23,479,294	23,479,507	213
Other Revenues	1,520,431	1,564,976	1,596,358	31,382
Total Revenues	61,527,590	64,420,561	64,600,125	179,564
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	17,000,167	17,563,760	17,534,256	29,504
Fringe Benefits	4,654,145	4,890,894	4,800,363	90,531
Purchased Services	56,331	65,132	58,101	7,031
Materials and Supplies	1,012,283	1,361,272	1,044,086	317,186
Capital Outlay	97,743	104,035	100,814	3,221
Capital Outlay - Replacement	8,325	9,724	8,587	1,137
Other Expenditures	1,659	1,749	1,711	38
Total Regular	22,830,653	23,996,566	23,547,918	448,648
Special				
Salaries and Wages	2,947,550	3,364,405	3,040,152	324,253
Fringe Benefits	829,924	969,564	855,997	113,567
Purchased Services	108,714	112,214	112,129	85
Materials and Supplies	53,628	55,399	55,313	86
Capital Outlay	13,408	13,852	13,829	23
Other Expenditures	147,900	152,746	152,547	199
Total Special	4,101,124	4,668,180	4,229,967	438,213
Vocational				
Salaries and Wages	0	1,783	0	1,783
Purchased Services	24,239	25,000	25,000	0
Total Vocational	24,239	26,783	25,000	1,783
Other				
Purchased Services	174,556	180,086	180,040	46
Total Other	174,556	180,086	180,040	46
Support Services:				
Pupil				
Salaries and Wages	2,235,758	2,518,487	2,305,998	212,489
Fringe Benefits	648,065	745,347	668,425	76,922
Purchased Services	276,122	291,821	284,797	7,024
Materials and Supplies	63,024	79,184	65,004	14,180
Capital Outlay	68,261	88,799	70,406	18,393
Total Pupil	3,291,230	3,723,638	3,394,630	329,008

Continued

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Instructional Staff				
Salaries and Wages	3,048,331	3,262,471	3,144,100	118,371
Fringe Benefits	995,840	1,199,547	1,027,126	172,421
Purchased Services	42,870	85,408	44,217	41,191
Materials and Supplies	163,412	171,886	168,546	3,340
Capital Outlay	44,242	46,665	45,632	1,033
Capital Outlay - Replacement	2,103	2,169	2,169	0
Other Expenditures	3,401	8,162	3,508	4,654
Total Instructional Staff	4,300,199	4,776,308	4,435,298	341,010
Board of Education				
Salaries and Wages	11,315	15,000	11,670	3,330
Fringe Benefits	2,668	3,100	2,752	348
Purchased Services	13,447	13,984	13,869	115
Materials and Supplies	96	100	99	1
Other Expenditures	10,486	13,500	10,815	2,685
Total Board of Education	38,012	45,684	39,205	6,479
Administration				
Salaries and Wages	2,726,371	2,812,036	2,812,025	11
Fringe Benefits	893,748	946,903	921,827	25,076
Purchased Services	97,674	133,452	100,743	32,709
Materials and Supplies	35,692	38,528	36,813	1,715
Capital Outlay	4,845	15,371	4,997	10,374
Capital Outlay - Replacement	3,791	4,700	3,910	790
Other Expenditures	120,327	126,615	124,107	2,508
Total Administration	3,882,448	4,077,605	4,004,422	73,183
Fiscal				
Salaries and Wages	409,747	423,464	422,620	844
Fringe Benefits	136,525	145,388	140,814	4,574
Purchased Services	31,935	36,056	32,938	3,118
Materials and Supplies	20,843	22,119	21,498	621
Capital Outlay	2,234	3,000	2,304	696
Capital Outlay - Replacement	14,671	15,230	15,132	98
Other Expenditures	576,949	596,343	595,075	1,268
Total Fiscal	1,192,904	1,241,600	1,230,381	11,219
Business				
Salaries and Wages	129,495	136,102	133,563	2,539
Fringe Benefits	45,432	47,141	46,859	282
Purchased Services	15,904	16,754	16,404	350
Materials and Supplies	4,961	5,507	5,117	390
Capital Outlay	10,784	11,124	11,123	1
Capital Outlay - Replacement	1,493	1,540	1,540	0
Other Expenditures	780	901	804	97
Total Business	208,849	219,069	215,410	3,659

Continued

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Operations and Maintenance				
Salaries and Wages	2,750,241	2,841,038	2,836,644	4,394
Fringe Benefits	897,472	927,111	925,668	1,443
Purchased Services	2,874,987	2,966,301	2,965,310	991
Materials and Supplies	470,898	486,301	485,692	609
Capital Outlay	154,450	245,805	159,302	86,503
Capital Outlay - Replacement	3,836	3,957	3,957	0
Total Operations and Maintenance	7,151,884	7,470,513	7,376,573	93,940
Pupil Transportation				
Salaries and Wages	2,417,561	2,508,493	2,493,513	14,980
Fringe Benefits	760,598	868,384	784,493	83,891
Purchased Services	381,178	400,173	393,153	7,020
Materials and Supplies	438,859	464,263	452,647	11,616
Capital Outlay	123,259	128,655	127,131	1,524
Total Pupil Transportation	4,121,455	4,369,968	4,250,937	119,031
Central				
Salaries and Wages	929,623	1,058,925	958,829	100,096
Fringe Benefits	291,744	301,208	300,910	298
Purchased Services	678,742	798,122	700,066	98,056
Materials and Supplies	440,068	456,295	453,893	2,402
Capital Outlay	253,006	272,667	260,955	11,712
Capital Outlay - Replacement	31,878	33,394	32,879	515
Other Expenditures	3,361,745	3,875,687	3,467,360	408,327
Total Central	5,986,806	6,796,298	6,174,892	621,406
Non- Instructional Services				
Salaries and Wages	11,946	12,348	12,321	27
Fringe Benefits	6,711	8,518	6,922	1,596
Purchased Services	18,736	22,526	19,325	3,201
Materials and Supplies	17,363	18,404	17,909	495
Other Expenditures	3,799	4,504	3,918	586
Total Non- Instructional Services	58,555	66,300	60,395	5,905
Extracurricular Activities				
Salaries and Wages	695,625	761,427	717,479	43,948
Fringe Benefits	125,496	138,352	129,439	8,913
Purchased Services	85,655	90,105	88,346	1,759
Materials and Supplies	15,254	25,805	15,733	10,072
Capital Outlay	88,435	103,800	91,213	12,587
Other Expenditures	8,505	9,204	8,772	432
Total Extracurricular Activities	1,018,970	1,128,693	1,050,982	77,711
Other Expenditures	1,216,188	1,254,842	1,254,397	445
Capital Outlay	219,049	350,374	225,931	124,443
Total Expenditures	59,817,121	64,392,507	61,696,378	2,696,129

Continued

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Excess of Revenues Over (Under) Expenditures	1,710,469	28,054	2,903,747	2,875,693
Other financing sources (uses):				
Proceeds from Sale of Fixed Assets	960	858	1,008	150
Advances In	77,753	81,636	81,636	0
Advances (Out)	(142,010)	(147,087)	(146,472)	615
Transfers In	66,671	70,000	70,000	0
Transfers (Out)	(1,085,885)	(1,120,000)	(1,120,000)	0
Total Other Financing Sources (Uses)	(1,082,511)	(1,114,593)	(1,113,828)	765
Net Change in Fund Balance	627,958	(1,086,539)	1,789,919	2,876,458
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,357,436	15,357,436	15,357,436	0
Fund Balance End of Year	\$15,985,394	\$14,270,897	\$17,147,355	\$2,876,458

This Page Intentionally Left Blank

MASON CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2003

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2003.

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$2,604,677
Net Adjustment for Revenue Accruals	3,718,281
Net Adjustment for Expenditure Accruals	(3,739,949)
Encumbrances	<u>(793,090)</u>
Budget Basis	<u>\$1,789,919</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

Mason City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,131,524	\$2,072,475	\$4,203,999
Receivables:			
Taxes	0	461,158	461,158
Accounts	8,668	0	8,668
Intergovernmental	287,717	0	287,717
Total Assets	2,427,909	2,533,633	4,961,542
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	54,856	0	54,856
Accrued Wages and Benefits	165,926	0	165,926
Compensated Absences	4,667	0	4,667
Interfund Payable	69,138	0	69,138
Deferred Revenue	244,531	395,105	639,636
Total Liabilities	539,118	395,105	934,223
Fund Balances:			
Reserved for Encumbrances	198,498	0	198,498
Reserved for Property Tax Advances	0	66,053	66,053
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	1,690,293	0	1,690,293
Capital Projects Funds	0	2,072,475	2,072,475
Total Fund Balances	1,888,791	2,138,528	4,027,319
Total Liabilities and Fund Balances	\$2,427,909	\$2,533,633	\$4,961,542

Mason City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$481,285	\$481,285
Tuition and Fees	33,474	0	33,474
Investment Earnings	1,862	10,343	12,205
Intergovernmental	1,161,209	134,911	1,296,120
Extracurricular Activities	549,057	0	549,057
Other Revenues	975,430	645,754	1,621,184
Total Revenues	2,721,032	1,272,293	3,993,325
Expenditures:			
Current:			
Instruction:			
Regular	574,812	88,240	663,052
Special	482,128	0	482,128
Vocational	23,908	0	23,908
Support Services:			
Pupil	30,949	0	30,949
Instructional Staff	102,301	0	102,301
School Administration	0	1,032	1,032
Fiscal	0	6,014	6,014
Business	26	0	26
Operations and Maintenance	360,392	0	360,392
Pupil Transportation	9,229	0	9,229
Central	103,028	0	103,028
Community Services	428,246	0	428,246
Extracurricular Activities	216,164	60,422	276,586
Total Expenditures	2,331,183	155,708	2,486,891
Excess of Revenues Over (Under) Expenditures	389,849	1,116,585	1,506,434
Other Financing Sources (Uses):			
Transfers In	1,050,000	0	1,050,000
Total Other Financing Sources (Uses)	1,050,000	0	1,050,000
Net Change in Fund Balance	1,439,849	1,116,585	2,556,434
Fund Balance Beginning of Year	448,942	1,021,943	1,470,885
Fund Balance End of Year	\$1,888,791	\$2,138,528	\$4,027,319

