

**MASON CONSOLIDATED SCHOOLS**  
Erie, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2025

# MASON CONSOLIDATED SCHOOLS

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## Independent Auditor's Report

To the Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools ("the School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Mason Consolidated Schools' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Implementation of GASB Statement No. 101

As described in Note 20, the School District implemented GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

#### Basis for Opinions

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mason Consolidated Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mason Consolidated Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mason Consolidated Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other postemployment benefit (OPEB) schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mason Consolidated Schools' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of Mason Consolidated School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mason Consolidated School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mason Consolidated School's internal control over financial reporting and compliance.



Monroe, Michigan  
October 31, 2025



Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

To the Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Mason Consolidated Schools' basic financial statements and have issued our report thereon dated October 31, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mason Consolidated Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated School's internal control. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004 to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mason Consolidated Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Mason Consolidated Schools' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Mason Consolidated Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Mason Consolidated Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Monroe, Michigan  
October 31, 2025

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis Year Ended June 30, 2025*

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This section of Mason Consolidated Schools annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, and the Capital Projects Funds.

#### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mason Consolidated Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant fund - the General Fund with all other funds presented in one column as nonmajor funds. The following summary illustrates how the various parts of this annual report are arranged:

#### *Management's Discussion and Analysis (MD&A) (Required Supplemental Information)*

#### Basic Financial Statements

*District-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds*

*Pension Schedules*

*OPEB Schedules*

*(Required Supplemental Information)*

*Other Supplemental Information*

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis* *Year Ended June 30, 2025*

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#### **District-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the School District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, childcare, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

#### **Fund Financial Statements**

The School District's Fund Financial Statements provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's uses one accounting approach, as described below:

**Governmental funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, 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 operations of the School District and the 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 the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section.

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis* *Year Ended June 30, 2025*

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#### **District–Wide Financial Analysis**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2025 and 2024.

**Table 1**

#### **Comparative Statement of Net Position**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Current and other assets	\$8,727,435	\$7,261,204
Capital assets	<u>5,408,675</u>	<u>4,925,588</u>
<b>Total Assets</b>	14,136,110	12,186,792
Deferred outflows of resources	4,564,882	6,586,856
Current and other liabilities	2,054,595	2,283,268
Long-term liabilities	<u>15,837,310</u>	<u>21,147,081</u>
<b>Total Liabilities</b>	<u>17,891,905</u>	<u>23,430,349</u>
Deferred inflows of resources	8,701,495	6,408,121
Net Position		
Net investment in capital assets	5,084,820	4,473,358
Restricted for technology enhancement	675,802	600,329
Restricted for food service	274,097	349,621
Restricted for capital projects	27,724	356,621
Unrestricted (deficit), restated	<u>(13,954,851)</u>	<u>(16,844,751)</u>
<b>Total Net Position</b>	<u><u>(\$7,892,408)</u></u>	<u><u>(\$11,064,822)</u></u>

As depicted in Table 1, the School District's net position was a deficit of \$7,892,408 at June 30, 2025. Of this amount, a negative \$13,954,851 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension and OPEB liabilities will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2025 and 2024.

**MASON CONSOLIDATED SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2025*

**District–Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Activities**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$123,153	\$172,135
Operating grants and contributions	4,783,600	4,337,137
	<u>4,906,753</u>	<u>4,509,272</u>
General revenues:		
Property taxes	1,959,887	1,875,214
State foundation allowance	7,987,040	8,262,508
Other general revenues	724,064	741,383
	<u>10,670,991</u>	<u>10,879,105</u>
 Total Revenues	 15,577,744	 15,388,377
 <b>Functions/Program Expenses</b>		
Instruction	6,316,816	8,250,769
Support services	4,901,627	5,418,846
Community services	28,699	33,269
Food services	716,777	697,055
Interest on long-term debt	21,663	25,818
Depreciation	419,748	366,316
	<u>12,405,330</u>	<u>14,792,073</u>
 Total Expenses	 12,405,330	 14,792,073
 <b>Increase (Decrease) in Net Position</b>	 3,172,414	 596,304
Net Position - Beginning of year, restated	<u>(11,064,822)</u>	<u>(11,661,126)</u>
Net Position - End of year	<u>(\$7,892,408)</u>	<u>(\$11,064,822)</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$12,405,330. Of this amount, \$4,906,753 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position this year of \$3,172,414. Revenues increased by \$189,367. Expenses decreased by \$2,386,743 from the prior year. Approximately \$3,153,114 of the decreased expenses is due to changes in the net pension and OPEB (assets)/liabilities. The increase in net position differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net position appears on page 22.

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis* *Year Ended June 30, 2025*

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#### **Fund Financial Analysis**

As noted earlier, the School District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Mason Consolidated Schools is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$4,145,919, which is a decrease of \$691,475 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances -</b>			
<b>Beginning of year</b>	3,344,316	1,493,078	\$4,837,394
Increase (decrease)	<u>(191,662)</u>	<u>(338,006)</u>	<u>(529,668)</u>
<b>Fund balances –</b>			
<b>End of year</b>	<u>\$3,152,654</u>	<u>\$1,155,072</u>	<u>\$4,307,726</u>

The School District's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

<b>Revenues</b>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percent Change</u>
Local sources	\$1,811,062	\$1,711,820	5.8%
State sources	11,374,750	11,296,164	0.7%
Federal sources	488,677	559,280	(12.6)%
Interdistrict and other sources	<u>409,648</u>	<u>445,295</u>	<u>(8.0)%</u>
Total revenues	<u>\$14,084,137</u>	<u>\$14,012,559</u>	0.5%

The increase in local sources can be attributed to several factors with the most significant being an increase in property tax valuations and corresponding tax collections. The School District continued to take advantage of State restricted grants. Covid-19 funding was phased out; however, this was partially offset by an increase in Title funding. The revenue decrease from Interdistrict and other sources is due to a decrease in county special education funding related to decreasing costs for reimbursement.

The following page reflects changes in instructional and support expenditures. There was an overall increase in salaries and employee benefits of \$500,988.

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis* *Year Ended June 30, 2025*

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#### **Fund Financial Analysis – Concluded**

<b>Expenditures</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>	<b>Percent Change</b>
Instruction	\$8,361,388	\$7,892,069	5.9%
Support services	5,704,144	5,302,037	7.6%
Community services	60,230	47,521	26.7%
Prior period adjustments	0	178,690	(100.0)%
Debt service	<u>150,037</u>	<u>111,369</u>	34.7%
Total expenditures	<u><u>\$14,275,799</u></u>	<u><u>\$13,531,686</u></u>	5.5%

#### **General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires the Board of Education to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

#### **Beginning Budget versus Ending Budget:**

Revenues: The original budget for revenues was \$14,203,909 versus the final budget of \$14,291,458. Major adjustments were as follows:

- The Foundation Allowance given by the State was unchanged from \$9,608 per student, based on 981.38 FTE's.
- All grants are budgeted in full; however, revenues are only recognized for corresponding expenditures. Some grant adjustments were:
  - Increase of Great Start Readiness Preschool in the amount of \$105,965
  - Increase in Mental Health funding in the amount of \$179,460.
  - Increase of Title funding in the amount of \$98,717
  - Decrease in COVID-19 funding in the amount of \$379,027.

## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis* *Year Ended June 30, 2025*

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#### **General Fund Budgetary Highlights (Concluded)**

##### **Beginning Budget versus Ending Budget (Concluded):**

Expenditures: The original budget for expenditures was \$14,349,001 versus the final budget of \$14,816,224. Major components of the original budget for expenditures versus final projections are as indicated below:

- The Basic Program and Added Needs budget was increased \$296,817.
- The Pupil Support Services budget decreased \$102,418.
- The Instructional Staff budget increased \$129,204.
- The Operation and Maintenance budget was decreased \$96,475.
- The Pupil Transportation budget was increased \$83,718.
- The Athletics budget was decreased \$61,554.
- The budget was adjusted for the corresponding increases/decreases relating to the grant awards mentioned on the previous page.

