



**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Mohawk Local School District
Wyandot County
295 State Route 231
Sycamore, Ohio 44882

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Mohawk Local School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

JIM PETRO
Auditor of State

November 30, 2001

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**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR FISCAL YEAR ENDING JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$854,705	\$437,129	\$0	\$18,019
Receivables:				
Property Taxes	1,580,551	0	56,487	0
Income Taxes	471,836	0	0	0
Accounts	7,082	2,822	0	0
Intergovernmental	7,763	4,032	0	0
Accrued Interest	37,735	15	0	0
Prepaid Items	63,457	295	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	22,102	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	59,723	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Special Revenue Fund for Special Termination Benefits	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	<u><u>\$3,104,954</u></u>	<u><u>\$444,293</u></u>	<u><u>\$56,487</u></u>	<u><u>\$18,019</u></u>

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$28,264	\$89,071	\$0	\$0	\$1,427,188
0	0	0	0	1,637,038
0	0	0	0	471,836
64	0	0	0	9,968
0	0	0	0	11,795
0	1,046	0	0	38,796
1,408	0	0	0	65,160
8,661	0	0	0	8,661
939	0	0	0	23,041
0	0	0	0	59,723
25,371	0	6,624,015	0	6,649,386
0	0	0	254,690	254,690
0	0	0	547,030	547,030
<u>\$64,707</u>	<u>\$90,117</u>	<u>\$6,624,015</u>	<u>\$801,720</u>	<u>\$11,204,312</u>

(continued)

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities, Fund Equity, and Other Credits:				
Liabilities:				
Accounts Payable	\$14,437	\$222	\$0	\$0
Accrued Wages and Benefits	712,033	28,345	0	0
Compensated Absences Payable	6,506	43,426	0	0
Intergovernmental Payable	132,414	4,282	0	0
Deferred Revenue	1,316,972	4,032	56,487	0
Due to Students	0	0	0	0
Special Termination Benefits Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>2,182,362</u>	<u>80,307</u>	<u>56,487</u>	<u>0</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Contributed Capital	0	0	0	0
Fund Balance:				
Reserved for Property Taxes	346,871	0	0	0
Reserved for Inventory	22,102	0	0	0
Reserved for Budget Stabilization	32,728	0	0	0
Reserved for Bus Purchase	26,995	0	0	0
Reserved for Principal	0	0	0	0
Reserved for Encumbrances	35,232	3,188	0	0
Designated for Special Termination Benefits	0	254,690	0	0
Unreserved, Undesignated	458,664	106,108	0	18,019
Total Fund Equity (Deficit) and Other Credits	<u>922,592</u>	<u>363,986</u>	<u>0</u>	<u>18,019</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$3,104,954</u>	<u>\$444,293</u>	<u>\$56,487</u>	<u>\$18,019</u>

See Accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$0	\$0	\$0	\$0	\$14,659
24,411	0	0	0	764,789
20,202	0	0	465,042	535,176
14,748	0	0	60,878	212,322
5,868	0	0	0	1,383,359
0	69,467	0	0	69,467
0	0	0	36,178	36,178
0	0	0	239,622	239,622
<u>65,229</u>	<u>69,467</u>	<u>0</u>	<u>801,720</u>	<u>3,255,572</u>
0	0	6,624,015	0	6,624,015
(3,888)	0	0	0	(3,888)
3,366	0	0	0	3,366
0	0	0	0	346,871
0	0	0	0	22,102
0	0	0	0	32,728
0	0	0	0	26,995
0	16,000	0	0	16,000
0	80	0	0	38,500
0	0	0	0	254,690
0	4,570	0	0	587,361
<u>(522)</u>	<u>20,650</u>	<u>6,624,015</u>	<u>0</u>	<u>7,948,740</u>
<u>\$64,707</u>	<u>\$90,117</u>	<u>\$6,624,015</u>	<u>\$801,720</u>	<u>\$11,204,312</u>