Mason City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Career Development
Assets:					
Equity in Pooled Cash and Investments	\$135,795	\$1,644,120	\$28,833	\$194,726	\$529
Receivables:					
Accounts	1,661	0	7,007	0	0
Intergovernmental	0	4,900	0	0	0
Total Assets	137,456	1,649,020	35,840	194,726	529
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	6,969	5,967	1,975	39,269	0
Accrued Wages and Benefits	0	11,050	0	27,171	0
Compensated Absences	0	3,665	0	0	0
Interfund Payable	0	0	10,267	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	6,969	20,682	12,242	66,440	0
Fund Balances:					
Reserved for Encumbrances	6,691	11,533	2,152	155,455	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	123,796	1,616,805	21,446	(27,169)	529
Total Fund Balances	130,487	1,628,338	23,598	128,286	529
Total Liabilities and Fund Balances	\$137,456	\$1,649,020	\$35,840	\$194,726	\$529

Management Information System	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Safe School Help Line	School Conflict Management	Eisenhower
\$18,793	\$2,454	\$0	\$3,770	\$965	\$3,249	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
18,793	2,454	0	3,770	965	3,249	0
0	0	0	0	0	0	0
927	0	0	0	0	0	0
1,002	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,929	0	0	0	0	0	0
0	2,454	0	0	0	0	0
16,864	0	0	3,770	965	3,249	0
16,864	2,454	0	3,770	965	3,249	0
\$18,793	\$2,454	\$0	\$3,770	\$965	\$3,249	\$0

(continued)

Mason City School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Title VI-B	Vocational Education	Refugee Impact	Title I	Title VI
Assets:					
Equity in Pooled Cash and Investments	\$30,976	\$593	\$3,000	\$516	\$0
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	185,557	0	0	15,412	5,521
Total Assets	216,533	593	3,000	15,928	5,521
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	492	0	0	0
Accrued Wages and Benefits	83,034	0	0	14,075	11,126
Compensated Absences	0	0	0	0	0
Interfund Payable	40,742	0	0	0	484
Deferred Revenue	172,539	0	0	8,248	5,521
Total Liabilities	296,315	492	0	22,323	17,131
Fund Balances:					
Reserved for Encumbrances	17,694	533	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	(97,476)	(432)	3,000	(6,395)	(11,610)
Total Fund Balances	(79,782)	101	3,000	(6,395)	(11,610)
Total Liabilities and Fund Balances	\$216,533	\$593	\$3,000	\$15,928	\$5,521

Drug-Free Schools	Public School Preschool	E-Rate	Improving Teacher Quality	Continuous Improvement	Total Nonmajor Special Revenue Funds
\$2,077	\$0	\$60,625	\$150	\$353	\$2,131,524
0	0	0	0	0	8,668
8,546	5,383	0	60,790	1,608	287,717
10,623	5,383	60,625	60,940	1,961	2,427,909
184	0	0	0	0	54,856
1,990	8,294	0	8,259	0	165,926
0	0	0	0	0	4,667
2,768	1,577	0	13,300	0	69,138
8,546	5,383	0	42,686	1,608	244,531
13,488	15,254	0	64,245	1,608	539,118
1,033	0	803	150	0	198,498
(3,898)	(9,871)	59,822	(3,455)	353	1,690,293
(2,865)	(9,871)	60,625	(3,305)	353	1,888,791
\$10,623	\$5,383	\$60,625	\$60,940	\$1,961	\$2,427,909

Mason City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

	Public School Support	Community Services	District Managed Student Activity	Auxiliary Services	Career Development
Revenues:					
Tuition and Fees	\$20	\$33,454	\$0	\$0	\$0
Investment Earnings	39	0	0	1,823	0
Intergovernmental	0	4,900	0	403,224	9,356
Extracurricular Activities	346,897	7,962	194,198	0	0
Other Revenues	87,292	877,745	10,393	0	0
Total Revenues	434,248	924,061	204,591	405,047	9,356
Expenditures:					
Current:					
Instruction:					
Regular	374,050	66,841	0	0	0
Special	0	5,216	0	0	0
Vocational	0	0	0	0	9,147
Support Services:					
Pupil	0	6,823	0	0	0
Instructional Staff	0	20,587	0	0	0
Business	26	0	0	0	0
Operations and Maintenance	19	353,042	0	0	0
Pupil Transportation	1,731	7,498	0	0	0
Central	0	3,665	0	0	0
Community Services	2,841	5,899	0	377,993	0
Extracurricular Activities	26,287	3,368	186,509	0	0
Total Expenditures	404,954	472,939	186,509	377,993	9,147
Excess of Revenues Over (Under) Expenditures	29,294	451,122	18,082	27,054	209
Other Financing Sources (Uses):					
Transfers In	0	1,050,000	0	0	0
Total Other Financing Sources (Uses)	0	1,050,000	0	0	0
Net Change in Fund Balance	29,294	1,501,122	18,082	27,054	209
Fund Balance Beginning of Year	101,193	127,216	5,516	101,232	320
Fund Balance End of Year	\$130,487	\$1,628,338	\$23,598	\$128,286	\$529

Management Information System	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Safe School Help Line	School Conflict Management	Eisenhower
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
28,783	21,000	4,600	9,500	5,572	33,500	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
28,783	21,000	4,600	9,500	5,572	33,500	0
0	0	0	9,127	0	33,545	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	9,851	3,561	0	1,433	0
0	0	0	0	0	0	0
0	0	0	0	7,331	0	0
0	0	0	0	0	0	0
37,309	18,546	0	0	0	0	0
0	0	0	0	0	0	216
0	0	0	0	0	0	0
37,309	18,546	9,851	12,688	7,331	34,978	216
(8,526)	2,454	(5,251)	(3,188)	(1,759)	(1,478)	(216)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(8,526)	2,454	(5,251)	(3,188)	(1,759)	(1,478)	(216)
25,390	0	5,251	6,958	2,724	4,727	216
\$16,864	\$2,454	\$0	\$3,770	\$965	\$3,249	\$0

(continued)

Mason City School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2003

	Title VI-B	Vocational Education	Refugee Impact	Title I	Title VI
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	366,157	14,609	3,058	63,358	36,744
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	366,157	14,609	3,058	63,358	36,744
Expenditures:					
Current:					
Instruction:					
Regular	0	0	0	0	47,894
Special	429,962	0	0	46,950	0
Vocational	0	14,761	0	0	0
Support Services:					
Pupil	3,675	0	0	0	0
Instructional Staff	11,211	0	0	0	480
Business	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Community Services	30,649	0	0	8,471	460
Extracurricular Activities	0	0	0	0	0
Total Expenditures	475,497	14,761	0	55,421	48,834
Excess of Revenues Over (Under) Expenditures	(109,340)	(152)	3,058	7,937	(12,090)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(109,340)	(152)	3,058	7,937	(12,090)
Fund Balance Beginning of Year	29,558	253	(58)	(14,332)	480
Fund Balance End of Year	(\$79,782)	\$101	\$3,000	(\$6,395)	(\$11,610)

Drug-Free Schools	Public School Preschool	E-Rate	Improving Teacher Quality	Continuous Improvement	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$33,474
0	0	0	0	0	1,862
11,058	18,002	55,263	59,555	12,970	1,161,209
0	0	0	0	0	549,057
0	0	0	0	0	975,430
11,058	18,002	55,263	59,555	12,970	2,721,032
0	0	0	35,555	7,800	574,812
0	0	0	0	0	482,128
0	0	0	0	0	23,908
20,451	0	0	0	0	30,949
0	27,873	0	27,305	0	102,301
0	0	0	0	0	26
0	0	0	0	0	360,392
0	0	0	0	0	9,229
0	0	43,508	0	0	103,028
1,717	0	0	0	0	428,246
0	0	0	0	0	216,164
22,168	27,873	43,508	62,860	7,800	2,331,183
(11,110)	(9,871)	11,755	(3,305)	5,170	389,849
0	0	0	0	0	1,050,000
0	0	0	0	0	1,050,000
(11,110)	(9,871)	11,755	(3,305)	5,170	1,439,849
8,245	0	48,870	0	(4,817)	448,942
(\$2,865)	(\$9,871)	\$60,625	(\$3,305)	\$353	\$1,888,791

Mason City School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2003

	Capital Projects	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,072,452	\$23	\$2,072,475
Receivables:			
Taxes	461,158	0	461,158
Total Assets	<u>2,533,610</u>	<u>23</u>	<u>2,533,633</u>
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	395,105	0	395,105
Total Liabilities	<u>395,105</u>	<u>0</u>	<u>395,105</u>
Fund Balances:			
Reserved for Property Tax Advances	66,053	0	66,053
Unreserved, Undesignated, Reported in: Capital Projects Funds	<u>2,072,452</u>	<u>23</u>	<u>2,072,475</u>
Total Fund Balances	<u>2,138,505</u>	<u>23</u>	<u>2,138,528</u>
Total Liabilities and Fund Balances	<u>\$2,533,610</u>	<u>\$23</u>	<u>\$2,533,633</u>

Mason City School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2003

	Capital Projects	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$481,285	\$0	\$481,285
Investment Earnings	10,343	0	10,343
Intergovernmental	46,450	88,461	134,911
Other Revenues	645,754	0	645,754
Total Revenues	1,183,832	88,461	1,272,293
Expenditures:			
Current:			
Instruction:			
Regular	0	88,240	88,240
Support Services:			
School Administration	1,032	0	1,032
Fiscal	6,014	0	6,014
Extracurricular Activities	60,422	0	60,422
Total Expenditures	67,468	88,240	155,708
Net Change in Fund Balance	1,116,364	221	1,116,585
Fund Balance Beginning of Year	1,022,141	(198)	1,021,943
Fund Balance End of Year	\$2,138,505	\$23	\$2,138,528