##### **Final Budget versus Actual Figures:**

Revenues: General Fund actual revenue was \$14,084,137 versus a budget of \$14,291,458. Major components to the adjustments are as follows:

- All state and federal grants are budgeted in full; however, revenues are only recognized for corresponding expenditures.

Expenditures: Actual expenditures were \$14,275,799 versus a budget of \$14,816,224. Major components of final budget versus final actual expenditures are discussed below:

- All state and federal grants are budgeted in full; however not fully expended by fiscal year end.
- Basic Programs reflects a variance of \$255,836.
- Pupil Support Services reflects a variance of \$118,151.
- General Administration reflects a variance of \$10,366.
- Operation and Maintenance reflects a variance of \$59,147.

## **MASON CONSOLIDATED SCHOOLS**

### *Management's Discussion and Analysis* *Year Ended June 30, 2025*

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#### **Capital Asset and Debt Administration**

##### **Capital Assets**

At June 30, 2025, the School District had \$12,910,014 invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, buses, other vehicles, and intangible right-to-use assets for leased equipment. Capital asset additions of \$902,835 (net of disposals) consisted of concrete and asphalt work, resurfacing and striping the track, adding high jump and pole vault pits, a door entrance replacement, tile and floor replacements, a PA system, a convection steamer, milk coolers, desks, a utility vehicle, a forklift, a bus, a server, laptops, Chromebooks, interactive display TVs, and a portable generator. Detailed information regarding capital assets is included in Note 6 to the Financial Statements.

##### **Debt Administration**

At June 30, 2025, the School District had \$323,855 in outstanding purchase agreements payable. Other obligations, which include accrued vacation and sick pay, were \$1,491,710. The School District also had an outstanding lease commitment in the amount of \$10,051. More detailed information about long-term liabilities and lease commitments are presented in Notes 11 and 12 to the Financial Statements.

#### **Development of the 2025-26 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2025-26 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2026 fiscal year is 90 percent of the October 2025 student count and 10 percent of the February 2025's student count. The School District projected a blended pupil count of 927.38 for budgeting purposes. Approximately 67% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a conservative anticipation of no change, reflecting a foundation of \$9,608 per pupil; the foundation had not been set by the legislature at the time of the budget adoption.

The School District has been actively scrutinizing processes and procedures in an attempt to control costs and keep the budget in line with projected revenues. Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriations to school districts.

The budget for the 2025-26 fiscal year was adopted on June 18, 2025. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

#### **Contacting Mason Consolidated Schools Business Office**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 2400 Mason Eagles Drive, Erie, MI 48133.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Statement of Net Position*  
*June 30, 2025*

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$3,792,035
Accounts/taxes receivable	4,826
Due from other governmental units	2,425,652
Inventory	9,708
Deposits	7,459
Prepaid	35,991
Capital assets less accumulated depreciation and amortization	5,408,675
Net OPEB asset	2,451,764
	<hr/>
Total Assets	14,136,110
	<hr/>
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	3,897,751
Deferred amount of OPEB expense	667,131
	<hr/>
Total Deferred Outflows of Resources	4,564,882
	<hr/>
<b>Liabilities</b>	
Accounts payable	209,503
Salaries payable	690,041
Due to other governmental units	36,387
Other liabilities	519,077
Unearned revenue	512,937
Long-term liabilities:	
Lease financing, due in one year	10,051
Long-term debt, due in one year	76,599
Long-term debt, due in more than one year	1,738,966
Net pension liability	14,098,344
	<hr/>
Total Liabilities	17,891,905
	<hr/>
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	4,726,743
Deferred amount of State aid funding for pension	625,774
Deferred amount of net OPEB liability	3,348,978
	<hr/>
Total Deferred Inflows of Resources	8,701,495
	<hr/>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	5,084,820
Restricted for technology enhancement	675,802
Restricted for food service	274,097
Restricted for capital projects	27,724
Unrestricted (deficit)	(13,954,851)
	<hr/>
Total Net Position (Deficit)	(\$7,892,408)
	<hr/>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Statement of Activities*  
*Year Ended June 30, 2025*

		Program Revenues		Governmental
		Charges	Operating	Activities
	Expenses	for Services	Grants and	Net (Expense)
			Contributions	Revenue and
				Changes in
				Net Position
<b>Functions/Programs</b>				
Primary government -				
Governmental activities:				
Instruction	\$6,316,816	\$0	\$2,330,586	(\$3,986,230)
Support services	4,901,627	89,120	1,723,115	(3,089,392)
Community services	28,699	0	4,685	(24,014)
Food services	716,777	34,033	725,214	42,470
Interest on long-term debt	21,663	0	0	(21,663)
Depreciation and amortization				
(unallocated)	419,748	0	0	(419,748)
Total Governmental Activities	<u>\$12,405,330</u>	<u>\$123,153</u>	<u>\$4,783,600</u>	(7,498,577)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				1,573,396
Property taxes, levied for technology				386,491
State of Michigan aid, unrestricted				7,987,040
Interest income				75,938
Other				648,126
Total General Revenues				<u>10,670,991</u>
<b>Change in Net Position</b>				3,172,414
Net Position - Beginning of year, restated				<u>(11,064,822)</u>
Net Positon - End of year				<u>(\$7,892,408)</u>

See accompanying notes to the basic financial statements.

## FUND FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Balance Sheet  
Year Ended June 30, 2025*

	General	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>			
Cash and cash equivalents	\$2,626,539	\$1,165,496	\$3,792,035
Accounts/taxes receivable	4,826	0	4,826
Due from other governmental units	2,246,346	179,306	2,425,652
Due from other funds	409,420	229,375	638,795
Inventory	0	9,708	9,708
Deposits	7,459	0	7,459
Prepaid	35,387	604	35,991
Total Assets	\$5,329,977	\$1,584,489	\$6,914,466
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$194,692	\$14,811	\$209,503
Salaries payable	688,543	1,498	690,041
Other liabilities	518,519	558	519,077
Unearned revenue	510,097	2,840	512,937
Due to other governmental units	36,387	0	36,387
Due to other funds	229,085	409,710	638,795
Total Liabilities	2,177,323	429,417	2,606,740
<b>Fund Balances</b>			
Nonspendable:			
Inventory	0	9,708	9,708
Prepaid	35,387	604	35,991
Restricted for:			
Technology enhancement	0	675,802	675,802
Food service	0	263,785	263,785
Capital projects	0	27,724	27,724
Committed to:			
Building and grounds	110,513	0	110,513
Student and school activity	0	177,449	177,449
Unassigned	3,006,754	0	3,006,754
Total Fund Balances	3,152,654	1,155,072	4,307,726
Total Liabilities and Fund Balances	\$5,329,977	\$1,584,489	\$6,914,466

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2025*

<b>Total Fund Balances - Governmental Funds</b>		<b>\$4,307,726</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$12,957,640	
Accumulated depreciation and amortization	<u>(7,548,965)</u>	
		5,408,675
Deferred outflows of resources from subsequent pension expense from measurement date		2,045,179
Deferred outflows of resources from subsequent OPEB expense from measurement date		38,344
Deferred outflows of resources related to pension investment returns, changes in assumptions and changes in experience		1,852,572
Deferred outflows of resources related to OPEB investment returns, changes in assumptions and changes in experience		628,787
Deferred inflows of resources resulting from net pension liability		(5,352,517)
Deferred inflows of resources resulting from net OPEB liability		(3,348,978)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(14,098,344)	
Net OPEB asset	2,451,764	
Notes payable	(323,855)	
Lease commitments	(10,051)	
Compensated absences	<u>(1,491,710)</u>	
		<u>(13,472,196)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>(\$7,892,408)</u></b>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2025*