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR FISCAL YEAR ENDING JUNE 30, 2001**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
Revenues:						
Property Taxes	\$1,677,339	\$0	\$83,643	\$0	\$0	\$1,760,982
Income Taxes	1,061,527	0	0	0	0	1,061,527
Intergovernmental	3,847,215	452,530	0	72,082	0	4,371,827
Interest	96,293	1,682	0	430	462	98,867
Tuition and Fees	110,090	0	0	0	0	110,090
Extracurricular Activities	0	151,862	0	0	0	151,862
Gifts and Donations	14,000	59,533	0	0	0	73,533
Miscellaneous	86,448	6,966	0	0	0	93,414
Total Revenues	<u>6,892,912</u>	<u>672,573</u>	<u>83,643</u>	<u>72,512</u>	<u>462</u>	<u>7,722,102</u>
Expenditures:						
Current:						
Instruction:						
Regular	3,147,064	290,608	0	6,466	0	3,444,138
Special	482,319	170,012	0	0	0	652,331
Vocational	52,749	0	0	0	0	52,749
Adult/Continuing	1,581	0	0	0	33	1,614
Other	54,963	0	0	0	0	54,963
Support Services:						
Pupils	279,734	9,251	0	0	0	288,985
Instructional Staff	371,413	38,441	0	367	0	410,221
Board of Education	27,263	0	0	0	0	27,263
Administration	627,285	8,580	0	0	0	635,865
Fiscal	215,312	0	0	0	0	215,312
Business	20,961	6,000	0	14,674	0	41,635
Operation and Maintenance of Plant	581,238	1,672	0	0	0	582,910
Pupil Transportation	332,631	6,173	0	0	0	338,804
Central	39,107	4,945	0	0	0	44,052
Non-Instructional Services	3,372	16,902	0	0	0	20,274
Extracurricular Activities	176,723	203,754	0	0	0	380,477
Capital Outlay	66,578	0	0	60,345	0	126,923
Debt Service:						
Principal Retirement	0	0	67,463	0	0	67,463
Interest and Fiscal Charges	0	0	16,180	0	0	16,180
Total Expenditures	<u>6,480,293</u>	<u>756,338</u>	<u>83,643</u>	<u>81,852</u>	<u>33</u>	<u>7,402,159</u>
Excess of Revenues Over (Under) Expenditures	<u>412,619</u>	<u>(83,765)</u>	<u>0</u>	<u>(9,340)</u>	<u>429</u>	<u>319,943</u>
Other Financing Sources (Uses):						
Sale of Fixed Assets	1,353	0	0	0	0	1,353
Operating Transfers In	0	127,686	0	0	0	127,686
Operating Transfers Out	(159,605)	0	0	0	0	(159,605)
Total Other Financing Sources (Uses)	<u>(158,252)</u>	<u>127,686</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,566)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	254,367	43,921	0	(9,340)	429	289,377
Fund Balances at Beginning of Year	665,282	320,065	0	27,359	1,619	1,014,325
Increase in Reserve for Inventory	2,943	0	0	0	0	2,943
Fund Balances at End of Year	<u>\$922,592</u>	<u>\$363,986</u>	<u>\$0</u>	<u>\$18,019</u>	<u>\$2,048</u>	<u>\$1,306,645</u>

See Accompanying Notes to the General Purpose Financial Statements

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR FISCAL YEAR ENDING JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,476,853	\$1,463,216	(\$13,637)	\$0	\$0	\$0
Income Taxes	984,105	1,011,433	27,328	0	0	0
Intergovernmental	3,947,563	3,842,802	(104,761)	465,739	489,660	23,921
Interest	71,000	90,888	19,888	1,375	1,682	307
Tuition and Fees	95,000	110,551	15,551	0	0	0
Extracurricular Activities	0	0	0	146,800	150,468	3,668
Gifts and Donations	1,050	14,000	12,950	47,800	59,533	11,733
Miscellaneous	25,590	38,793	13,203	3,262	2,561	(701)
Total Revenues	6,601,161	6,571,683	(29,478)	664,976	703,904	38,928
Expenditures:						
Current:						
Instruction:						
Regular	3,196,123	3,119,770	76,353	376,296	256,668	119,628
Special	518,708	482,626	36,082	173,417	151,636	21,781
Vocational	70,349	53,562	16,787	0	0	0
Adult/Continuing	2,430	1,581	849	0	0	0
Other	65,000	56,387	8,613	0	0	0
Support Services:						
Pupils	280,192	277,357	2,835	21,594	10,064	11,530
Instructional Staff	375,414	363,067	12,347	50,166	42,252	7,914
Board of Education	52,729	34,326	18,403	0	0	0
Administration	651,387	630,357	21,030	8,717	8,580	137
Fiscal	230,579	212,998	17,581	0	0	0
Business	45,800	21,748	24,052	0	6,000	(6,000)
Operation and Maintenance of Plant	629,254	594,769	34,485	1,672	1,672	0
Pupil Transportation	380,141	343,764	36,377	7,068	5,942	1,126
Central	44,097	38,388	5,709	5,395	5,395	0
Non-Instructional Services	3,634	3,372	262	22,372	16,902	5,470
Extracurricular Activities	208,191	183,213	24,978	235,550	209,876	25,674
Capital Outlay	77,030	74,513	2,517	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	6,831,058	6,491,798	339,260	902,247	714,987	187,260
Excess of Revenues Over (Under) Expenditures	(229,897)	79,885	309,782	(237,271)	(11,083)	226,188
Other Financing Sources (Uses):						
Sale of Fixed Assets	2,000	1,353	(647)	2,000	0	(2,000)
Refund of Prior Year Expenditures	4,000	55,195	51,195	0	128	128
Refund of Prior Year Receipts	(1,500)	0	1,500	0	0	0
Other Financing Sources	0	400	400	4,000	4,000	0
Other Financing Uses	(191,415)	0	191,415	0	0	0
Advances In	11,670	14,387	2,717	2,717	2,717	0
Advances Out	(13,095)	(2,717)	10,378	(14,387)	(14,387)	0
Operating Transfers In	0	0	0	119,200	127,686	8,486
Operating Transfers Out	(159,605)	(159,605)	0	0	0	0
Total Other Financing Sources (Uses)	(347,945)	(90,987)	256,958	113,530	120,144	6,614
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(577,842)	(11,102)	566,740	(123,741)	109,061	232,802
Fund Balances at Beginning of Year	654,353	654,353	0	313,703	313,703	0
Prior Year Encumbrances Appropriated	225,439	225,439	0	10,987	10,987	0
Fund Balances at End of Year	\$301,950	\$868,690	\$566,740	\$200,949	\$433,751	\$232,802