Mason City School District
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2003

	Food Service	Uniform School Supplies	Latchkey	Total
Assets:				
Equity in Pooled Cash and Investments	\$264,608	\$45,713	\$46,035	\$356,356
Receivables:				
Accounts	25,852	0	17	25,869
Inventory	60,916	0	0	60,916
Total Current Assets	351,376	45,713	46,052	443,141
Depreciable Capital Assets, Net	1,360,561	0	0	1,360,561
Total Assets	1,711,937	45,713	46,052	1,803,702
Liabilities:				
Current Liabilities:				
Accounts Payable	8,406	15,325	738	24,469
Accrued Wages and Benefits	165,481	0	38,399	203,880
Compensated Absences	915	0	0	915
Deferred Revenue	30,125	0	0	30,125
Total Current Liabilities	204,927	15,325	39,137	259,389
Long-Term Liabilities:				
Compensated Absences	37,564	0	0	37,564
Total Liabilities	242,491	15,325	39,137	296,953
Net Assets:				
Invested in Capital Assets, Net of Related Debt	1,360,561	0	0	1,360,561
Unrestricted	108,885	30,388	6,915	146,188
Total Net Assets	\$1,469,446	\$30,388	\$6,915	\$1,506,749

Mason City School District
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supplies	Latchkey	Total
Operating Revenues:				
Sales	\$2,083,843	\$0	\$0	\$2,083,843
Charges for Services	0	0	342,683	342,683
Other Revenues	108,364	0	0	108,364
Total Operating Revenues	<u>2,192,207</u>	<u>0</u>	<u>342,683</u>	<u>2,534,890</u>
Operating Expenses:				
Personal Services	1,223,508	0	289,084	1,512,592
Contractual Services	40,609	0	25,250	65,859
Materials and Supplies	1,263,564	34,797	22,585	1,320,946
Depreciation	91,231	0	0	91,231
Other Expenses	2,658	0	444	3,102
Total Operating Expenses	<u>2,621,570</u>	<u>34,797</u>	<u>337,363</u>	<u>2,993,730</u>
Operating Income (Loss)	<u>(429,363)</u>	<u>(34,797)</u>	<u>5,320</u>	<u>(458,840)</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	2,661	0	0	2,661
Donated Commodities	152,827	0	0	152,827
Operating Grants	179,476	0	0	179,476
Total Non-Operating Revenues (Expenses)	<u>334,964</u>	<u>0</u>	<u>0</u>	<u>334,964</u>
Income (Loss) Before Contributions & Transfers	<u>(94,399)</u>	<u>(34,797)</u>	<u>5,320</u>	<u>(123,876)</u>
Capital Grants and Contributions	<u>744,342</u>	<u>0</u>	<u>0</u>	<u>744,342</u>
Change in Net Assets	649,943	(34,797)	5,320	620,466
Net Assets Beginning of Year	<u>819,503</u>	<u>65,185</u>	<u>1,595</u>	<u>886,283</u>
Net Assets End of Year	<u>\$1,469,446</u>	<u>\$30,388</u>	<u>\$6,915</u>	<u>\$1,506,749</u>

Mason City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supplies	Latchkey	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$2,170,890	\$0	\$346,841	\$2,517,731
Cash Payments to Employees	(1,176,555)	0	(272,130)	(1,448,685)
Cash Payments to Suppliers	(1,163,472)	(19,472)	(47,291)	(1,230,235)
Cash Payments for Claims	0	0	0	0
Other Cash Payments	(2,658)	0	(300)	(2,958)
Net Cash Provided (Used) by Operating Activities	(171,795)	(19,472)	27,120	(164,147)
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	179,476	0	0	179,476
Payments to Other Funds	0	0	(2,500)	(2,500)
Net Cash Provided (Used) by Noncapital Financing Activities	179,476	0	(2,500)	176,976
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(37,495)	0	0	(37,495)
Net Cash Provided (Used) by Capital and Related Financing Activities	(37,495)	0	0	(37,495)
Cash Flows from Investing Activities:				
Earnings on Investments	2,661	0	0	2,661
Net Cash Provided (Used) by Cash Flows from Investing Activities	2,661	0	0	2,661
Net Increase (Decrease) in Cash and Cash Equivalents	(27,153)	(19,472)	24,620	(22,005)
Cash and Cash Equivalents Beginning of Year	291,761	65,185	21,415	378,361
Cash and Cash Equivalents End of Year	264,608	45,713	46,035	356,356
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(429,363)	(34,797)	5,320	(458,840)
Adjustments:				
Depreciation	91,231	0	0	91,231
Donated Commodities	152,827	0	0	152,827
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(21,295)	0	4,158	(17,137)
(Increase) Decrease in Inventory	(27,587)	0	0	(27,587)
(Increase) Decrease in Other Assets	9,238	0	2,549	11,787
Increase (Decrease) in Payables	3,281	15,325	688	19,294
Increase (Decrease) in Accrued Liabilities	37,795	0	14,405	52,200
Increase (Decrease) in Deferred Revenue	12,078	0	0	12,078
Net Cash Provided (Used) by Operating Activities	(\$171,795)	(\$19,472)	\$27,120	(\$164,147)
Schedule of Noncash Capital Activities:				
During the fiscal year, the Food Service Fund received contributed food commodities valued at	\$152,827			

Mason City School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2003

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$76,473	\$128,484	\$0	\$204,957
Receivables:				
Accounts	0	500	0	500
Total Assets	<u>76,473</u>	<u>128,984</u>	<u>0</u>	<u>205,457</u>
Liabilities:				
Accounts Payable	0	1,715	0	1,715
Other Liabilities	76,473	128,484	1,215	203,742
Total Liabilities	<u>76,473</u>	<u>130,199</u>	<u>1,215</u>	<u>205,457</u>

	Section 125 Insurance			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$15,109	\$8,935	\$0	\$24,044
Total Assets	<u>15,109</u>	<u>8,935</u>	<u>0</u>	<u>24,044</u>
Liabilities:				
Other Liabilities	15,109	8,935	0	24,044
Total Liabilities	<u>15,109</u>	<u>8,935</u>	<u>0</u>	<u>24,044</u>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	91,582	137,419	0	229,001
Receivables:				
Accounts	0	500	0	500
Total Assets	<u>91,582</u>	<u>137,919</u>	<u>0</u>	<u>229,501</u>
Liabilities:				
Accounts Payable	0	1,715	0	1,715
Other Liabilities	91,582	137,419	1,215	227,786
Total Liabilities	<u>\$91,582</u>	<u>\$139,134</u>	<u>\$1,215</u>	<u>\$229,501</u>

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$37	\$39	\$39	\$0
Extracurricular Activities	330,646	342,934	346,897	3,963
Other Revenues	82,316	82,495	86,362	3,867
Total Revenues	412,999	425,468	433,298	7,830
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	2,416	2,830	2,414	416
Fringe Benefits	213	213	213	0
Purchased Services	5,764	6,000	5,759	241
Materials and Supplies	8,137	9,119	8,130	989
Other Expenditures	365,133	382,131	364,837	17,294
Total Regular	381,663	400,293	381,353	18,940
Support Services:				
Instructional Staff				
Other Expenditures	0	200	0	200
Total Instructional Staff	0	200	0	200
Operations and Maintenance				
Other Expenditures	19	1,100	19	1,081
Total Operations and Maintenance	19	1,100	19	1,081
Pupil Transportation				
Other Expenditures	2,183	3,000	2,181	819
Total Pupil Transportation	2,183	3,000	2,181	819
Non-Instructional Services				
Salaries and Wages	723	722	722	0
Fringe Benefits	111	111	111	0
Purchased Services	270	270	270	0
Other Expenditures	1,739	4,238	1,738	2,500
Total Non- Instructional Services	2,843	5,341	2,841	2,500
Extracurricular Activities				
Purchased Services	7,521	7,910	7,515	395
Other Expenditures	19,677	23,042	19,661	3,381
Total Extracurricular Activities	27,198	30,952	27,176	3,776
Total Expenditures	413,906	440,886	413,570	27,316
Net Change in Fund Balance	(907)	(15,418)	19,728	35,146
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	102,406	102,406	102,406	0
Fund Balance End of Year	\$101,499	\$86,988	\$122,134	\$35,146

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Community Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$1,401	\$31,173	\$33,454	\$2,281
Extracurricular Activities	333	8,001	7,962	(39)
Other Revenues	36,752	1,927,743	877,745	(1,049,998)
Total Revenues	38,486	1,966,917	919,161	(1,047,756)
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	14,287	67,304	43,047	24,257
Fringe Benefits	2,201	12,345	6,633	5,712
Purchased Services	87	7,900	262	7,638
Materials and Supplies	5,003	31,013	15,075	15,938
Other Expenditures	1,055	4,328	3,178	1,150
Total Regular	22,633	122,890	68,195	54,695
Special				
Materials and Supplies	1,806	10,301	5,443	4,858
Total Special	1,806	10,301	5,443	4,858
Support Services:				
Pupil				
Salaries and Wages	412	2,963	1,241	1,722
Fringe Benefits	60	620	180	440
Materials and Supplies	133	552	401	151
Other Expenditures	3,992	12,050	12,029	21
Total Pupil	4,597	16,185	13,851	2,334
Instructional Staff				
Salaries and Wages	4,028	19,588	12,136	7,452
Fringe Benefits	350	1,225	1,054	171
Purchased Services	1,050	3,574	3,163	411
Materials and Supplies	1,346	4,250	4,056	194
Capital Outlay	64	194	194	0
Total Instructional Staff	6,838	28,831	20,603	8,228
Operations and Maintenance				
Salaries and Wages	23,872	95,000	71,928	23,072
Fringe Benefits	9,033	32,000	27,217	4,783
Purchased Services	79,650	426,212	239,989	186,223
Materials and Supplies	743	47,800	2,238	45,562
Total Operations and Maintenance	113,298	601,012	341,372	259,640
Pupil Transportation				
Salaries and Wages	2,303	9,721	6,939	2,782
Fringe Benefits	185	1,100	558	542
Purchased Services	0	0	0	0
Materials and Supplies	0	0	0	0
Capital Outlay	0	0	0	0
Capital Outlay - Replacement	0	0	0	0
Object 3	0	0	0	0
Object 2	0	0	0	0
Object 1	0	0	0	0
Other Expenditures	0	0	0	0
Total Pupil Transportation	2,488	10,821	7,497	3,324