	General	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>			
Local sources	\$1,811,062	\$768,393	\$2,579,455
State sources	11,374,750	200,182	11,574,932
Federal sources	488,677	525,032	1,013,709
Interdistrict and other sources	409,648	0	409,648
Total Revenues	14,084,137	1,493,607	15,577,744
<b>Expenditures</b>			
Current:			
Instruction	8,361,388	319,209	8,680,597
Support services	5,704,144	185,141	5,889,285
Community service	60,230	0	60,230
Food service	0	791,342	791,342
Interdistrict and other uses	0	0	0
Capital outlay	0	490,303	490,303
Prior period adjustments	0	45,618	45,618
Debt service	150,037	0	150,037
Total Expenditures	14,275,799	1,831,613	16,107,412
<b>Net Change in Fund Balances</b>	(191,662)	(338,006)	(529,668)
Fund Balances - Beginning of year	3,344,316	1,493,078	4,837,394
Fund Balances - End of year	\$3,152,654	\$1,155,072	\$4,307,726

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2025*

<b>Total Net Change in Fund Balances - Governmental Funds</b>		<b>(\$529,668)</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:		
Depreciation and amortization expense	(\$419,748)	
Capital outlay	902,835	
		483,087
Repayments of long-term debt and borrowing of long-term debt are expenditures and other financing sources governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, the amounts consist of:		
Installment purchase agreement reduction		128,375
Lease commitment reduction		9,769
The statement of net position reports the net pension and OPEB liabilities and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in pension liability		5,295,384
Net change in OPEB asset		2,173,078
Net change in the deferred inflow of resources related to the net pension liability		(1,810,814)
Net change in the deferred inflow of resources related to the net OPEB asset		(482,560)
Net change between actual pension contributions and the cost of benefits earned, net of employer contributions		(1,462,084)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions		(559,890)
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		
		(72,263)
<b>Change in Net Position of Governmental Activities</b>		<b>\$3,172,414</b>

See accompanying notes to the basic financial statements.

## **MASON CONSOLIDATED SCHOOLS**

### *Notes to Financial Statements*

*Year Ended June 30, 2025*

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#### **Note 1**      **Description of the School District and Reporting Entity**

The School District operates under a locally elected seven member Board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities.

#### **Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mason Consolidated Schools, this includes general operations, athletics, food service, technology, sinking, capital projects and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

#### **Note 2**      **Summary of Significant Accounting Policies**

The financial statements of Mason Consolidated Schools have been prepared in accordance 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 following are the more significant of the School District's accounting policies.

#### **Basis of Presentation**

##### **A. District-Wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Individual major governmental funds are reported as separate columns in the fund financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 2**

**Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**District-Wide Statements** - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. The General Fund accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The School District reports the following nonmajor governmental funds:

The Food Service Fund, the Student and School Activity Fund, the Technology Fund, the Sinking Fund, and the Capital Projects Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

**Economic Dependency** – The School District received approximately 81% of the General Fund revenue from the State of Michigan. Due to the significance of this revenue source to the School District, the School District is considered economically dependent.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Additionally, the School District's external investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice and penalty.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 2**

**Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**Deposits and Investments (Continued)** – State statutes and the School District’s investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers’ acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District’s deposits are in accordance with statutory authority.

**Property Tax Receivable** - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. A portion of property taxes assessed are received by the School District from the State of Michigan in the form of a Foundation Allowance. The Foundation Allowance represents the difference between an amount guaranteed by the state and the per pupil tax revenue generated from an 18 mill levy (subject to Headlee rollback) on all non-homestead property. To meet the district per pupil guarantee, the state levies 6 mills on all taxable property on a statewide basis.

**Prepaid Assets** - Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Inventory** - Inventories are valued at lower of cost or net realizable value, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

**Capital Assets** - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities’ column of the district-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School 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 capitalized.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 2**

**Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**Capital Assets (Continued)** - All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years

**Interfund Balances** - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/due from.” These amounts are eliminated in the governmental activities’ column of the statement of net position.

**Subscription Based Information Technology Arrangements** – Subscription Based Information Technology Arrangements (SBITAs) are required to be recognized as a subscription liability and right-to-use SBITA asset for arrangements that meet the definition of a SBITA under GASB 96. The initial subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Right-to-use SBITA assets are initially measured at the amount equal to the initial measurement of the SBITA liability plus any SBITA payments made prior to the SBITA term, less incentives, and adding any ancillary charges necessary to place the SBITA into service. The School District did not have any material SBITAs that required recognition for the year ended June 30, 2025.

**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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year-end, taking into consideration any limits specified in the School District’s employment contracts. The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is to be paid using expendable available financial resources. These amounts are recorded in the account “other liabilities” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 2**

**Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Concluded)**

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension and OPEB contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

**Unavailable/Unearned Revenue** - Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned.

**Deferred Outflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The School District has items that qualify for reporting in this category. They are pension and other post-employment benefits (OPEB) related items reported in the government-wide statement of net position. Deferred outflows are recognized for pension and OPEB related items. These items are expensed in the plan year in which they apply.

**Deferred Inflows of Resources** - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting. Unavailable revenue is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The second is future resources yet to be recognized in relation to the pension and OPEB actuarial calculation. These future resources arise from the differences in the estimates used by the actuary to calculate the pension and OPEB liability and the actual results. The amounts are amortized over a period determined by the actuary. The third is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 2**

**Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Concluded)**

**Net Position** - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

**Pension and Other Post-Employment Benefits** – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPERS), and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Investments are stated at fair value.

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

**Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned** - The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed category. The Superintendent and his/her designee has the authority to place funds under the assigned category. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 12% of the District General Fund annual operating expenditures.

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

**E. Extraordinary and Special Items** - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2025.

## MASON CONSOLIDATED SCHOOLS

### Notes to Financial Statements

Year Ended June 30, 2025

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#### **Note 2**

#### **Summary of Significant Accounting Policies (Concluded)**

##### **Basis of Presentation (Concluded)**

**F. Budgetary Policies** - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

##### **G. Restricted Assets**

The cash and investments for food service, technology enhancement, and capital projects are restricted for the specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash that can only be used for the purpose for which the revenue was received.

##### **H. Reclassifications**

Certain prior year amounts have been reclassified to conform with current year presentation.

##### **I. Subsequent Events**

The School District's management evaluated subsequent events from June 30, 2025 through October 31, 2025, the date the financial statements were available to be issued.

## MASON CONSOLIDATED SCHOOLS

### Notes to Financial Statements

Year Ended June 30, 2025

#### **Note 3**      **Stewardship, Accountability and Compliance**

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State law for the General and Special Revenue Funds. In the required supplemental information, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2025, the School District incurred expenditures in certain budgetary functions which were in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

A budget was not adopted for the Student and School Activity Fund, a special revenue fund, prior to the beginning of the June 30, 2025 fiscal year. For the year ended June 30, 2025, expenditures exceeded final budgeted amounts in the following fund:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Food Service Fund	\$793,796	\$836,960	(\$43,164)

#### **Note 4**      **Deposits and Investments**

As of June 30, 2025, the School District's deposits and investments are all on deposit with First Merchants Bank, Flagstar Bank, and Huntington Bank.