(Continued)

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$83,643	\$83,643	\$0	\$0	\$0	\$0
Income Taxes	0	0	0	0	0	0
Intergovernmental	0	0	0	80,588	80,588	0
Interest	0	0	0	450	430	(20)
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>83,643</u>	<u>83,643</u>	<u>0</u>	<u>81,038</u>	<u>81,018</u>	<u>(20)</u>
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	45,631	45,265	366
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	10,917	9,913	1,004
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	0	0	0
Business	0	0	0	26,674	26,674	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	67,463	67,463	0	0	0	0
Interest and Fiscal Charges	16,180	16,180	0	0	0	0
Total Expenditures	<u>83,643</u>	<u>83,643</u>	<u>0</u>	<u>83,222</u>	<u>81,852</u>	<u>1,370</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,184)</u>	<u>(834)</u>	<u>1,350</u>
Other Financing Sources (Uses):						
Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	(16,260)	0	16,260
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16,260)</u>	<u>0</u>	<u>16,260</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,444)</u>	<u>(834)</u>	<u>17,610</u>
Fund Balances at Beginning of Year	0	0	0	18,853	18,853	0
Prior Year Encumbrances Appropriated	0	0	0	0	0	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$409</u>	<u>\$18,019</u>	<u>\$17,610</u>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,560,496	\$1,546,859	(\$13,637)
0	0	0	984,105	1,011,433	27,328
0	0	0	4,493,890	4,413,050	(80,840)
70	86	16	72,895	93,086	20,191
0	0	0	95,000	110,551	15,551
0	0	0	146,800	150,468	3,668
200	0	(200)	49,050	73,533	24,483
0	0	0	28,852	41,354	12,502
270	86	(184)	7,431,088	7,440,334	9,246
0	0	0	3,618,050	3,421,703	196,347
0	0	0	692,125	634,262	57,863
0	0	0	70,349	53,562	16,787
300	33	267	2,730	1,614	1,116
0	0	0	65,000	56,387	8,613
0	0	0	301,786	287,421	14,365
0	0	0	436,497	415,232	21,265
0	0	0	52,729	34,326	18,403
0	0	0	660,104	638,937	21,167
0	0	0	230,579	212,998	17,581
0	0	0	72,474	54,422	18,052
0	0	0	630,926	596,441	34,485
0	0	0	387,209	349,706	37,503
0	0	0	49,492	43,783	5,709
0	0	0	26,006	20,274	5,732
0	0	0	443,741	393,089	50,652
0	0	0	77,030	74,513	2,517
0	0	0	67,463	67,463	0
0	0	0	16,180	16,180	0
300	33	267	7,900,470	7,372,313	528,157
(30)	53	83	(469,382)	68,021	537,403
0	0	0	4,000	1,353	(2,647)
0	0	0	4,000	55,323	51,323
0	0	0	(1,500)	0	1,500
0	0	0	4,000	4,400	400
0	0	0	(191,415)	0	191,415
0	0	0	14,387	17,104	2,717
0	0	0	(27,482)	(17,104)	10,378
0	0	0	119,200	127,686	8,486
0	0	0	(175,865)	(159,605)	16,260
0	0	0	(250,675)	29,157	279,832
(30)	53	83	(720,057)	97,178	817,235
1,603	1,603	0	988,512	988,512	0
0	0	0	236,426	236,426	0
\$1,573	\$1,656	\$83	\$504,881	\$1,322,116	\$817,235