Continued

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Community Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Non-Instructional Services				
Purchased Services	524	3,000	1,580	1,420
Materials and Supplies	2,143	7,700	6,457	1,243
Capital Outlay	956	5,000	2,880	2,120
Total Non-Instructional Services	3,623	15,700	10,917	4,783
Extracurricular Activities				
Materials and Supplies	0	31	0	31
Capital Outlay	1,159	5,062	3,491	1,571
Total Extracurricular Activities	1,159	5,093	3,491	1,602
Total Expenditures	156,442	810,833	471,369	339,464
Excess of Revenues Over (Under) Expenditures	(117,956)	1,156,084	447,792	(708,292)
Other financing sources (uses):				
Transfers In	43,964	1,050,000	1,050,000	0
Total Other Financing Sources (Uses)	43,964	1,050,000	1,050,000	0
Net Change in Fund Balance	(73,992)	2,206,084	1,497,792	(708,292)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	128,827	128,827	128,827	0
Fund Balance End of Year	\$54,835	\$2,334,911	\$1,626,619	(\$708,292)

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	District Managed Student Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$213,771	\$191,996	\$194,198	\$2,202
Other Revenues	3,727	3,385	3,386	1
Total Revenues	217,498	195,381	197,584	2,203
Expenditures:				
Current:				
Extracurricular Activities				
Purchased Services	4,403	3,752	3,752	0
Materials and Supplies	3,231	2,753	2,753	0
Capital Outlay	3,419	2,913	2,913	0
Other Expenditures	217,952	205,352	185,714	19,638
Total Extracurricular Activities	229,005	214,770	195,132	19,638
Total Expenditures	229,005	214,770	195,132	19,638
Excess of Revenues Over (Under) Expenditures	(11,507)	(19,389)	2,452	21,841
Other financing sources (uses):				
Advances In	11,302	10,267	10,267	0
Total Other Financing Sources (Uses)	11,302	10,267	10,267	0
Net Change in Fund Balance	(205)	(9,122)	12,719	21,841
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,991	11,991	11,991	0
Fund Balance End of Year	\$11,786	\$2,869	\$24,710	\$21,841

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$1,479	\$1,823	\$1,823	\$0
Intergovernmental	327,071	403,223	403,223	0
Total Revenues	328,550	405,046	405,046	0
Expenditures:				
Current:				
Non- Instructional Services				
Salaries and Wages	72,079	98,577	98,577	0
Fringe Benefits	22,549	30,838	30,838	0
Purchased Services	35,642	48,745	48,745	0
Materials and Supplies	181,935	248,817	248,817	0
Capital Outlay	78,398	107,218	107,218	0
Total Non- Instructional Services	390,603	534,195	534,195	0
Total Expenditures	390,603	534,195	534,195	(0)
Net Change in Fund Balance	(62,053)	(129,149)	(129,149)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	129,149	129,149	129,149	0
Fund Balance End of Year	\$67,096	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Career Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,000	\$9,356	\$9,356	\$0
Total Revenues	9,000	9,356	9,356	0
Expenditures:				
Current:				
Instruction:				
Vocational				
Salaries and Wages	2,988	3,000	3,000	0
Fringe Benefits	462	464	464	0
Purchased Services	1,421	1,955	1,427	528
Materials and Supplies	4,239	4,257	4,257	0
Total Vocational	9,110	9,676	9,148	528
Total Expenditures	9,110	9,676	9,148	528
Net Change in Fund Balance	(110)	(320)	208	528
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	320	320	320	0
Fund Balance End of Year	\$210	\$0	\$528	\$528

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Management Information System Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$25,000	\$28,782	\$28,783	\$1
Total Revenues	25,000	28,782	28,783	1
Expenditures:				
Current:				
Support Services:				
Central				
Salaries and Wages	35,892	30,474	30,474	0
Fringe Benefits	5,708	4,921	4,846	75
Capital Outlay	0	6,204	0	6,204
Total Central	41,600	41,599	35,320	6,279
Total Expenditures	41,600	41,599	35,320	6,279
Net Change in Fund Balance	(16,600)	(12,817)	(6,537)	6,280
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	25,330	25,330	25,330	0
Fund Balance End of Year	\$8,730	\$12,513	\$18,793	\$6,280

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	OneNet Network Connectivity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$21,000	\$21,000	\$0
Total Revenues	0	21,000	21,000	0
Expenditures:				
Current:				
Instruction:				
Support Services:				
Central				
Purchased Services	0	21,000	21,000	0
Total Central	0	21,000	21,000	0
Total Expenditures	0	21,000	21,000	(0)
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$4,600	\$4,600	\$0
Total Revenues	0	4,600	4,600	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff				
Salaries and Wages	1,513	2,950	2,950	0
Fringe Benefits	169	329	329	0
Purchased Services	3,371	6,572	6,572	0
Total Instructional Staff	5,053	9,851	9,851	0
Total Expenditures	5,053	9,851	9,851	(0)
Net Change in Fund Balance	(5,053)	(5,251)	(5,251)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,251	5,251	5,251	0
Fund Balance End of Year	\$198	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,500	\$9,500	\$9,500	\$0
Total Revenues	7,500	9,500	9,500	0
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	9,984	10,132	10,132	0
Fringe Benefits	1,560	1,583	1,583	0
Materials and Supplies	493	1,500	500	1,000
Total Regular	12,037	13,215	12,215	1,000
Support Services:				
Instructional Staff				
Salaries and Wages	1,823	3,917	1,850	2,067
Fringe Benefits	245	758	249	509
Materials and Supplies	1,441	1,656	1,462	194
Total Instructional Staff	3,509	6,331	3,561	2,770
Total Expenditures	15,546	19,546	15,776	3,770
Net Change in Fund Balance	(8,046)	(10,046)	(6,276)	3,770
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,045	10,045	10,045	0
Fund Balance End of Year	\$1,999	(\$1)	\$3,769	\$3,770

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Safe School Help Line Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$990	\$5,572	\$5,572	\$0
Total Revenues	990	5,572	5,572	0
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	0	0	0	0
Fringe Benefits	0	0	0	0
Purchased Services	0	0	0	0
Materials and Supplies	0	0	0	0
Total Regular	0	0	0	0
Support Services:				
Instructional Staff				
Purchased Services	0	0	0	0
Total Instructional Staff	0	0	0	0
Operations and Maintenance				
Purchased Services	3,223	8,296	7,331	965
Total Operations and Maintenance	3,223	8,296	7,331	965
Total Expenditures	3,223	8,296	7,331	965
Net Change in Fund Balance	(2,233)	(2,724)	(1,759)	965
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,724	2,724	2,724	0
Fund Balance End of Year	\$491	\$0	\$965	\$965

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	School Conflict Management Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,082	\$33,500	\$33,500	\$0
Total Revenues	6,082	33,500	33,500	0
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	6,286	24,285	22,864	1,421
Fringe Benefits	801	3,044	2,914	130
Purchased Services	110	1,267	401	866
Materials and Supplies	2,077	8,385	7,553	832
Total Regular	9,274	36,981	33,732	3,249
Support Services:				
Instructional Staff				
Purchased Services	394	1,433	1,433	0
Total Instructional Staff	394	1,433	1,433	0
Operations and Maintenance				
Purchased Services	0	0	0	0
Total Operations and Maintenance	0	0	0	0
Total Expenditures	9,668	38,414	35,165	3,249
Net Change in Fund Balance	(3,586)	(4,914)	(1,665)	3,249
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,914	4,914	4,914	0
Fund Balance End of Year	\$1,328	50	\$3,249	\$3,249

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Eisenhower Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$173	\$0	\$0	\$0
Total Revenues	173	0	0	0
Expenditures:				
Current:				
Non-Instructional Services				
Materials and Supplies	213	216	216	0
Total Non- Instructional Services	213	216	216	0
Total Expenditures	213	216	216	(0)
Net Change in Fund Balance	(40)	(216)	(216)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	216	216	216	0
Fund Balance End of Year	\$176	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$396,403	\$353,139	\$353,139	\$0
Total Revenues	396,403	353,139	353,139	0
Expenditures:				
Current:				
Instruction:				
Special				
Salaries and Wages	339,535	304,603	303,518	1,085
Fringe Benefits	94,547	87,138	84,518	2,620
Purchased Services	18,794	16,800	16,800	0
Total Special	452,876	408,541	404,836	3,705
Support Services:				
Instructional Staff				
Salaries and Wages	54	1,800	48	1,752
Fringe Benefits	8	278	7	271
Purchased Services	12,480	12,096	11,156	940
Materials and Supplies	0	6,612	0	6,612
Total Instructional Staff	12,542	20,786	11,211	9,575
Non-Instructional Services				
Purchased Services	39,397	35,218	35,218	0
Total Non-Instructional Services	39,397	35,218	35,218	0
Total Expenditures	504,815	464,545	451,265	13,280
Excess of Revenues Over (Under) Expenditures	(108,412)	(111,406)	(98,126)	13,280
Other financing sources (uses):				
Advances In	45,733	40,742	40,742	0
Total Other Financing Sources (Uses)	45,733	40,742	40,742	0
Net Change in Fund Balance	(62,679)	(70,664)	(57,384)	13,280
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	70,664	70,664	70,664	0
Fund Balance End of Year	\$7,985	\$0	\$13,280	\$13,280