**Interest rate risk.** In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

**Credit risk.** The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.

**Concentration of credit risk.** The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$3,856,073 invested in checking accounts and money markets. The School District's deposits are insured by the FDIC in the amount of \$368,179. Uninsured deposits are \$3,487,894.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

**Note 4**      **Deposits and Investments (Concluded)**

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Schools District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

**Foreign currency risk.** The School District is not authorized to invest in investments which have this type of risk.

**Note 5**      **Interfund Payables, Receivables, and Transfers**

Interfund balances at June 30, 2025, consisted of the following individual fund receivables and payables:

	Interfund Receivables	Interfund Payables
General:		
Sinking	\$50,760	\$0
Food Service	148,204	0
Student and School Activity	62,893	0
Technology	0	229,085
Capital Projects	147,563	
Sinking:		
General	0	50,760
Food Service:		
General Fund	0	148,204
Student and School Activity	0	290
Technology:		
General	229,085	0
Capital Projects:		
General Fund	0	147,563
Student and School Activity:		
General	0	62,893
Food Service	290	0
	<u>\$638,795</u>	<u>\$638,795</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

There were no interfund transfers during the 2024-2025 fiscal year.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

**Note 6**

**Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Construction in progress	49,300	0	49,300	0
	<u>57,784</u>	<u>0</u>	<u>49,300</u>	<u>8,484</u>
Capital assets being depreciated:				
Land improvements	1,529,582	187,151	0	1,716,733
Buildings and building improvements	8,518,324	408,567	0	8,926,891
Machinery and equipment	1,051,254	239,704	0	1,290,958
Buses	827,707	79,963	0	907,670
Vehicles	22,528	36,750	0	59,278
	<u>11,949,395</u>	<u>952,135</u>	<u>0</u>	<u>12,901,530</u>
Total capital assets	12,007,179	952,135	0	12,910,014
Less accumulated depreciation:				
Land improvements	(1,219,832)	(50,275)	0	(1,270,107)
Buildings and building improvements	(4,968,793)	(199,342)	0	(5,168,135)
Machinery and equipment	(674,092)	(95,920)	0	(770,012)
Buses	(223,845)	(59,420)	0	(283,265)
Vehicles	(14,080)	(5,266)	0	(19,346)
	<u>(7,100,642)</u>	<u>(410,223)</u>	<u>0</u>	<u>(7,510,865)</u>
Total accumulated depreciation	(7,100,642)	(410,223)	0	(7,510,865)
Intangible right-to-use assets				
Right-to-use asset - leased equipment	47,626	0	0	47,626
Less accumulated amortization	(28,575)	(9,525)	0	(38,100)
	<u>19,051</u>	<u>(9,525)</u>	<u>0</u>	<u>9,526</u>
Net intangible right-to-use assets	19,051	(9,525)	0	9,526
Net capital assets	<u>\$4,925,588</u>	<u>\$532,387</u>	<u>\$0</u>	<u>\$5,408,675</u>

Depreciation and amortization expense were charged to governmental functions as an unallocated expense.

**Note 7**

**Defined Benefit Pension Plans and Postemployment Benefits**

**Plan Description** - The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employers, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 7      Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental, and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management, and Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Benefits Provided** - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions** – Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

**Note 7    Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

**Contributions (Concluded)** - The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2024:

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$2,407,608 for the year ended September 30, 2024.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2025, the School District reported a liability of \$14,098,344 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.05758653 percent, which was a decrease of 0.00233341 percent from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$842,628. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$382,498	(\$153,180)
Changes of assumptions	1,469,836	(1,032,963)
Net differences between projected and actual earnings on pension plan investments	0	(2,690,562)
Changes in proportion and differences between school district contributions and proportionate share of contributions	238	(850,038)
School district's contributions subsequent to the measurement date	2,045,179	0
	<u>\$3,897,751</u>	<u>(\$4,726,743)</u>

**MASON CONSOLIDATED SCHOOLS***Notes to Financial Statements**Year Ended June 30, 2025***Note 7****Defined Benefit Pension Plans and Postemployment Benefits (Continued)****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to**

**Pensions (Concluded)** - \$2,045,179 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

	<u>Amount</u>
2025	(\$727,844)
2026	(172,954)
2027	(1,199,594)
2028	<u>(773,779)</u>
	<u><u>(\$2,874,171)</u></u>

**Actuarial Assumptions** – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date: September 30, 2023

Actuarial Cost Method: Entry Age, Normal

Wage Inflation Rate: 2.75%

Investment Rate of Return:

- MIP and Basic Plans 6.00%, net of investment expenses
- Pension Plus Plan 6.00%, net of investment expenses
- Pension Plus 2 Plan 6.00%, net of investment expenses

Projected Salary Increases: 2.75 –11.55%, including wage inflation at 2.75%

Cost-of-Living Pension

Adjustments: 3% Annual Non-Compounded for MIP Members



**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 7**

**Defined Benefit Pension Plans and Postemployment Benefits (Concluded)**

**Rate of return** – For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate** - A discount rate of 6.0% was used to measure the total pension liability (6.0% for Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0% (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate** - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.0% (6.0% for Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease (5.0%)	Current Single Discount Rate Assumption (6.0%)	1% Increase (7.0%)
<u>\$20,668,324</u>	<u>\$14,098,344</u>	<u>\$8,627,572</u>

**MPERS Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS ACFR, available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Payable to the Pension Plan** – At June 30, 2025, the School District owned \$302,610 related to required pension plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July, accruals for summary pay (primarily for teacher), and contributions due funded from state aid revenue section 147c restricted to fund the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization rate contributions.

**Note 8**

**Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description** - The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members-eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 8 Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Benefits Provided** - Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Contributions** - Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 8**

**Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Contributions (Concluded)** – Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2024.

OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00%	8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06%

Required contributions to the OPEB plan from School District were \$473,451 for the year ended September 30, 2024.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**Related to OPEB** - At June 30, 2025, the School District reported an asset of \$2,451,764 for its proportionate share of the MPSERS net OPEB (asset)/liability. The net OPEB (asset)/liability was measured as of September 30, 2024, and the total OPEB (asset)/liability used to calculate the net OPEB (asset)/liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB (asset)/liability was determined by dividing each employers' statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.05695952 percent, which was a decrease of 0.00140213 percent from its proportion measured as of October 1, 2023.

**MASON CONSOLIDATED SCHOOLS***Notes to Financial Statements**Year Ended June 30, 2025***Note 8****Postemployment Benefits Other Than Pensions (OPEB) (Continued)****OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**Related to OPEB (Concluded)** - For the year ending June 30, 2025, the School District recognized OPEB income of \$932,040. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$0	(\$2,598,121)
Changes of assumptions	535,501	(61,551)
Net differences between projected and actual earnings on OPEB plan investments	0	(464,147)
Changes in proportion and differences between school district contributions and proportionate share of contributions	93,286	(225,159)
School district's contributions subsequent to the measurement date	<u>38,344</u>	<u>0</u>
	<u><u>\$667,131</u></u>	<u><u>(\$3,348,978)</u></u>

\$38,344 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

	<u>Amount</u>
2025	(\$863,319)
2026	(556,883)
2027	(515,164)
2028	(475,245)
2029	(261,996)
Thereafter	<u>(47,584)</u>
	<u><u>(\$2,720,191)</u></u>

**MASON CONSOLIDATED SCHOOLS***Notes to Financial Statements**Year Ended June 30, 2025*

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**Note 8****Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Actuarial Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
- Retirees	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active Members	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

**Note 8      Postemployment Benefits Other Than Pensions (OPEB) (Continued)**  
**Actuarial Assumptions (Concluded)**  
**Summary of Actuarial Assumptions (Concluded)**

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2834
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets** - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.3%
Private Equity Pools	16.00	9.0
International Equity Pools	15.00	6.5
Fixed Income Pools	13.00	2.2
Real Estate and Infrastructure Pools	10.00	7.1
Absolute Return Pools	9.00	5.2
Real Return/Opportunistic Pools	10.00	6.9
Short-term Investment Pools	2.00	1.4
	100.00%	

\* Long-term rates of return are net of administrative expenses and 2.3% inflation.

**Rate of Return** - For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

**Note 8**

**Postemployment Benefits Other Than Pensions (OPEB) (Concluded)**

**Discount Rate** - A discount rate of 6.0% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.0%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate** - The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.0%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
5.0%	6.0%	7.0%
<u>(\$1,894,744)</u>	<u>(\$2,451,764)</u>	<u>(\$2,933,367)</u>

**Sensitivity of the School District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate** - The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>(\$2,933,373)</u>	<u>(\$2,451,764)</u>	<u>(\$1,935,242)</u>

**OPEB Plan Fiduciary Net Position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS ACFR, available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Payable to the OPEB Plan** - At June 30, 2025, the School District owed \$3,017 related to required OPEB plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July and accruals for summer pay (primarily for teachers).