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR FISCAL YEAR ENDING JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Sales	\$258,853	\$0	\$258,853
Interest	0	812	812
Other Operating Revenues	111	0	111
Total Operating Revenues	<u>258,964</u>	<u>812</u>	<u>259,776</u>
Operating Expenses:			
Salaries	111,098	0	111,098
Fringe Benefits	36,875	0	36,875
Purchased Services	4,016	0	4,016
Materials and Supplies	8,537	74	8,611
Cost of Sales	198,829	0	198,829
Depreciation	4,139	0	4,139
Other Operating Expenses	1,656	150	1,806
Total Operating Expenses	<u>365,150</u>	<u>224</u>	<u>365,374</u>
Operating Income (Loss)	<u>(106,186)</u>	<u>588</u>	<u>(105,598)</u>
Non-Operating Revenues:			
Interest	23	0	23
Federal Donated Commodities	34,956	0	34,956
Operating Grants	58,094	0	58,094
Total Non-Operating Revenues	<u>93,073</u>	<u>0</u>	<u>93,073</u>
Income (Loss) before Operating Transfers	(13,113)	588	(12,525)
Operating Transfers In	<u>31,919</u>	<u>0</u>	<u>31,919</u>
Net Income	18,806	588	19,394
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - Restated Note 4	<u>(22,694)</u>	<u>18,014</u>	<u>(4,680)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(3,888)	18,602	14,714
Contributed Capital at Beginning and End of Year	<u>3,366</u>	<u>0</u>	<u>3,366</u>
Total Fund Equity (Deficit) at End of Year	<u><u>(\$522)</u></u>	<u><u>\$18,602</u></u>	<u><u>\$18,080</u></u>

See Accompanying Notes to the General Purpose Financial Statements

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**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR FISCAL YEAR ENDING JUNE 30, 2001**

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$282,500	\$261,739	(\$20,761)
Interest	1,000	23	(977)
Operating Grants	75,900	58,094	(17,806)
Other Revenues	1,200	51	(1,149)
Total Revenues	360,600	319,907	(40,693)
Expenses:			
Salaries	125,730	121,964	3,766
Fringe Benefits	39,870	36,183	3,687
Purchased Services	5,660	4,016	1,644
Materials and Supplies	182,151	170,618	11,533
Capital Outlay	6,440	0	6,440
Other Expenses	1,800	1,656	144
Total Expenses	361,651	334,437	27,214
Excess of Revenues Under Expenses	(1,051)	(14,530)	(13,479)
Operating Transfers In	0	31,919	31,919
Excess of Revenues Over (Under) Expenses and Transfers	(1,051)	17,389	18,440
Fund Balances at Beginning of Year	10,875	10,875	0
Fund Balances at End of Year	\$9,824	\$28,264	\$18,440

See Accompanying Notes to the General Purpose Financial Statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$282,500	\$261,739	(\$20,761)
710	185	(525)	1,710	208	(1,502)
0	0	0	75,900	58,094	(17,806)
0	0	0	1,200	51	(1,149)
<u>710</u>	<u>185</u>	<u>(525)</u>	<u>361,310</u>	<u>320,092</u>	<u>(41,218)</u>
0	0	0	125,730	121,964	3,766
0	0	0	39,870	36,183	3,687
0	0	0	5,660	4,016	1,644
800	154	646	182,951	170,772	12,179
0	0	0	6,440	0	6,440
150	150	0	1,950	1,806	144
<u>950</u>	<u>304</u>	<u>646</u>	<u>362,601</u>	<u>334,741</u>	<u>27,860</u>
(240)	(119)	121	(1,291)	(14,649)	13,358
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,919</u>	<u>(31,919)</u>
(240)	(119)	121	(1,291)	17,270	18,561
17,987	17,987	0	28,862	28,862	0
<u>\$17,747</u>	<u>\$17,868</u>	<u>\$121</u>	<u>\$27,571</u>	<u>\$46,132</u>	<u>\$18,561</u>