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Vocational Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$14,860	\$14,609	\$14,609	\$0
Total Revenues	14,860	14,609	14,609	0
Expenditures:				
Current:				
Instruction:				
Vocational				
Salaries and Wages	1,742	1,750	1,750	0
Fringe Benefits	266	267	267	0
Purchased Services	2,998	3,012	3,012	0
Materials and Supplies	5,373	5,457	5,398	59
Other Expenditures	4,505	4,526	4,526	0
Total Vocational	14,884	15,012	14,953	59
Total Expenditures	14,884	15,012	14,953	59
Excess of Revenues Over (Under) Expenditures	(24)	(403)	(344)	59
Other financing sources (uses):				
Advances (Out)	(4,729)	(4,751)	(4,751)	0
Total Other Financing Sources (Uses)	(4,729)	(4,751)	(4,751)	0
Net Change in Fund Balance	(4,753)	(5,154)	(5,095)	59
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,154	5,154	5,154	0
Fund Balance End of Year	\$401	\$0	\$59	\$59

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Refugee Impact Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$3,000	\$3,000	\$0
Total Revenues	0	3,000	3,000	0
Expenditures:				
Current:				
Instruction:				
Regular				
Materials and Supplies	0	3,000	0	3,000
Total Regular	0	3,000	0	3,000
Total Expenditures	0	3,000	0	3,000
Net Change in Fund Balance	0	0	3,000	3,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$3,000	\$3,000

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$71,606	\$56,194	\$56,194	\$0
Total Revenues	71,606	56,194	56,194	0
Expenditures:				
Current:				
Instruction:				
Special				
Salaries and Wages	55,434	44,940	44,940	0
Fringe Benefits	5,520	4,475	4,475	0
Purchased Services	80	419	65	354
Materials and Supplies	2,197	1,781	1,781	0
Total Special	63,231	51,615	51,261	354
Non- Instructional Services				
Salaries and Wages	10,246	8,306	8,306	0
Purchased Services	204	328	165	163
Total Non- Instructional Services	10,450	8,634	8,471	163
Total Expenditures	73,681	60,249	59,732	517
Net Change in Fund Balance	(2,075)	(4,055)	(3,538)	517
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,055	4,055	4,055	0
Fund Balance End of Year	\$1,980	\$0	\$517	\$517

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$41,716	\$36,744	\$36,744	\$0
Total Revenues	41,716	36,744	36,744	0
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	41,213	36,768	36,768	0
Total Regular	41,213	36,768	36,768	0
Support Services:				
Instructional Staff				
Materials and Supplies	538	480	480	0
Total Instructional Staff	538	480	480	0
Non-Instructional Services				
Purchased Services	516	460	460	0
Total Non-Instructional Services	516	460	460	0
Total Expenditures	42,267	37,708	37,708	0
Excess of Revenues Over (Under) Expenditures	(551)	(964)	(964)	0
Other financing sources (uses):				
Advances In	549	484	484	0
Total Other Financing Sources (Uses)	549	484	484	0
Net Change in Fund Balance	(2)	(480)	(480)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	480	480	480	0
Fund Balance End of Year	\$478	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Drug-Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$15,679	\$11,058	\$11,058	\$0
Total Revenues	15,679	11,058	11,058	0
Expenditures:				
Current:				
Instruction:				
Support Services:				
Pupil				
Salaries and Wages	15,377	13,469	13,469	0
Fringe Benefits	88	77	77	0
Purchased Services	4,111	4,186	3,601	585
Materials and Supplies	6,189	5,421	5,421	0
Total Pupil	25,765	23,153	22,568	585
Non- Instructional Services				
Purchased Services	114	100	100	0
Materials and Supplies	1,846	1,891	1,617	274
Total Non- Instructional Services	1,960	1,991	1,717	274
Total Expenditures	27,725	25,144	24,285	859
Excess of Revenues Over (Under) Expenditures	(12,046)	(14,086)	(13,227)	859
Other financing sources (uses):				
Advances In	3,925	2,768	2,768	0
Total Other Financing Sources (Uses)	3,925	2,768	2,768	0
Net Change in Fund Balance	(8,121)	(11,318)	(10,459)	859
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,318	11,318	11,318	0
Fund Balance End of Year	\$3,197	\$0	\$859	\$859

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Public School Preschool Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$21,501	\$18,002	\$18,002	\$0
Total Revenues	21,501	18,002	18,002	0
Expenditures:				
Current:				
Instruction:				
Support Services:				
Instructional Staff				
Salaries and Wages	23,385	19,579	19,579	0
Total Instructional Staff	23,385	19,579	19,579	0
Total Expenditures	23,385	19,579	19,579	0
Excess of Revenues Over (Under) Expenditures	(1,884)	(1,577)	(1,577)	0
Other financing sources (uses):				
Advances In	1,884	1,577	1,577	0
Total Other Financing Sources (Uses)	1,884	1,577	1,577	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	E-Rate Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$55,263	\$55,263	\$0
Total Revenues	0	55,263	55,263	0
Expenditures:				
Current:				
Support Services:				
Operations and Maintenance				
Purchased Services	0	1,000	0	1,000
Total Operations and Maintenance	0	1,000	0	1,000
Central				
Purchased Services	48,870	47,870	44,311	3,559
Total Central	48,870	47,870	44,311	3,559
Total Expenditures	48,870	48,870	44,311	4,559
Net Change in Fund Balance	(48,870)	6,393	10,952	4,559
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	48,870	48,870	48,870	0
Fund Balance End of Year	\$0	\$55,263	\$59,822	\$4,559

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Improving Teacher Quality Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$77,405	\$41,451	\$41,451	\$0
Total Revenues	77,405	41,451	41,451	0
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	50,972	27,296	27,296	0
Total Regular	50,972	27,296	27,296	0
Support Services:				
Instructional Staff				
Salaries and Wages	35,562	19,044	19,044	0
Fringe Benefits	5,462	2,925	2,925	0
Purchased Services	10,244	5,486	5,486	0
Total Instructional Staff	51,268	27,455	27,455	0
Total Expenditures	102,240	54,751	54,751	0
Excess of Revenues Over (Under) Expenditures	(24,835)	(13,300)	(13,300)	0
Other financing sources (uses):				
Advances In	24,836	13,300	13,300	0
Total Other Financing Sources (Uses)	24,836	13,300	13,300	0
Net Change in Fund Balance	1	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$1	\$0	\$0	\$0

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Continuous Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,961	\$12,970	\$12,970	\$0
Total Revenues	1,961	12,970	12,970	0
Expenditures:				
Current:				
Instruction:				
Regular				
Salaries and Wages	3,241	5,930	5,930	0
Capital Outlay	9,605	17,573	17,573	0
Total Regular	12,846	23,503	23,503	0
Support Services:				
Instructional Staff				
Salaries and Wages	0	353	0	353
Total Instructional Staff	0	353	0	353
Total Expenditures	12,846	23,856	23,503	353
Net Change in Fund Balance	(10,885)	(10,886)	(10,533)	353
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,886	10,886	10,886	0
Fund Balance End of Year	\$1	\$0	\$353	\$353

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Debt Service Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$8,659,111	\$8,835,361	\$8,835,747	\$386
Interest	116,156	120,000	118,525	(1,475)
Intergovernmental	968,662	988,617	988,422	(195)
Total Revenues	9,743,929	9,943,978	9,942,694	(1,284)
Expenditures:				
Current:				
Support Services:				
Administration	22,140	22,000	21,953	47
Fiscal	129,060	135,000	127,970	7,030
Debt Service:				
Principal Retirement	11,030,000	11,030,000	11,030,000	0
Interest and Fiscal Charges	6,128,871	6,123,071	5,983,938	139,133
Total Expenditures	17,310,071	17,310,071	17,163,861	146,210
Excess of Revenues Over (Under) Expenditures	(7,566,142)	(7,366,093)	(7,221,167)	144,926
Other financing sources (uses):				
Proceeds of Bonds and Notes	7,791,071	7,950,000	7,950,000	0
Total Other Financing Sources (Uses)	7,791,071	7,950,000	7,950,000	0
Net Change in Fund Balance	224,929	583,907	728,833	144,926
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,409,546	3,409,546	3,409,546	0
Fund Balance End of Year	\$3,634,475	\$3,993,453	\$4,138,379	\$144,926

Mason City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

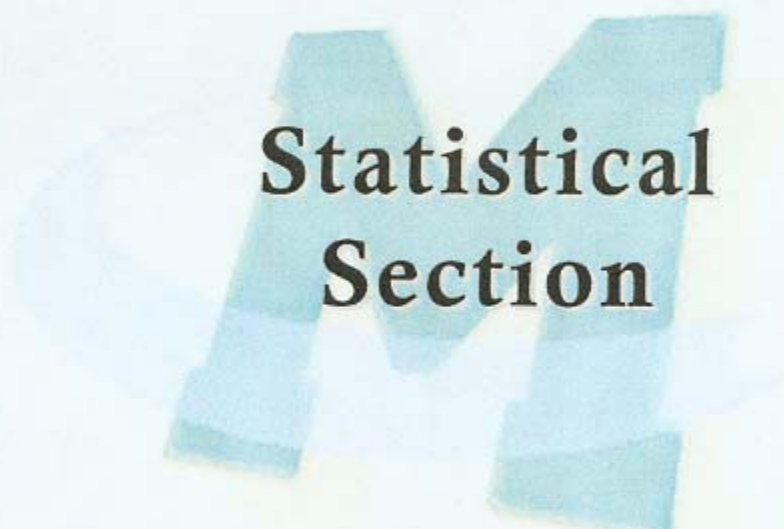
	Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$235,654	\$415,214	\$415,232	\$18
Interest	5,870	9,500	10,343	843
Intergovernmental	26,362	46,460	46,450	(10)
Other Revenues	645,115	1,029,000	1,136,718	107,718
Total Revenues	913,001	1,500,174	1,608,743	108,569
Expenditures:				
Current:				
Support Services:				
Administration				
Other Expenditures	12,370	1,040	1,032	8
Total Administration	12,370	1,040	1,032	8
Fiscal				
Other Expenditures	72,088	8,000	6,014	1,986
Total Fiscal	72,088	8,000	6,014	1,986
Operations and Maintenance				
Other Expenditures	0	442,460	0	442,460
Total Operations and Maintenance	0	442,460	0	442,460
Extracurricular Activities				
Capital Outlay	774,955	64,729	64,651	78
Other Expenditures	67,282	5,613	5,613	0
Total Extracurricular Activities	842,237	70,342	70,264	78
Capital Outlay	0	415,195	0	415,195
Total Expenditures	926,695	937,037	77,310	859,727
Net Change in Fund Balance	(13,694)	563,137	1,531,433	968,296
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	541,021	541,021	541,021	0
Fund Balance End of Year	\$527,327	\$1,104,158	\$2,072,454	\$968,296