**MASON CONSOLIDATED SCHOOLS***Notes to Financial Statements**Year Ended June 30, 2025***Note 9**      **Enhancement Millage for Technology**

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 4, 2021, at 0.9866 mill for an additional five years, 2021 to 2026. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

**Note 10**      **Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2025, the various components of unearned revenue are as follows:

	<u>Unearned Revenue</u>
General Fund:	
31aa Mental Health	\$294,475
23(g)2 MI Kids Back on Track	113,000
97 School Safety	56,755
First Robotics	59
35(a)5 Early Literacy	18,584
97d Critical Incident Mapping	2,500
147g ORS Reimbursement	23,758
Building Healthy Communities	966
Food Service Fund:	
Prepaid student balances	2,840
	<u>\$512,937</u>

**Note 11**      **Long-Term Debt**

Following is a summary of changes in long-term debt:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>July 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2025</u>	<u>Due in</u>
					<u>One Year</u>
Direct Borrowings and Direct Placements:					
Installment Purchase Agreements:					
Tax Exempt Leasing Corp A	\$396,952	\$0	\$73,097	\$323,855	\$76,599
Tax Exempt Leasing Corp B	55,278	0	55,278	0	0
Total Direct Borrowings and					
Direct Placements:	452,230	0	128,375	323,855	76,599
Other Liabilities:					
Compensated absences	1,419,447	72,263	0	1,491,710	0
Total Long-Term Debt	<u>\$573,323</u>	<u>\$72,263</u>	<u>\$128,375</u>	<u>\$1,815,565</u>	<u>\$76,599</u>

**MASON CONSOLIDATED SCHOOLS***Notes to Financial Statements**Year Ended June 30, 2025***Note 11 Long-Term Debt (Concluded)**

The School District entered into an installment purchase agreement on July 15, 2021 with Tax Exempt Leasing Corp. for the use of seven general education buses and one special education bus. The lease term is six years, ending July 15, 2027, with payments of \$92,112 for the five years, and a balloon payment of \$259,100 in the sixth year, with an interest rate of 4.79%. This agreement contains a provision that in the event of failure by the School District to pay any of the obligation for 15 days after the principal and interest are due, the lender may, at its option, to obtain a judgment in an amount not less than the sum of all contract payments due, or require the School District to redeliver any or all of the equipment to a location specified by the lender.

Annual principal and interest requirements to maturity for the above purchase agreement are as follows:

Fiscal Year	2021 Tax-Exempt Leasing Corp A		
	Principal	Interest	Total
2026	\$76,599	\$15,513	\$92,112
2027	247,256	11,844	259,100
Totals	<u>\$323,855</u>	<u>\$27,357</u>	<u>\$351,212</u>

Compensated absences payable represents vested benefits for unused vacation and sick pay under formulas and conditions specified in various employment contracts. The amounts in the "payments" column represent the net change during the year. The beginning balance was restated from \$56,277 to \$1,419,447 for the implementation of GASB 101, *Compensated Absences*.

**Note 12 Lease Commitments**

The following is a summary of changes in lease commitments:

	Balance			Balance	Amounts
	July 1, 2024	Additions	Payments	June 30, 2025	Due in One Year
MT Business Technologies	<u>\$19,820</u>	<u>\$0</u>	<u>\$9,769</u>	<u>\$10,051</u>	<u>\$10,051</u>

The School District entered into a lease agreement with MT Business Technologies for the use a copy machine. The lease term is sixty months, ending July 12, 2026, with payments of \$851 per month. For purposes of discounting the future payments of the lease, the School District used an interest rate of 2.85%. The leased equipment and the related accumulated amortization of the right-to-use assets are outlined in Note 5.

Obligations of governmental activities under operating leases at June 30, 2025 were as follows:

Fiscal Year	MT Business Technologies		
	Principal	Interest	Total
2026	<u>\$10,051</u>	<u>\$156</u>	<u>\$10,207</u>

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 13**    **Property Taxes**

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2024 property taxes were levied on December 1, 2024 on assessed valuations as of December 31, 2023. Taxes were collected beginning December 1, 2024 and payments were due by February 14, 2025. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2024 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$87,348,266	18.0000	\$1,572,269
Commercial Personal			
Property	1,640,909	6.0000	<u>9,845</u>
			<u>\$1,582,114</u>

**Note 14**    **Cafeteria Contract**

During the fiscal year ended June 30, 2025, the School District contracted with The Nutrition Group, Inc. to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group, Inc. manages the food service operations of the School District. All costs of The Nutrition Group, Inc. have been reflected in the financial statements of the Food Service Fund.

**Note 15**    **Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 adverse effect on the overall financial position of the School District at June 30, 2025.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

**Note 16**    **Risk Management and Insurance Pool**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2025*

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**Note 16**     **Risk Management and Insurance Pool (Concluded)**

The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 17**     **Governmental Regulation**

Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

**Note 18**     **Sinking Fund**

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**Note 19**     **Prior Period Adjustments**

During the current fiscal year, the School District had prior period adjustments in the Cafeteria Fund of \$45,618 due to a federal reimbursement request not being certified within the time limit. This caused an overstatement of net position and fund balance by \$45,618 for the year ended June 30, 2024.

**Note 20**     **Accounting Pronouncement**

In June 2022, the Governmental Accounting Standards Board issued GASB Statement Number 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The School District implemented this standard effective July 1, 2024. As a result of this implementation, beginning balances were restated on the government-wide statement of net position. The restatement of the beginning of the year net position is as follows:

	Governmental Activities
Net position as previously stated July 1, 2024	(\$9,701,652)
Compensated absences	(1,363,170)
Net position as restated July 1, 2024	<u>(\$11,064,822)</u>

## REQUIRED SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2025*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$1,752,779	\$1,784,312	\$1,811,062	\$26,750
State sources	11,098,591	11,455,812	11,374,750	(81,062)
Federal sources	913,785	642,626	488,677	(153,949)
Interdistrict and other sources	438,754	408,708	409,648	940
Total Revenues	14,203,909	14,291,458	14,084,137	(207,321)
<b>Expenditures</b>				
Instruction:				
Basic programs	6,351,875	6,733,370	6,477,534	255,836
Added needs	1,941,800	1,857,122	1,883,854	(26,732)
Support services:				
Pupil	981,934	879,516	761,365	118,151
Instructional staff	74,598	203,802	145,342	58,460
General administration	424,931	483,404	508,565	(25,161)
School administration	875,933	888,145	892,287	(4,142)
Business administration	284,098	328,939	307,994	20,945
Operation and maintenance	2,043,932	1,947,457	1,888,310	59,147
Pupil transportation	644,830	728,548	685,741	42,807
Athletics	418,978	357,424	347,081	10,343
Central services	130,080	176,575	158,669	17,906
Other support services	0	9,299	8,790	509
Community service:				
Community services	0	1,000	33	967
Community recreation	23,025	27,438	28,983	(1,545)
Welfare activities	0	4,482	4,648	
Non-public school pupils	57,375	29,170	26,566	2,604
Facilities improvements	0	6,996	0	6,996
Debt service	95,612	150,037	150,037	0
Total Expenditures	14,349,001	14,812,724	14,275,799	537,091
Excess (Deficiency) of Revenues Over Expenditures	(145,092)	(521,266)	(191,662)	329,770
<b>Other Financing Sources (Uses)</b>				
Transfer out	0	(3,500)	0	3,500
<b>Net Change in Fund Balances</b>	(145,092)	(524,766)	(191,662)	333,270
Fund Balances - Beginning of year	3,282,774	3,344,316	3,344,316	0
Fund Balances - End of year	\$3,137,682	\$2,819,550	\$3,152,654	\$333,270