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR FISCAL YEAR ENDING JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$261,739	\$0	\$261,739
Cash Received from Other Revenues	51	0	51
Cash Payments for Salaries	(121,964)	0	(121,964)
Cash Payments for Fringe Benefits	(36,183)	0	(36,183)
Cash Payments for Goods and Services	(174,634)	(74)	(174,708)
Cash Payments for Other Expenses	(1,656)	(150)	(1,806)
Net Cash Used for Operating Activities	<u>(72,647)</u>	<u>(224)</u>	<u>(72,871)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Operating Grants	58,094	0	58,094
Cash Received for Operating Transfers In	31,919	0	31,919
Net Cash Provided by Noncapital Financing Activities	<u>90,013</u>	<u>0</u>	<u>90,013</u>
Cash Flows from Investing Activities:			
Cash Received from Interest	<u>23</u>	<u>185</u>	<u>208</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,389	(39)	17,350
Cash and Cash Equivalents at Beginning of Year	<u>10,875</u>	<u>17,987</u>	<u>28,862</u>
Cash and Cash Equivalents at End of Year	<u><u>\$28,264</u></u>	<u><u>\$17,948</u></u>	<u><u>\$46,212</u></u>

(Continued)

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	(\$106,186)	\$588	(\$105,598)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:			
Depreciation	4,139	0	4,139
Donated Commodities Used During Year	34,956	0	34,956
Interest Reported as Operating Income	0	(812)	(812)
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	2,826	0	2,826
Decrease in Prepaid Items	170	0	170
Decrease in Inventory Held for Resale	1,599	0	1,599
Decrease in Materials and Supplies Inventory	195	0	195
Decrease in Accrued Wages and Benefits	(2,166)	0	(2,166)
Decrease in Compensated Absences Payable	(817)	0	(817)
Increase in Intergovernmental Payable	905	0	905
Decrease in Special Termination Benefits Payable	(8,268)	0	(8,268)
Net Cash Used for Operating Activities	<u>(\$72,647)</u>	<u>(\$224)</u>	<u>(\$72,871)</u>

Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$89,071
Less Agency Funds	(69,467)
Less Expendable Trust Funds	<u>(1,656)</u>
Cash and Cash Equivalents - Non-Expendable Trust Fund	<u>\$17,948</u>

See Accompanying Notes to the General Purpose Financial Statements

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**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Mohawk Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and/or federal guidelines.

The School District was established in 1957 through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred twenty-five square miles. It is located in Wyandot, Seneca, and Crawford Counties. The School District is the 465th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by fifty-six classified employees, seventy-nine certified teaching personnel, and five administrative employees who provide services to 1,171 students and other community members. The School District currently operates two elementary schools, an elementary/junior high school, a high school, and an administration building.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Mohawk Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of Mohawk Local School District.

The School District is associated with four jointly governed organizations, two insurance pools, and a related organization. These organizations are the Vanguard-Sentinel Joint Vocational School, the Tri-Rivers Educational Computer Association (TRECA), the North Central Regional Professional Development Center, the Northwestern Ohio Educational Research Council, Inc, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the North Central Ohio Joint Insurance Association, and the Mohawk Community Library. These organizations are presented in Notes 19, 20, and 21 to the general purpose financial statements.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mohawk Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Proprietary Fund Type

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The proprietary fund type and non-expendable trust fund are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund type and non-expendable trust fund.

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not received within the available period are recorded as deferred revenue.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level in the General Fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. Budgetary allocations at the object level in the General Fund, and the function and object level within all other funds are made by the School District Treasurer.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wyandot County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources (Continued)

The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures in the General Fund and at the fund level of expenditures for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust fund.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 was \$96,293, which included \$19,662 assigned from other School District funds.

During fiscal year 2001, the School Districts's investments were limited to non-negotiable certificates of deposit, which are reported at cost.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, are not purchased from the pool, are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

F. Inventory

Inventory in the governmental funds is stated at cost while inventory in the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the proprietary funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of six to twenty years.

I. 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 liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. 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 termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Bonds are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate fund.

K. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

L. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, budget stabilization, bus purchase, contributions to the non-expendable trust fund, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for principal signifies legal restrictions on the use of principal in the non-expendable trust fund. The designation for special termination benefits represents monies set aside by the Board of Education for the future payment of those benefits.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Use of Estimates

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

O. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the School District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

For fiscal year 2001, the School District has increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$500 to \$1,000.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

4. RESTATEMENT OF FUND EQUITY

Fixed assets and accumulated depreciation in the proprietary fund type decreased due to the change in the threshold amount for capitalizing fixed assets. Fixed assets decreased \$23,015, from \$109,222 to \$86,207, and accumulated depreciation decreased \$18,370, from \$75,067 to \$56,697. As a result of the restatement, retained earnings as previously reported as of June 30, 2000, decreased \$4,645, from (\$18,049) to (\$22,694).