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$100,000	\$110,000	\$109,551	(\$449)
Total Revenues	100,000	110,000	109,551	(449)
Expenditures:				
Current:				
Support Services:				
Operations and Maintenance				
Salaries and Wages	8,866	57,030	57,030	0
Fringe Benefits	3,376	21,718	21,718	0
Capital Outlay	6,565	42,228	42,228	0
Total Operations and Maintenance	18,807	120,976	120,976	0
Central				
Salaries and Wages	0	1,412	0	1,412
Fringe Benefits	0	104	0	104
Purchased Services	0	7,800	0	7,800
Capital Outlay	197,886	1,686,845	1,272,911	413,934
Total Central	197,886	1,696,161	1,272,911	423,250
Capital Outlay	3,027,944	20,255,952	19,477,436	778,516
Total Expenditures	3,244,637	22,073,089	20,871,323	1,201,766
Net Change in Fund Balance	(3,144,637)	(21,963,089)	(20,761,772)	1,201,317
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	22,057,148	22,057,148	22,057,148	0
Fund Balance End of Year	\$18,912,511	\$94,059	\$1,295,376	\$1,201,317

Mason City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	SchoolNet Plus Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$88,461	\$88,461	\$88,461	\$0
Total Revenues	88,461	88,461	88,461	0
Expenditures:				
Current:				
Instruction:				
Regular				
Capital Outlay	88,461	88,461	88,438	23
Total Regular	88,461	88,461	88,438	23
Total Expenditures	88,461	88,461	88,438	23
Net Change in Fund Balance	0	0	23	23
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$23	\$23

A large, stylized letter 'M' graphic composed of overlapping translucent shapes in shades of blue, teal, and yellow. The text 'Statistical Section' is centered within the upper portion of the 'M'.

**Statistical
Section**

This Page Intentionally Left Blank

This Page is Intentionally Left Blank.

Mason City School District
 General Fund
 Expenditures by Function
 Last Ten Fiscal Years

	2003	2002	2001	2000
Current:				
Instruction:				
Regular	\$24,256,509	\$21,375,506	\$18,293,160	\$15,636,456
Special	4,436,480	3,291,535	2,763,760	2,325,817
Vocational	681	0	0	0
Other Instruction	186,396	120,084	34,455	26,034
Support Services:				
Pupils	3,487,513	2,824,871	2,310,898	1,935,035
Instructional Staff	4,478,041	3,755,489	3,043,773	2,540,641
Board of Education	72,318	58,415	46,824	40,083
Administration	4,055,742	3,632,567	2,674,129	2,425,189
Fiscal	1,215,312	1,041,477	929,219	769,359
Business	266,655	122,103	177,658	154,879
Operation and Maintenance of Plant Services	7,456,706	4,872,680	4,372,285	3,876,115
Pupil Transportation	4,185,399	3,660,658	2,769,998	2,338,707
Central	2,181,195	1,903,830	986,006	864,088
Operation of Non-Instructional Services	62,829	48,906	37,969	36,449
Extracurricular Activities	1,038,035	866,683	537,463	480,008
Capital Outlay	0	109,688	153,080	551,768
Debt Service	0	144,254	146,449	75,273
Total	\$57,379,811	\$47,828,746	\$39,277,126	\$34,075,901

Source: School District Financial Records

TABLE 1

1999	1998	1997	1996	1995	1994
\$13,210,555	\$11,566,931	\$9,447,228	\$8,363,374	\$7,506,310	\$6,696,654
1,752,373	1,786,033	1,402,853	1,119,742	954,666	680,066
976	53,908	146,108	128,513	130,081	120,575
92,084	79,258	68,829	28,432	48,322	41,818
1,691,591	1,404,157	1,160,350	735,965	566,827	525,134
1,930,057	794,102	603,098	396,937	329,300	275,189
42,098	37,001	28,380	34,388	30,748	36,352
2,289,868	1,807,065	1,375,131	1,329,407	1,150,504	1,114,513
670,861	593,025	499,780	432,019	333,669	351,626
97,767	87,650	75,078	11,502	0	0
3,499,804	2,552,327	2,004,935	1,936,272	1,746,923	1,350,667
1,969,889	1,694,702	1,435,736	1,313,261	1,189,795	1,065,216
689,812	389,904	245,385	108,589	98,470	9,063
37,517	31,725	24,258	0	67,295	43,017
373,919	342,360	306,259	319,021	309,175	285,233
4,284	5,000	36,070	0	6,514	3,080
4,825	8,351	527,122	0	0	0
\$28,358,280	\$23,233,499	\$19,386,600	\$16,257,422	\$14,468,599	\$12,598,203

Mason City School District
 General Fund
 Revenues by Source
 Last Ten Fiscal Years

	2003	2002	2001	2000
Taxes	\$36,422,709	\$28,088,525	\$21,454,044	\$21,419,332
Intergovernmental	23,444,479	21,715,088	16,808,850	13,956,754
Interest	313,637	405,659	878,597	607,941
Tuition and Fees	513,190	391,920	372,793	333,160
Other Revenues	344,412	633,696	263,647	70,583
Total	<u>\$61,038,427</u>	<u>\$51,234,888</u>	<u>\$39,777,931</u>	<u>\$36,387,770</u>

Source: School District Financial Records

TABLE 2

1999	1998	1997	1996	1995	1994
\$18,100,212	\$15,618,561	\$12,200,649	\$9,421,138	\$8,904,411	\$8,160,643
11,514,719	9,593,628	7,553,888	5,836,834	5,002,516	4,108,440
431,026	289,501	152,358	148,533	156,463	120,901
41,137	34,236	44,294	29,993	47,355	37,209
88,322	133,820	39,398	74,630	126,852	105,262
<u>\$30,175,416</u>	<u>\$25,669,746</u>	<u>\$19,990,587</u>	<u>\$15,511,128</u>	<u>\$14,237,597</u>	<u>\$12,532,455</u>

Mason City School District
 Property Tax Levies and Collections
 Real and Tangible Personal Property (1)
 Last Ten Calendar Years (2)

TABLE 3

Year (3)	Current Levy	Delinquent Levy (4)	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
2002	\$35,546,237	\$1,191,674	\$36,737,911	\$34,843,236	98.02%	\$1,044,746	\$35,887,982	100.96%
2001	34,057,794	1,332,263	35,390,057	33,144,606	97.32%	967,840	34,112,446	100.16%
2000	27,474,665	1,802,906	29,277,571	26,821,127	97.62%	1,526,426	28,347,553	103.18%
1999	25,101,477	1,054,502	26,155,979	24,590,242	97.96%	305,654	24,895,896	99.18%
1998	22,694,987	1,047,925	23,742,912	22,594,774	99.56%	339,122	22,933,896	101.05%
1997	19,249,501	1,028,609	20,278,110	18,885,003	98.11%	363,613	19,248,616	100.00%
1996	11,969,696	0	11,969,696	12,098,720	101.08%	130,539	12,229,259	102.17%
1995	8,417,152	0	8,417,152	8,287,046	98.45%	114,281	8,401,327	99.81%
1994	7,736,942	0	7,736,942	7,460,697	96.43%	62,769	7,523,466	97.24%
1993	7,522,885	0	7,522,885	7,432,176	98.79%	130,874	7,563,050	100.53%

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

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Ten years was all of the information available from the County Auditor.

(3) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.

(4) The delinquent levy has not been calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum. The County Auditor has changed reporting procedures to permit this disclosure beginning in tax year 1997.