**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's Proportionate Share of the Net Pension Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
A. School District's proportion of net pension liability (%)	0.05759%	0.05992%	0.06106%	0.06118%	0.06202%	0.06155%	0.06273%	0.06266%	0.06207%	0.06010%
B. School District's proportion proportionate share of net pension liability	\$14,098,344	\$19,393,728	\$22,973,128	\$14,483,990	\$21,304,912	\$20,383,830	\$18,858,612	\$16,238,349	\$15,485,431	\$14,899,149
C. School District's covered-employee payroll	\$6,025,199	\$5,813,897	\$5,914,347	\$5,363,537	\$5,546,564	\$5,275,927	\$5,324,533	\$5,241,982	\$5,277,599	\$5,068,692
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	42.74%	29.98%	25.74%	37.03%	26.03%	25.88%	28.23%	32.28%	34.08%	34.02%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's Pension Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
A. Statutorily required contributions	\$2,407,608	\$2,159,581	\$2,079,066	\$1,836,925	\$1,704,420	\$1,635,143	\$1,708,228	\$1,469,753	\$1,393,767	\$1,176,760
B. Contributions in relation to statutorily required contributions*	\$2,407,608	\$2,159,581	\$2,079,066	\$1,836,925	\$1,704,420	\$1,635,143	\$1,708,228	\$1,469,753	\$1,393,767	\$1,176,760
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$6,495,081	\$5,900,677	\$5,551,202	\$5,789,849	\$5,337,911	\$5,493,307	\$5,416,862	\$5,304,596	\$5,187,202	\$5,111,459
E. Contributions as a percentage of covered-employee payroll	37.07%	36.60%	37.45%	31.73%	31.93%	29.77%	31.54%	27.71%	26.87%	23.02%

\*Contributions in relation to statutorily required contributions are the contributions a school district actually made to the system, as distinct from the statutorily required contributions.

**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's Proportionate Share of the Net OPEB (Asset)/Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
A. School District's proportion of net OPEB (asset)/liability (%)	0.05696%	0.05836%	0.06115%	0.05956%	0.06264%	0.06044%	0.06257%	0.06253%
B. School District's proportion proportionate share of net OPEB (asset)/liability	(\$2,451,764)	(\$330,151)	\$1,295,184	\$909,055	\$3,356,027	\$4,338,120	\$4,973,527	\$5,537,462
C. School District's covered-employee payroll	\$6,025,199	\$5,813,897	\$5,813,897	\$5,363,537	\$5,546,564	\$5,275,927	\$5,324,533	\$5,241,982
D. School District's proportionate share of net OPEB (asset)/liability as a percentage of its covered-employee payroll (%)	-245.75%	-1760.98%	448.89%	590.01%	165.27%	121.62%	107.06%	94.66%
E. Plan fiduciary net position as a percentage of total OPEB (asset)/liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's OPEB Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
A. Statutorily required contributions	\$454,635	\$454,635	\$465,796	\$442,114	\$442,598	\$414,975	\$406,129	\$486,834
B. Contributions in relation to statutorily required contributions*	\$454,635	\$454,635	\$465,796	\$442,114	\$442,598	\$414,975	\$406,129	\$486,834
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$6,495,081	\$5,900,677	\$5,900,677	\$5,789,849	\$5,337,911	\$5,493,307	\$5,416,862	\$5,304,596
E. Contributions as a percentage of covered-employee payroll	7.00%	7.70%	7.89%	7.64%	8.29%	7.55%	7.50%	9.18%

\*Contributions in relation to statutorily required OPEB contributions are the contributions a school district actually made to the OPEB plan, as distinct from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

**MASON CONSOLIDATED SCHOOLS**  
*Notes to Required Supplemental Information*  
*Year Ended June 30, 2025*

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**Pension Information**

**Benefit Changes**

There were no changes of benefit terms for the pension plan year ended 2024.

**Assumption Changes**

There were no changes of assumptions for the pension plan year ended 2024.

**OPEB Information**

**Benefit Changes**

There were no changes of benefit terms for the OPEB plan year ended 2024.

**Assumption Changes**

There were no changes of assumptions for the OPEB plan year ended 2024, except for the following:

- **2024 – Health Cost Trend Rate**
  - Pre-65: 7.25% Year 1 graded to 3.50% Year 15
  - Post-65: 6.50% Year 1 graded to 3.50% Year 15
- **2023 – Health Cost Trend Rate**
  - Pre-65: 7.50% Year 1 graded to 3.50% Year 15
  - Post-65: 6.25% Year 1 graded to 3.50% Year 15

## OTHER SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2025*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>				
Property taxes	\$1,614,379	\$1,569,714	\$1,573,396	\$3,682
Athletics	85,200	88,809	89,120	311
Interest income	50,000	62,001	63,098	1,097
Reimbursements and donations	600	42,438	56,373	13,935
Other revenue	2,600	21,350	29,075	7,725
Total Local Sources	1,752,779	1,784,312	1,811,062	26,750
<b>State Sources</b>				
Unrestricted grants:				
State school aid	8,280,967	7,984,603	7,987,040	2,437
Restricted grants:				
Special education-Headlee obligation	447,755	494,247	494,247	0
Early literacy	0	15,686	16,685	999
At Risk	625,000	664,926	669,906	4,980
Great Start Readiness Preschool	143,000	248,965	177,265	(71,700)
Mental health	0	179,460	100,140	(79,320)
District transportation costs	95,000	114,380	110,722	(3,658)
Headlee obligation for data collection	29,500	28,828	28,813	(15)
MPERS rate offset/UAAL/reform	1,411,118	1,478,525	1,544,704	66,179
Other state grants	66,251	246,192	245,228	(964)
Total State Sources	11,098,591	11,455,812	11,374,750	(81,062)
<b>Federal Sources</b>				
Title I	205,425	304,142	222,450	(81,692)
Title II	64,630	67,571	15,371	(52,200)
Title IV	20,687	16,272	4,350	(11,922)
Education Stabilization	611,628	232,601	236,161	3,560
Grow your Own (ARPA)	0	1,635	1,635	0
Filter First	0	0	1,204	1,204
Other federal grants	11,415	12,405	0	(12,405)
Transfer from intermediate school district:				
Medicaid outreach	0	8,000	7,506	(494)
Total Federal Sources	913,785	642,626	488,677	(153,949)
<b>Interdistrict and Other Sources</b>				
Transfer from intermediate school district:				
County special education tax	422,755	359,898	359,898	0
Insurance reimbursements	7,699	34,010	37,272	3,262
Other revenue	8,300	14,800	12,478	(2,322)
Total Interdistrict and Other Sources	438,754	408,708	409,648	940
Total Revenues	\$14,203,909	\$14,291,458	\$14,084,137	(\$207,321)