The fixed assets reported in the general fixed assets account group decreased \$835,296, from \$7,201,602 to \$6,366,306, due to the change in the threshold amount for capitalizing fixed assets.

5. ACCOUNTABILITY

A. Accountability

The following funds had deficit fund balances/retained earnings at June 30, 2001.

<u>Fund Type/Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Title VI-B	\$177
Preschool Handicapped	211
Miscellaneous Grants	174
Enterprise Fund	
Food Service	3,888

The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings as a result of accumulated operating losses from prior years.

6. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

6. BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust fund (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types and Expendable Trust Funds**

	Governmental Fund Types			Expendable Trust
	General	Special Revenue	Capital Projects	
GAAP Basis	\$254,367	\$43,921	(\$9,340)	\$429
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued FY 2000, Received in Cash FY 2001	522,361	38,296	8,506	16
Accrued FY 2001, Not Yet Received in Cash	(787,995)	(2,837)	0	(392)
Expenditure Accruals:				
Accrued FY 2000, Paid in Cash FY 2001	(832,372)	(32,479)	0	0
Accrued FY 2001, Not Yet Paid in Cash	865,390	76,275	0	0
Prepaid Items	1,215	933	0	0
Advances In	14,387	2,717	0	0
Advances Out	(2,717)	(14,387)	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(45,738)	(3,378)	0	0
Budget Basis	<u>(\$11,102)</u>	<u>\$109,061</u>	<u>(\$834)</u>	<u>\$53</u>

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

6. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Income/Excess of Revenues
Over (Under) Expenses and Transfers
Proprietary Fund Type and Non-Expendable Trust Fund**

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	Trust
GAAP Basis	\$18,806	\$588
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2000, Received in Cash FY 2001	2,890	27
Accrued FY 2001, Not Yet Received in Cash	(64)	(654)
Expense Accruals:		
Accrued FY 2000, Paid in Cash FY 2001	(69,707)	0
Accrued FY 2001, Not Yet Paid in Cash	59,361	0
Prepaid Items	170	0
Inventory Held for Resale	1,599	0
Materials and Supplies Inventory	195	0
Depreciation Expense	4,139	
Encumbrances Outstanding at Year End (Budget Basis)	0	(80)
Budget Basis	<u>\$17,389</u>	<u>(\$119)</u>

7. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

7. DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year end, the School District had \$12,652 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

7. DEPOSITS AND INVESTMENTS (Continued)

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the School District's deposits was \$1,474,259 and the bank balance was \$1,563,592. Of the bank balance, \$101,115 was covered by federal depository insurance and \$1,462,477 was secured by collateral in the School District's name held by the First National Bank.

8. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Wyandot, Seneca, and Crawford Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

8. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is recognized as revenue at year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$346,871 in the General Fund. The amount available as an advance at June 30, 2000, was \$127,960 in the General Fund.

Accrued property taxes receivable also includes amounts for any late tax settlements made by the Counties. For fiscal year 2000, this amount was \$4,788 in the General Fund.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$71,654,450	90.33%	\$73,236,330	90.41%
Public Utility	2,725,232	3.44	2,725,506	3.36
Tangible Personal	4,943,280	6.23	5,044,720	6.23
Total Assessed Value	<u>\$79,322,962</u>	<u>100.00%</u>	<u>\$81,006,556</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.90		\$36.90	

9. INCOME TAXES

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2001, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

10. RECEIVABLES

Receivables at June 30, 2001, consisted of both property and income taxes, accounts (student fees and billings for user charged services), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$9,968. A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Carey EVSD	\$3,515
North Central ESC	2,125
Wyandot County Job and Family Services	2,123
Total General Fund	7,763
Special Revenue Fund	
Title VI-B	4,032
Total Intergovernmental Receivables	\$11,795

11. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$86,207
Less Accumulated Depreciation	(60,836)
Net Fixed Assets	\$25,371

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land and Improvements	\$277,485	\$0	\$0	\$277,485
Buildings and Improvements	3,963,727	37,194	0	4,000,921
Furniture, Fixtures, and Equipment	1,208,441	245,135	24,620	1,428,956
Vehicles	916,653	0	0	916,653
Total	\$6,366,306	\$282,329	\$24,620	\$6,624,015

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following insurance coverages from Nationwide Insurance.