Mason City School District
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Calendar Years

TABLE 4

Year (1)	Real Property		Public Utility		Tangible Personal		Total		Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003	\$920,126,080	\$2,628,931,657	\$22,811,670	\$32,848,805	\$159,181,600	\$636,726,400	\$1,102,119,350	\$3,298,506,862	33%
2002	844,804,830	2,413,728,086	20,324,550	29,267,352	152,292,210	609,168,840	1,017,421,590	3,052,164,278	33%
2001	766,334,940	2,189,528,400	31,930,770	45,980,309	111,364,313	445,457,252	909,630,023	2,680,965,961	34%
2000	584,567,320	1,670,192,343	27,966,800	40,272,192	110,006,159	440,024,636	722,540,279	2,150,489,171	34%
1999	507,879,160	1,451,083,314	28,916,380	41,639,587	99,696,766	398,787,064	636,492,306	1,891,509,965	34%
1998	447,470,900	1,278,488,286	28,019,150	40,347,576	82,819,360	331,277,440	558,309,410	1,650,113,302	34%
1997	345,531,240	987,232,114	26,469,100	38,115,504	74,145,702	296,582,808	446,146,042	1,321,930,426	34%
1996	308,029,880	880,085,371	25,750,470	37,080,677	61,598,063	246,392,252	395,378,413	1,163,558,300	34%
1995	276,071,590	788,775,971	24,507,380	35,290,627	59,009,495	236,037,980	359,588,465	1,060,104,579	34%
1994	224,411,120	641,174,629	22,539,340	32,456,650	59,281,640	237,126,560	306,232,100	910,757,838	34%

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

(1) Represents tax collection year

Mason City School District
 Property Tax Rates - Direct and Overlapping Governments
 (Per \$1,000 of Assessed Valuation)
 Last Ten Calendar Years

TABLE 5

Tax Year	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Mason City School District	72.61	71.11	64.57	61.95	61.95	61.95	62.36	53.26	51.00	51.07
Warren County	4.96	4.00	4.00	4.00	4.75	5.00	5.00	7.07	7.10	7.10
City of Mason	7.32	7.32	7.32	7.32	2.32	2.32	1.89	1.89	1.90	1.90
Deerfield Township	10.60	10.60	9.75	9.75	9.75	4.80	4.30	5.80	7.05	8.05
Warren-Clinton Community Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Great Oaks Joint Vocational School	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Turtlecreek Township	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.60	5.60
Union Township	9.20	6.20	6.20	6.20	6.20	5.20	5.20	5.20	6.20	6.20
Warren County Health District	0.50	1.00	0.50	0.50	0.50	0.50	0.50	0.00	0.00	0.00

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

Mason City School District
 Ratio of General Obligation Bonded Debt to
 Assessed Value and Bonded Debt Per Capita
 Last Ten Years

TABLE 6

Year	General Obligation Bonded Debt	Assessed Value	District Population	Less Debt Service Fund	Net Bonded Debt	Ratio of Debt to Assessed Value	Net Debt Per Capita
2003	\$112,010,000	\$1,102,119,350	22,500	\$5,541,992	\$106,468,008	9.66%	\$4,978.22
2002	114,340,000	1,017,421,590	22,500	4,165,956	110,174,044	10.83%	5,081.78
2001	117,410,000	909,630,023	22,016	77,835,620	39,574,380	4.35%	5,332.94
2000	46,925,000	722,540,279	21,150	1,982,737	44,942,263	6.22%	2,218.68
1999	48,250,000	636,492,306	19,200	901,279	47,348,721	7.44%	2,513.02
1998	49,135,000	558,309,410	17,500	1,964,055	47,170,945	8.45%	2,807.71
1997	28,610,000	446,146,042	15,863	1,532,457	27,077,543	6.07%	1,803.57
1996	29,536,000	395,378,413	14,566	693,336	28,842,664	7.29%	2,055.97
1995	11,700,000	359,589,075	13,240	480,807	11,219,193	3.12%	883.69
1994	12,370,000	306,232,100	12,495	694,293	11,675,707	3.81%	934.43

Source: City of Mason and School District Records

Mason City School District
 Computation of Legal Debt Margin
 As of June 30, 2003

TABLE 7

Assessed Valuation	<u>\$1,102,119,350</u>
Voted Debt:	
Debt Limit - 9% of Assessed Value (1)	<u>\$99,190,742</u>
Debt Limit - Special Needs District (2)	<u>\$150,760,755</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bond	\$3,200,000
General Obligation Bond	17,815,000
General Obligation Bond	21,420,000
General Obligation Bond	69,575,000
Bond Anticipation Note	7,950,000
Sub-total	<u>\$119,960,000</u>
Less: Amount Available in Debt Service Fund	<u>(5,543,925)</u>
Total Debt Subject to Limit	<u>\$114,416,075</u>
Voted Debt Margin (Special Needs District)	<u>\$36,344,680</u>
Unvoted Debt:	
Debt Limit - .10% of Assessed Value (1)	<u>\$1,102,119</u>

Source: Warren County Auditor and School District Financial Records

- (1) Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. All District debt subject to the limitation is voted.
- (2) Under Section 133.06(E) of the Ohio Revised Code, if a board of education determines that its students are not being adequately serviced by existing facilities, and that sufficient funds to provide such facilities cannot be obtained when needed by the issuance of bonds within the nine percent limitation, it may qualify as a "special needs district", and thereby be permitted to incur net indebtedness in excess of the nine mill limitation. The district applied for and received approval of the Ohio Department of Taxation and the Ohio Department of Education to become a special needs district.

Mason City School District
 Computation of Direct and Overlapping General Obligation Bonded Debt
 As of June 30, 2003

TABLE 8

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Mason CSD	\$119,960,000	100.00%	\$119,960,000
Butler County	83,941,600	0.05%	41,971
Warren County	4,010,870	27.23%	1,092,160
Lebanon City	8,471,120	0.00%	0
City of Mason	11,125,000	88.41%	9,835,613
Deerfield Township	7,460,833	48.67%	3,631,187
West Chester Township	28,135,000	0.25%	70,338
Great Oaks Joint Vocational School	<u>6,240,000</u>	6.81%	<u>424,944</u>
Total	<u>\$269,344,423</u>		<u>\$135,056,213</u>

Source: Ohio Municipal Advisory Council

Mason City School District
 Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to Total General Fund Expenditures
 Last Ten Calendar Years

TABLE 9

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

Source: School District Financial Records.

Mason City School District
 Demographic Statistics
 Last Ten Calendar Years

TABLE 10

Year	Warren County Population (1) (4)	Mason City Population (1) (4) (5)	School Enrollment (2)	Unemployment Rate Warren County (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate U.S.A. (3)
2003	158,383	22,016	8,003	4.70%	6.60%	6.50%
2002	158,383	22,016	7,363	4.60%	5.90%	6.00%
2001	158,383	22,016	6,711	3.30%	4.40%	4.70%
2000	113,909	21,150	6,057	3.20%	4.20%	4.20%
1999	113,909	19,200	5,364	3.20%	4.50%	4.50%
1998	113,909	17,500	4,783	3.40%	4.50%	4.70%
1997	113,909	15,863	4,371	2.90%	4.30%	5.20%
1996	113,909	14,366	3,845	3.80%	4.60%	5.40%
1995	113,909	13,240	3,420	4.00%	4.50%	5.50%
1994	113,909	12,495	3,091	5.00%	5.40%	6.20%

Source:

(1) 1990 Census

(2) School District Records

(3) Ohio Bureau Employment Services - Data for 2002 based upon June.

(4) 2000 Census

(5) Estimate

Mason City School District
 Property Value, Financial Institution Deposits
 And Building Permits
 Last Ten Calendar Years

TABLE 11

Year	Property Value (Real Estate Only)	County Bank Deposits (1) (3)	Value of Building Permits Issued (2)
2002	\$920,126,080	\$1,510,000,000	\$83,056,255
2001	844,804,830	1,388,000,000	172,221,950
2000	766,334,940	1,248,000,000	95,176,832
1999	584,567,320	1,200,862,000	118,161,589
1998	507,879,160	1,150,159,000	111,291,583
1997	447,470,900	1,080,081,000	78,812,560
1996	345,531,240	1,044,777,000	74,115,054
1995	308,029,880	968,832,000	62,415,454
1994	276,071,590	885,766,000	44,414,494
1993	224,411,120	0	57,635,020

Source:

- (1) Federal Reserve Bank of Cleveland & Federal Deposit Insurance Corp. (www2.FDIC.GOV)
- (2) City of Mason Department of Economic Development and Planning
- (3) Information Unavailable

Mason City School District
Principal Taxpayers
Real Estate Tax

TABLE 12

Name of Taxpayer	Type of Business	Assessed Value (1)	Percent of Total Real Estate Assessed Value
Duke Realty Ltd. Partnership	Commercial Property Leasing	\$13,079,563	1.42 %
Drees Company	Residential Builder and Developer	6,591,510	0.72 %
Mason Christian Village	Retirement Community	6,123,800	0.67 %
Cintas Sales Corporation	Professional Uniforms	5,802,540	0.63 %
Metropolitan Life Insurance	Insurance Company	5,747,700	0.62 %
Northeast Cincinnati Hotels	Hotel Chain	5,534,350	0.60 %
Twin Fountains of Mason	Apartment Complex	4,549,300	0.49 %
Hills Real Estate Group	Real Estate	4,419,000	0.48 %
Kenwood Lincoln-Mercury	Automobile Dealership	4,056,760	0.44 %
A-Mold Corp.	Manufacture Aluminum Wheels	3,779,900	0.41 %
		<u>\$59,684,423</u>	<u>6.48 %</u>

Source: Warren County Auditor

(1) Assessed values are for the 2003 collection year.

Mason City School District
Principal Taxpayers
Tangible Personal Property Tax

TABLE 13

Name of Taxpayer	Type of Business	Assessed Value (1)	Percent of Total Tangible Personal Property Assessed Value
Mitsubishi Electric	Manufactures Automobile Parts	\$22,359,780	14.05%
UBE Automotive	Aluminum Wheel Supplier	14,713,620	9.24%
Procter & Gamble	Health Care Research	14,556,580	9.14%
Cintas Corporation No. 2	Professional Uniforms	8,873,400	5.57%
Thomson Learning Inc.	Learning Solutions	4,895,930	3.08%
Kenwood Lincoln-Mercury	Automobile Dealership	4,211,080	2.65%
Leggett & Platt Inc.	Innerspring Mattress Components	4,064,130	2.55%
Blackhawk Automotive Plastics	Automotive Plastics	3,944,320	2.48%
Facs Group Inc.	Retail Credit Company	3,105,120	1.95%
Kings-Toyota Inc.	Automobile Dealership	2,645,770	1.66%
		<u>\$83,369,730</u>	<u>52.37%</u>

Source: Warren County Auditor

(1) Assessed values are for the 2003 collection year.