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2025*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,485,141	\$1,134,109	\$47,998
Middle School	699,757	551,500	19,040
High School	1,026,986	755,385	124,902
Pre-School	72,763	45,878	1,750
Summer School	51,030	20,380	0
	<u>3,335,677</u>	<u>2,507,252</u>	<u>193,690</u>
Added Needs:			
Special education	594,177	408,345	5,922
Compensatory education	404,592	274,736	3,183
Career and technical education	87,329	64,225	9,577
	<u>1,086,098</u>	<u>747,306</u>	<u>18,682</u>
 Total Instruction	 <u>4,421,775</u>	 <u>3,254,558</u>	 <u>212,372</u>
<b>Support Services</b>			
Pupil:			
Truancy	22,785	13,788	0
Guidance	66,442	50,862	0
Speech	74,516	60,708	0
Social work services	74,516	45,848	2,568
Teacher Consultant	8,871	6,481	0
Other pupil services	166,898	125,747	2,439
	<u>414,028</u>	<u>303,434</u>	<u>5,007</u>
Instructional Staff:			
Improvement of instruction	300	7,403	97,098
Educational media services	21,462	19,079	0
	<u>21,762</u>	<u>26,482</u>	<u>97,098</u>
General Administration:			
Board of education	0	59	152,142
Executive administration	196,737	149,694	1,074
	<u>196,737</u>	<u>149,753</u>	<u>153,216</u>
School Administration:			
Office of the principal	516,273	366,325	1,594
Other school administration	0	0	585
	<u>516,273</u>	<u>366,325</u>	<u>2,179</u>
Business Administration:			
Fiscal services	147,511	104,394	7,762
Internal services	0	0	360
Other business services	0	3,256	9,486
	<u>147,511</u>	<u>107,650</u>	<u>17,608</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$168,439	\$7,927	\$0	\$2,843,614	\$2,926,135	\$82,521
9,042	9,256	587	1,289,182	1,299,574	10,392
32,151	25,319	161,431	2,126,174	2,244,856	118,682
26,763	0	0	147,154	192,361	45,207
0	0	0	71,410	70,444	(966)
236,395	42,502	162,018	6,477,534	6,733,370	255,836
4,072	0	0	1,012,516	1,030,936	18,420
90	0	0	682,601	626,720	(55,881)
14,311	13,295	0	188,737	199,466	10,729
18,473	13,295	0	1,883,854	1,857,122	(26,732)
254,868	55,797	162,018	8,361,388	8,590,492	229,104
0	0	0	36,573	37,573	1,000
158	0	0	117,462	135,270	17,808
475	0	0	135,699	135,181	(518)
228	0	12,160	135,320	172,174	36,854
0	0	0	15,352	2,835	(12,517)
21,753	4,122	0	320,959	396,483	75,524
22,614	4,122	12,160	761,365	879,516	118,151
0	0	0	104,801	157,415	52,614
0	0	0	40,541	46,387	5,846
0	0	0	145,342	203,802	58,460
1,360	0	3,787	157,348	144,736	(12,612)
305	0	3,407	351,217	338,668	(12,549)
1,665	0	7,194	508,565	483,404	(25,161)
2,104	0	1,389	887,685	884,145	(3,540)
4,017	0	0	4,602	4,000	(602)
6,121	0	1,389	892,287	888,145	(4,142)
1,235	573	6,922	268,397	269,844	1,447
104	0	0	464	466	2
0	0	26,391	39,133	58,629	19,496
1,339	573	33,313	307,994	328,939	20,945

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2025*

	Salaries	Employee Benefits	Purchased Services
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$184,278	\$115,049	\$952,498
Security services	0	0	116,306
	<u>184,278</u>	<u>115,049</u>	<u>1,068,804</u>
Pupil Transportation	265,964	154,138	73,078
Athletics	98,506	49,194	157,015
Central Services:			
Communication services	27,830	24,742	420
Staff services	0	0	41,830
Technology	0	0	30,900
Pupil accounting	(6)	1,329	0
	<u>27,824</u>	<u>26,071</u>	<u>73,150</u>
Other Support Services:			
Other student/school activity	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>1,872,883</u>	<u>1,298,096</u>	<u>1,647,155</u>
<b>Community Service</b>			
Community services	0	0	0
Community recreation	8,962	1,959	14,487
Welfare activities	0	0	0
Non-public school pupils	12,344	6,500	4,196
	<u>12,344</u>	<u>6,500</u>	<u>4,196</u>
Total Community Service	21,306	8,459	18,683
<b>Facilities Improvements</b>	0	0	0
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	6,315,964	4,561,113	1,878,210
<b>Other Financing Uses</b>			
Indirect Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$6,315,964</u>	<u>\$4,561,113</u>	<u>\$1,878,210</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$371,969	\$126,351	\$3,060	\$1,753,205	\$1,803,758	\$50,553
18,799	0	0	135,105	143,699	8,594
390,768	126,351	3,060	1,888,310	1,947,457	59,147
100,070	79,963	12,528	685,741	728,548	42,807
27,134	1,521	13,711	347,081	357,424	10,343
0	0	0	52,992	56,171	3,179
1,949	0	0	43,779	61,493	17,714
39	18,297	11,129	60,365	46,236	(14,129)
0	0	210	1,533	12,675	11,142
1,988	18,297	11,339	158,669	176,575	17,906
1,090	0	7,700	8,790	9,299	509
552,789	230,827	102,394	5,704,144	6,003,109	298,965
33	0	0	33	1,000	967
3,575	0	0	28,983	27,438	(1,545)
4,648	0	0	4,648	4,482	(166)
3,526	0	0	26,566	29,170	2,604
11,782	0	0	60,230	62,090	1,860
0	0	0	0	6,996	6,996
0	0	128,374	128,374	128,374	0
0	0	21,663	21,663	21,663	0
0	0	150,037	150,037	150,037	0
819,439	286,624	414,449	14,275,799	14,812,724	536,925
0	0	0	0	3,500	3,500
\$819,439	\$286,624	\$414,449	\$14,275,799	\$14,816,224	\$536,925

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2025*

	Special Revenue Funds		
	Food Service	Student and School Activity	Technology
<b>Assets</b>			
Cash and cash equivalents	\$246,991	\$244,005	\$448,453
Due from other governmental units	179,306	0	0
Due from other funds	0	290	229,085
Inventory	9,708	0	0
Prepaid	604	0	0
Total Assets	<u>\$436,609</u>	<u>\$244,295</u>	<u>\$677,538</u>
<b>Liabilities</b>			
Accounts payable	\$10,183	\$3,953	\$675
Salaries payable	723	0	775
Other liabilities	272	0	286
Unearned revenue	2,840	0	0
Due to other governmental units	0	0	0
Due to other funds	148,494	62,893	0
Total Liabilities	<u>162,512</u>	<u>66,846</u>	<u>1,736</u>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	9,708	0	0
Prepaid	604	0	0
Restricted for:			
Technology enhancement	0	0	675,802
Food service	263,785	0	0
Capital projects			
Committed to:			
Student and school activity	0	177,449	0
Total Fund Balances	<u>274,097</u>	<u>177,449</u>	<u>675,802</u>
Total Liabilities and Fund Balances	<u>\$436,609</u>	<u>\$244,295</u>	<u>\$677,538</u>

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Capital Projects Funds		Total Nonmajor Governmental Funds
Sinking	Capital Projects	
\$72,965	\$153,082	\$1,165,496
0	0	179,306
0	0	229,375
0	0	9,708
0	0	604
<u>\$72,965</u>	<u>\$153,082</u>	<u>\$1,584,489</u>

\$0	\$0	\$14,811
0	0	1,498
0	0	558
0	0	2,840
0	0	0
50,760	147,563	409,710
<u>50,760</u>	<u>147,563</u>	<u>429,417</u>

0	0	9,708
0	0	604
0	0	675,802
0	0	263,785
22,205	5,519	27,724
0	0	177,449
<u>22,205</u>	<u>5,519</u>	<u>1,155,072</u>
<u>\$72,965</u>	<u>\$153,082</u>	<u>\$1,584,489</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2025*

	Special Revenue Funds		
	Food Service	Student and School Activity	Technology
<b>Revenues</b>			
Local sources	\$36,222	\$152,749	\$394,682
State sources	200,182	0	0
Federal sources	525,032	0	0
Total Revenues	761,436	152,749	394,682
<b>Expenditures</b>			
Support services	0	161,807	0
Food service	791,342	0	0
Technology	0	0	319,209
Capital outlay	0	0	0
Prior period adjustment	45,618	0	0
Total Expenditures	836,960	161,807	319,209
<b>Net Change in Fund Balances</b>	(75,524)	(9,058)	75,473
Fund Balances - Beginning of year	349,621	186,507	600,329
Fund Balances - End of year	\$274,097	\$177,449	\$675,802

Capital Projects Funds		Total Nonmajor Governmental Funds
Sinking	Capital Projects	
\$2,688	\$182,052	\$768,393
0	0	200,182
0	0	525,032
2,688	182,052	1,493,607
23,334	0	185,141
0	0	791,342
0	0	319,209
313,770	176,533	490,303
0	0	45,618
337,104	176,533	1,831,613
(334,416)	5,519	(338,006)
356,621	0	1,493,078
\$22,205	\$5,519	\$1,155,072