Buildings and Contents - replacement cost (\$1,000 deductible)	\$17,631,100
Inland Marine (\$100 deductible)	348,550
Boiler and Machinery - limit per accident (\$1,000 deductible)	6,892,400
Food Spoilage	100,000
Automobile Liability	
Comprehensive	2,000,000
Collision (\$250 deductible)	2,000,000
Uninsured Motorist	100,000
Medical Payments Per Person	5,000
General Liability	
Per Occurrence	2,000,000
Aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the North Central Ohio Joint Insurance Association (the Association), a public entity shared risk pool consisting of eight local school districts. Each participating member pays premiums to the Association for employee medical, dental, life, and vision insurance coverage. The Association is responsible for the management and operation of the program. Upon withdrawal, the School District is responsible for the payment of all Association liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of the Association, all member's claims are paid without regard to the member's account balance. The Association Board of Directors has the right to return monies to an existing participating member subsequent to the settlement of all expenses and claims.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

13. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$308,529, \$185,301, and \$177,960, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$52,687, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$39,502, \$51,339, and \$69,834, respectively; 61 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$15,406, is recorded as a liability within the respective funds and the general long-term obligations account group.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2001, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

14. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$146,145.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$112,109 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**MOHAWK LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

15. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred five days for school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave.

B. Health Care Benefits

The School District offers medical, dental, life, and vision insurance to most employees through the North Central Ohio Joint Insurance Association. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

C. Special Termination Benefit

The special termination benefit was available for fiscal year 2001 for classified employees. The employee had to provide written notice of their intent to retire, to the Treasurer, by April 1st and had to retire at the conclusion of the fiscal year. The special termination benefit will be paid by the end of January of the following fiscal year. Failure to retire immediately following the fiscal year in which the employee first became eligible shall make the employee ineligible to receive the benefit during any subsequent year. This termination benefit is in addition to any severance pay to which the employee may be eligible. Special termination benefits are paid according to the following schedule:

Number of Service Years	Age at Retirement	Benefit
20-24 years	60	100% of severance pay to which the employee is entitled
25-29 years	55	95% of severance pay to which the employee is entitled
30 years	Any age	75% of severance pay to which the employee is entitled

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

16. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
1991 Energy Conservation Notes 6.5%	\$25,884	\$0	\$25,884	\$0
1996 Energy Conservation Bonds 5.5%	281,201	0	41,579	239,622
Total General Obligation Debt	307,085	0	67,463	239,622
Compensated Absences Payable	465,253	0	211	465,042
Intergovernmental Payable	67,190	60,878	67,190	60,878
Special Termination Benefits Payable	19,094	36,178	19,094	36,178
Total General Long-Term Obligations	<u>\$858,622</u>	<u>\$97,056</u>	<u>\$153,958</u>	<u>\$801,720</u>

1991 Energy Conservation Notes - On May 31, 1991, the School District issued \$203,110 in unvoted general obligation notes for providing energy conservation measures for the School District. The notes were fully retired during fiscal year 2001.

1996 Energy Conservation Bonds - On May 1, 1996, the School District issued \$432,000 in unvoted general obligation bonds for providing energy conservation measures for the School District. The bonds were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with final maturity in fiscal year 2006. The bonds are being retired through the debt service fund.

Compensated absences, intergovernmental payables, representing the School District's contractually required pension contributions, and special termination benefits will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$7,290,590 with an unvoted debt margin of \$81,007 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$43,897	\$12,590	\$56,487
2003	46,344	10,143	56,487
2004	48,910	7,577	56,487
2005	51,655	4,832	56,487
2006	48,816	1,971	50,787
	<u>\$239,622</u>	<u>\$37,113</u>	<u>\$276,735</u>

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

17. RESERVATIONS OF FUND BALANCE

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2000	(\$35,425)	\$0	\$103,347
Current Year Set Aside Requirement	154,925	154,925	0
Legislative Reduction	0	0	(70,619)
Qualifying Expenditures	<u>(157,454)</u>	<u>(154,925)</u>	<u>0</u>
Amount Carried Forward to Fiscal Year 2002	<u>(\$37,954)</u>	<u>\$0</u>	<u>\$32,728</u>
Set Aside Reserve Balance June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$32,728</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement of future years. The total reserve balance for the set asides at the end of the fiscal year was \$32,728.