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

Mason City School District
 Principal Taxpayers
 Public Utility Personal Property Tax

TABLE 14

Name of Taxpayer	Assessed Value (1)	Percentage of Total Public Utility Personal Property Assessed Value
Cincinnati Gas and Electric	\$13,644,850	59.82 %
United Telephone	6,377,310	27.96 %
Cincinnati Bell Telephone	663,700	2.91 %
Awest Comm. Corp.	439,190	1.93 %
New Par	304,040	1.33 %
Cincinnati Bell Wireless	296,930	1.30 %
Sprintcom, Inc.	284,360	1.25 %
Time Warner	193,520	0.85 %
Cincinnati SMSA Ltd. Ptnr.	164,720	0.72 %
Voicestream Columbus, Inc.	100,770	0.44 %
	\$22,469,390	98.51 %

Source: Warren County Auditor

(1) Assessed values are for the 2003 collection year.

Mason City School District
 Cost to Educate a 2003 Graduate
 Mason City School District Versus State of Ohio

TABLE 15

School Year	Grade	Cost Per Pupil		Comparison
		Mason CSD (1)	State Average (1)	
1990-91	K	\$3,934	\$4,390	(\$456)
1991-92	1	4,266	4,436	(170)
1992-93	2	4,238	4,822	(584)
1993-94	3	4,461	4,882	(421)
1994-95	4	4,440	5,117	(677)
1995-96	5	4,475	5,299	(824)
1996-97	6	4,458	5,555	(1,097)
1997-98 (2)	7	5,285	5,469	(184)
1998-99 (2)	8	6,271	6,800	(529)
1999-00 (2)	9	6,354	7,108	(754)
2000-01(2)	10	6,857	7,639	(782)
2001-02(2)	11	7,487	8,054	(567)
2002-03(2)	12	7,581	8,015	(434)
		<u>\$70,107</u>	<u>\$77,586</u>	<u>(\$7,479)</u>

Source: School District Financial Records.

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

Mason City School District
Miscellaneous Statistical Data

TABLE 16

Year of Original Charter:	June 10, 1968
Current Charter:	September 9, 1991
Form of Government:	Public School District
Area of District:	25 Square Miles
Number Miles Traveled by Transportation Fleet for the 2002-2003 School Year:	1,122,407
Number Meals Served by Food Service Department for the 2002-2003 School Year:	847,460

School Buildings	Grade Levels	Enrollment
Mason Heights Elementary	1-2	1,401
Western Row Elementary	3-4	1,302
Mason Middle School	5-6	1,266
Mason Intermediate	7-8	1,256
William Mason High School	9-12	1,987
Mason Early Childhood Center	PS-K	791
		<u>8,003</u>

Degree	Number of Certified Staff	Percentage of Total
Bachelor's Degree	137	25.04%
Bachelor + 150	183	33.46%
Master's Degree	224	40.95%
Doctorate	3	0.55%
Total	<u>547</u>	<u>100.00%</u>

Years of Experience	Number of Certified Staff	Percentage of Total
0 - 5	290	53.01%
6 - 10	111	20.29%
11 - 15	52	9.51%
16 - 20	34	6.22%
21 - 25	31	5.67%
26 - 30	22	4.02%
31 - 35	7	1.28%
36 - 40	0	0.00%
	<u>547</u>	<u>100.00%</u>

Source: School District Records

Mason City School District
Largest Employers

TABLE 17

Employer	Nature of Activity or Business	Number of Employees
Procter & Gamble	Health Care Research Center	2,400
Cintas	Manufacture Uniforms	1,800
Luxottica Retail	Optical Retail Chain	1,162
Mason City School District	Education	1,104
Blackhawk Automotive	Manufacture Plastic Moldings	500
UBE Automotive North America	Manufacture Aluminum Wheels	458
Portion Pac	Manufacture Condiments	450
Mitsubishi Electric Automotive	Manufacture Starters and Alternators	415
CMC Electronics Cincinnati	Engineering, Development and Production	325
Leggett and Platt	Innerspring Mattress Components	315

Source: City of Mason

Mason City School District
Levy History

TABLE 18

Date of Election	Type of Issue	Millage	For	Against	% For
11/8/1971	General Operating 10 year	4.00	916	754	54.85%
11/6/1972	General Operating (Renewal Continuing)	16.10	1,667	906	64.79%
8/20/1973	Special Operating	6.80	270	513	34.48%
11/5/1973	Special - General Operating	4.90	839	938	47.21%
12/12/1973	Special - General Operating (Cont.)	4.90	821	664	55.29%
11/9/1981	General Operating (Renewal)	4.00	1,970	692	74.00%
11/9/1981	Bond Issue (SAH) *	1.60	1,681	931	64.36%
3/15/1982	General Operating (New Cont.)	6.50	902	505	64.11%
6/6/1983	Bond Issue (SAH) *	1.10	295	77	79.30%
9/9/1985	Bond Issue (SAH) *	1.30	330	86	79.33%
2/6/1989	Bond Issue	6.50	651	1,037	38.57%
11/6/1989	Bond Issue	4.70	1,642	1,518	51.96%
5/4/1992	General Operating (New Cont.)	8.60	1,567	1,407	52.69%
5/8/1995	Special Levy (Land Purchase)	0.70	994	868	53.38%
11/6/1995	Bond Issue	3.78	1,978	2,115	48.33%
2/5/1996	Bond Issue	3.27	1,470	1,524	49.10%
6/3/1996	Bond Issue	3.27	1,909	1,889	50.26%
5/6/1999	Bond Issue	3.98	1,644	1,068	60.62%
3/20/2000	General Operating (New Cont.)	9.80	2,832	2,218	56.08%
2/5/2001	Bond Issue	5.01	1,895	802	70.26%
3/8/2004	Bond Issue	6.78	3,690	3,248	53.19%
5/9/2005	Operating Levy**	9.95	3,196	2,301	58.14%

Source: School District Records

* SAH - Stay at Home Issues

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

Mason City School District
 Student Population by Sex and by Race
 For the 2002-2003 School Year

TABLE 19

Grade	Male	Female	Total
PS	62	31	93
K	371	327	698
1	345	344	689
2	371	341	712
3	329	356	685
4	319	298	617
5	315	321	636
6	339	291	630
7	360	327	687
8	285	284	569
9	286	270	556
10	257	238	495
11	257	246	503
12	225	200	425
Ungraded	7	1	8
	4,128	3,875	8,003

Race	Total	Percent
American Indian/Alaskan	17	0.22%
Asian	417	5.21%
Black	225	2.81%
Caucasian	7,133	89.13%
Hispanic	113	1.41%
Multi-Racial	98	1.22%
	8,003	100.00%

Source: School District Financial Records.

Mason City School District
 Schedule of Insurance Policies
 and Bonding Insurance

TABLE 20

Agent	Insurance Company	Policy #	Policy Period	Description	Liability Limit	Premium
Dakin Insurance	Indiana Insurance	CBP9461034	2/1/03-2/1/04	Comprehensive Property and Plant	\$125,442,887	\$171,829
Dakin Insurance	Indiana Insurance	BA9143978	2/1/03-2/1/04	Fleet Insurance	1,000,000	138,375
Dakin Insurance	Indiana Insurance	CU9574500	2/1/02-2/1/03	Liability Insurance	\$1,000,000 each occurrence \$2,000,000 aggregate \$2,000,000 Excess Umbrella	22,853
Dakin Insurance	Cincinnati Insurance	B80-841745	2/1/03-2/1/04	Public Employee Bond	50,000	755
OSBA Bond Program	Nationwide Insurance	91PB 402-236-0001L	1/1/03-1/1/07	Treasurer's Bond	50,000	1,080
OSBA Bond Program	Nationwide Insurance	BR005671	1/1/03-1/1/07	Board President's Bond	20,000	102
OSBA Bond Program	Nationwide Insurance	BR005671	1/1/03-1/1/07	Superintendent's Bond	20,000	102

Source: School District Records.

Mason City School District
 Enrollment History
 Last Ten Years

TABLE 21

School Year (1)	Preschool	KDN	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Total % Increase
2002-03	93	698	689	712	685	617	636	630	687	569	556	495	503	433	8,003 8.69%
2001-02	86	648	657	637	581	610	587	657	543	533	495	490	438	401	7,363 9.72%
2000-01	74	627	592	532	562	549	611	487	501	502	480	417	408	369	6,711 10.80%
1999-00	57	565	500	505	513	566	453	473	458	472	403	394	367	331	6,057 12.92%
1998-99	51	437	455	454	511	410	418	404	446	376	392	358	331	321	5,364 12.15%
1997-98	49	402	410	467	370	388	300	399	350	358	336	312	316	266	4,783 9.43%
1996-97	64	388	418	333	341	334	361	323	325	326	309	314	276	259	4,371 13.68%
1995-96	45	386	309	307	296	318	293	298	298	282	299	258	275	181	3,845 12.43%
1994-95	42	291	293	256	302	269	278	280	266	269	245	255	188	186	3,420 10.64%
1993-94	27	272	254	281	250	248	269	232	259	233	242	174	189	161	3,091

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

Source: School District Records

Mason City School District
 Directory of School Facilities
 As of June 30, 2003

TABLE 22

Facility	Address	Administrator / Contact	Grades	Phone Numbers
Early Childhood Center	211 North East Street	Mike Zimmermann	PS-K	398-3741
Mason Heights School	200 Northcrest Drive	Tom Morris	1-2	398-8866
Western Row School	755 Western Row Road	Will Becker	3	398-5821
Mason Intermediate	715 S. Mason-Montgomery Rd.	Catherine Hunter	4-6	459-2850
Mason Middle School	770 S. Mason-Montgomery Rd.	Tonya McCall	7-8	398-9035
Mason High School	6100 S. Mason-Montgomery Rd.	Bob Carter	9-12	398-5025
Professional Development Center	4836 Tylersville Road	Sandy Schneider		336-7367
Bus Garage	5025 Enterprise Drive	Ron McClure		398-6682
Maintenance Garage	5120 Enterprise Drive	George Highfill		398-2784

This Comprehensive Annual Financial Report
was prepared by:

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

The Mason City School District Treasurer's Office:

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

Additional copies of this report may be obtained from:

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



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MASON CITY SCHOOL DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 16, 2004**