**MASON CONSOLIDATED SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2025*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$30,550	\$30,550	\$34,033	\$3,483
Interest income	1,500	2,163	2,189	26
	<u>32,050</u>	<u>32,713</u>	<u>36,222</u>	<u>3,509</u>
State Sources:				
Restricted grants	226,722	212,945	200,182	(12,763)
Federal Sources:				
Restricted grants	449,700	445,660	481,063	35,403
Commodities	38,000	38,000	43,969	5,969
	<u>487,700</u>	<u>483,660</u>	<u>525,032</u>	<u>41,372</u>
Total Revenues	746,472	729,318	761,436	32,118
<b>Expenditures</b>				
Food service:				
Salaries	167,714	170,734	160,051	10,683
Employee benefits	108,603	74,675	69,852	4,823
Purchased services	138,513	151,730	148,542	3,188
Supplies and materials	342,103	342,853	358,642	(15,789)
Capital outlay	0	46,154	51,656	(5,502)
Other	6,250	7,650	2,599	5,051
	<u>763,183</u>	<u>793,796</u>	<u>791,342</u>	<u>2,454</u>
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>45,618</u>	<u>(45,618)</u>
Total Expenditures	<u>763,183</u>	<u>793,796</u>	<u>836,960</u>	<u>(43,164)</u>
<b>Net Change in Fund Balances</b>	(16,711)	(64,478)	(75,524)	(11,046)
Fund Balance - Beginning of year	<u>283,280</u>	<u>349,621</u>	<u>349,621</u>	<u>0</u>
Fund Balance - End of year	<u>\$266,569</u>	<u>\$285,143</u>	<u>\$274,097</u>	<u>(\$11,046)</u>

**MASON CONSOLIDATED SCHOOLS**

*Student and School Activity Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2025*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
<b>Revenues</b>				
Local Sources:				
Student and school activities	\$0	\$300,000	\$152,749	(\$147,251)
<b>Expenditures</b>				
Student and School Activities:				
Student and school activities	<u>0</u>	<u>300,000</u>	<u>\$161,807</u>	<u>138,193</u>
<b>Net Change in Fund Balance</b>	0	0	(9,058)	(9,058)
Fund Balance - Beginning of year	<u>0</u>	<u>186,507</u>	<u>186,507</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$0</u></u>	<u><u>\$186,507</u></u>	<u><u>\$177,449</u></u>	<u><u>(\$9,058)</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Technology Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2025*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$365,000	\$365,000	\$386,491	\$21,491
Interest income	5,000	7,956	7,911	(45)
Other revenue	0	20	280	260
	<u>370,000</u>	<u>372,976</u>	<u>394,682</u>	<u>21,706</u>
State sources:				
Restricted grants:				
MPSERS UAAL	<u>16,576</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	386,576	372,976	394,682	21,706
<b>Expenditures</b>				
Instruction:				
Purchased services	39,200	36,194	44,500	(8,306)
Supplies and materials	8,000	17,450	5,882	11,568
Capital outlay	97,000	80,359	78,954	1,405
	<u>144,200</u>	<u>134,004</u>	<u>129,336</u>	<u>4,668</u>
Support services:				
Salaries	85,524	93,738	94,306	(568)
Employee benefits	74,220	59,472	58,440	1,032
Purchased services	33,450	30,050	30,070	(20)
Supplies and materials	1,550	200	113	87
Capital outlay	17,000	5,500	5,468	32
Other expenses	3,550	1,500	1,476	24
	<u>215,294</u>	<u>190,460</u>	<u>189,873</u>	<u>587</u>
Total Expenditures	<u>359,494</u>	<u>324,464</u>	<u>319,209</u>	<u>5,255</u>
<b>Net Change in Fund Balances</b>	27,082	48,512	75,473	16,451
Fund Balance - Beginning of year	<u>489,747</u>	<u>600,329</u>	<u>600,329</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$516,829</u></u>	<u><u>\$648,841</u></u>	<u><u>\$675,802</u></u>	<u><u>\$16,451</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Sinking Capital Projects Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2025*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Interest income	\$1,000	\$2,675	\$2,688	\$13
<b>Expenditures</b>				
Support services:				
Operating building services				
Capital outlay	321,485	23,334	23,334	0
Building improvement services				
Capital outlay	<u>0</u>	<u>313,770</u>	<u>313,770</u>	<u>0</u>
Total Expenditures	<u>321,485</u>	<u>337,104</u>	<u>337,104</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(320,485)	(334,429)	(334,416)	13
Fund Balance - Beginning of year	<u>355,024</u>	<u>356,621</u>	<u>356,621</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$34,539</u></u>	<u><u>\$22,192</u></u>	<u><u>\$22,205</u></u>	<u><u>\$13</u></u>

**MASON CONSOLIDATED SCHOOLS**

*Capital Projects Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2025*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Interest income	\$0	\$50	\$52	\$2
Donations	0	182,000	182,000	0
Total Revenues	0	182,050	182,052	2
<b>Expenditures</b>				
Support services:				
Fiscal services				
Other expenses	0	20	0	20
Building and Grounds				
Capital outlay	0	1,100	0	1,100
	0	1,100	0	1,100
Facilities acquisition, construction, and improvements:				
Building improvement services				
Purchased services	0	6,800	6,800	0
Capital outlay	0	168,633	169,733	(1,100)
	0	175,433	176,533	(1,100)
Total Expenditures	0	176,553	176,533	20
<b>Net Change in Fund Balances</b>	0	5,497	5,519	22
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$5,497	\$5,519	\$22

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2025*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$53,750	\$56,209	\$56,420	\$211
Participation fees	31,450	32,600	32,700	100
Interest income	0	1	1	0
Other revenue	500	100	763	663
Total local sources	85,700	88,910	89,884	974
State Sources:				
Restricted grants	21,945	1,181	0	(1,181)
Total Revenues	<u>\$107,645</u>	<u>\$90,091</u>	<u>\$89,884</u>	<u>(\$207)</u>
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	\$22,748	\$27,000	\$27,854	(\$854)
Employee benefits	15,756	10,955	11,411	(456)
Staff Services:				
Purchased services	1,500	3,100	3,022	78
Athletics:				
Salaries	75,387	98,914	98,506	408
Employee benefits	71,126	54,986	49,194	5,792
Purchased services	234,915	156,691	157,015	(324)
Supplies and materials	30,650	34,671	27,134	7,537
Capital outlay	0	500	1,521	(1,021)
Other expenses	6,900	11,663	13,711	(2,048)
Total Expenditures	<u>\$458,982</u>	<u>\$398,480</u>	<u>\$389,368</u>	<u>\$9,112</u>



To the Board of Education  
Mason Consolidated Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools for the year ended June 30, 2025, and have issued our report thereon dated October 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 9, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of Mason Consolidated Schools solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weaknesses and other matters noted during our audit in a separate letter to you dated October 31, 2025.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## Significant Risks Identified

We have identified the following significant risks:

- Cash disbursements
- Cash receipts
- Improper revenue recognition
- Management override of controls
- Federal grant compliance

## Qualitative Aspects of Mason Consolidated Schools' Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Mason Consolidated Schools is included in Note 2 to the financial statements. Mason Consolidated Schools adopted GASB 101, *Compensated Absences* during the year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of depreciable capital assets based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on formulas and conditions specified in various contracts regarding vacation and sick leave benefits.

Management's estimates of the pension and OPEB liabilities, deferred inflows of resources, and deferred outflows of resources, which are based on actuarial valuations and other financial data. We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of pension and OPEB information in Notes 7 and 8, respectively, to the financial statements because of assumptions used in the calculations of these liabilities.

We have evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. During the course of our audit, there were no misstatements, either individually or in the aggregate, to the financial statements taken as a whole that came to our attention that needed to be corrected.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Mason Consolidated Schools' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Mason Consolidated Schools, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Mason Consolidated Schools' auditors.

This report is intended solely for the information and use of Mason Consolidated Schools, and the management of Mason Consolidated Schools, and is not intended to be and should not be used by anyone other than these specified parties.



October 31, 2025