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Mohawk Local School District as of and for the fiscal year ended June 30, 2001.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$227,630	\$31,334	\$258,964
Depreciation Expense	4,139	0	4,139
Operating Loss	(99,613)	(6,573)	(106,186)
Federal Donated Commodities	34,956	0	34,956
Operating Grants	58,094	0	58,094
Operating Transfers In	31,919	0	31,919
Net Income (Loss)	25,379	(6,573)	18,806
Net Working Capital	(5,691)	0	(5,691)
Total Assets	64,707	0	64,707
Total Equity (Deficit)	(522)	0	(522)

19. JOINTLY GOVERNED ORGANIZATIONS

A. Vanguard-Sentinel Joint Vocational School

The Vanguard-Sentinel Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of two representatives from the Fremont City School District and one representative from the other thirteen participating school districts' elected boards. The degree of control exercised by any participating school district is limited to its representation on the Board. The JVS possesses its own budgeting and taxing authority. Financial information can be obtained from the Vanguard-Sentinel Joint Vocational School, Jay Valasek, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

B. Tri-Rivers Educational Computer Association

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. North Central Regional Professional Development Center

The North Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The organization was formed to create and sustain self-renewing learning communities to transform education in Ohio so that all learners can achieve their full potential. The Center is governed by a twenty-one member Board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Eileen Lemaster, Mid-Ohio Educational Service Center, 1495 West Longview Avenue, Suite 202, Mansfield, Ohio 44906.

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

20. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

B. North Central Ohio Joint Insurance Association

The School District participates in the North Central Ohio Joint Insurance Association (the Association), a public entity shared risk pool consisting of eight local school districts. The Association is responsible for the administration of the program and processing of all claims for each member. The School District pays premiums to the Association for employee medical, dental, life, and vision benefits.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

20. INSURANCE POOLS (Continued)

B. North Central Ohio Joint Insurance Association (Continued)

The Association is governed by a Board of Directors consisting of a representative from each participating member. Each participating member decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Association is by written application subject to the acceptance by the Board of Directors and payment of monthly premiums.

21. RELATED ORGANIZATION

Mohawk Community Library - The Mohawk Community Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Mohawk Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Mohawk Community Library, Sue Schafer, Clerk/Treasurer, 101 East Seventh Street, Sycamore, Ohio 44882.

22. CONTINGENT LIABILITIES

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, 2001.

B. Litigation

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

23. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution was not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2001
(Continued)**

23. STATE SCHOOL FUNDING DECISION (Continued)

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of November 21, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Supreme Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

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**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	050740-LL-P1-00/01	10.550	\$0	\$37,248	\$0	\$34,956
National School Lunch Program	050740-LL-P4-00/01	10.555	<u>55,976</u>		<u>55,976</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>55,976</u>	<u>37,248</u>	<u>55,976</u>	<u>34,956</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	050740-6B-SF-00/01	84.027	105,866	0	84,522	0
Special Education - Preschool Grant	050740-PG-S1-00/01	84.173	<u>12,838</u>	<u>0</u>	<u>12,998</u>	<u>0</u>
Total Special Education Cluster			<u>118,704</u>		<u>97,520</u>	<u>0</u>
Title I Grants to Local Educational Agencies	050740-C1-S1-00/01	84.010	91,954	0	76,460	0
Innovative Educational Program Strategies	050740-C2-S1-00/01	84.298	5,874	0	6,219	0
Drug-Free Schools Grant	050740-DR-S1-00/01	84.186	5,426	0	5,244	0
Eisenhower Professional Development State Grants	050740-MS-S1-00/01	84.281	3,615	0	3,595	0
Clas Size Reduction Program	050740-CR-S1-01	84.340	16,753	0	14,648	0
Technology Literacy Challenge Grant	050740-TF-42-01	84.318	148,722	0	145,889	0
Continuous Improvement Grant	050740-G2-S2-01	84.276	<u>0</u>	<u>0</u>	<u>20,573</u>	<u>0</u>
Total Department of Education			<u>391,048</u>	<u>0</u>	<u>370,148</u>	<u>0</u>
Totals			<u>\$447,024</u>	<u>\$37,248</u>	<u>\$426,124</u>	<u>\$34,956</u>

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Mohawk Local School District
Wyandot County
295 State Route 231
Sycamore, Ohio 44882

To the Board of Education:

We have audited the general purpose financial statements of Mohawk Local School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2001 and have issued our report thereon dated November 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

JIM PETRO
Auditor of State

November 30, 2001



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

Mohawk Local School District
Wyandot County
295 State Route 231
Sycamore, Ohio 44882

To the Board of Education:

Compliance

We have audited the compliance of the Mohawk Local School District, Wyandot County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

JIM PETRO
Auditor of State

November 30, 2001

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.318 - Technology Literacy Challenge Grant
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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MOHAWK LOCAL SCHOOL DISTRICT

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2002**