

**MOGADORE LOCAL SCHOOL DISTRICT**

*Audited Financial Statements*

*Year Ended June 30, 2010*





Mary Taylor, CPA  
Auditor of State

Board of Education  
Mogadore Local School District  
1 S. Cleveland Avenue  
Mogadore, Ohio 44260

We have reviewed the *Independent Auditor's Report* of the Mogadore Local School District, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mogadore Local School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 16, 2010

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**MODGADORE LOCAL SCHOOL DISTRICT**

*For the Year Ended June 30, 2010*

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 18, 2010

The Board of Education  
Mogadore Local School District  
1 South Cleveland Ave.  
Mogadore, Ohio 44260

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mogadore Local School District, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mogadore Local School District, Ohio, as of June 30, 2010, and the respective changes in financial position, thereof and the budgetary comparison for the general 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 18, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mogadore Local School District  
Independent Auditor's Report  
November 18, 2010  
Page 2

Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*Hea & Associates, Inc.*

***Mogadore Local School District***  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*

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The discussion and analysis of Mogadore Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key Financial Highlights for 2010 are as follows:

- In total, net assets decreased \$1,067,284.
- Revenues for governmental activities totaled \$10,081,003 during 2010. Of this total, 77 percent consisted of General revenues while Program revenues accounted for the balance of 23 percent.
- Program expenses totaled \$11,148,287. Instructional expenses made up 58 percent of this total while support services accounted for 31 percent. Other expenses rounded out the remaining 11 percent.

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

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

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Mogadore Local School District, the general fund and bond retirement debt service fund are the most significant funds.

### **Reporting the School District as a Whole**

#### *Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2010?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.



***Mogadore Local School District***  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*

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These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the Statement of Net Assets and the Statement of Activities, the School District is classified into governmental activities. All of the School District's Non-Fiduciary programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

*Governmental Funds*

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

**Mogadore Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2010

**The School District as a Whole**

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009:

**Table 1**  
**Net Assets**

	<i>Governmental Activities</i>	
	2010	2009
<b>Assets</b>		
Current and Other Assets	\$ 8,409,366	\$ 9,291,375
Capital Assets, Net	14,015,163	14,381,567
<i>Total Assets</i>	22,424,529	23,672,942
<b>Liabilities</b>		
Current and Other Liabilities	3,769,783	3,686,534
Long-term Liabilities:		
Due Within One Year	455,934	447,677
Due in More than One Year	11,489,631	11,762,266
<i>Total liabilities</i>	15,715,348	15,896,477
<b>Net assets</b>		
Invested in Capital Assets, Net of Debt	2,978,985	2,978,985
Restricted	728,058	566,309
Unrestricted	3,002,138	4,231,171
<i>Total Net Assets</i>	\$ 6,709,181	\$ 7,776,465

Total assets decreased by \$1,248,413. The decrease can be attributed to a decrease in cash and investments from expenses increasing at a greater rate than revenues combined with capital assets depreciating at a greater rate than new acquisitions.

Total liabilities decreased by \$181,129. This decrease can be attributed mainly to a decrease in long term debt.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$7,788,713 or 77 percent of the total revenue. The most significant portion of general revenues is local property tax and state support. The remaining amount of revenue received was in the form of program revenues, which equated to \$2,292,290 or 23 percent of total revenue.

**Mogadore Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

Table 2 shows the changes in net assets and compares revenue and expenses from fiscal year 2010 to fiscal year 2009. A comparative analysis of government-wide data is presented.

**Table 2**  
**Changes in Net Assets**

	<i>Governmental Activities</i>	
	2010	2009
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,548,034	\$ 1,489,020
Operating Grants and Contributions	744,256	611,066
Capital Grants and Contributions	0	3,292
<b>Total Program Revenues</b>	<b>2,292,290</b>	<b>2,103,378</b>
General Revenues:		
Property Taxes	2,926,526	3,728,452
Grants and Entitlements	4,655,818	3,988,469
Investments Earnings	185,623	203,019
Miscellaneous	20,746	31,904
<b>Total General Revenues</b>	<b>7,788,713</b>	<b>7,951,844</b>
<b>Total Revenues</b>	<b>10,081,003</b>	<b>10,055,222</b>
<b>Program Expenses:</b>		
Instruction:		
Regular	4,691,607	4,294,471
Special	1,088,007	866,422
Vocational	97,589	90,266
Student Intervention Services	381,165	287,963
Other	155,291	116,027
Support Services:		
Pupil	534,542	528,126
Instructional Staff	364,838	385,459
Board of Education	42,351	46,635
Administration	676,713	822,712
Fiscal	345,589	399,392
Business	372	364
Operation and Maintenance	1,015,955	1,048,536
Pupil Transportation	419,239	400,122
Central	59,904	67,992
Operating of Non-Instructional Services	320,688	310,324
Extracurricular Activities	421,984	396,803
Interest and Fiscal Charges	532,453	536,422
<b>Total Program Expenses</b>	<b>11,148,287</b>	<b>10,598,036</b>
<b>Decrease in Net Assets</b>	<b>(1,067,284)</b>	<b>(542,814)</b>
<b>Net Assets Beginning of Year</b>	<b>7,776,465</b>	<b>8,319,279</b>
<b>Net Assets End of Year</b>	<b>\$ 6,709,181</b>	<b>\$ 7,776,465</b>

**Mogadore Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2010

**Governmental Activities**

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

As one can see, approximately 58 percent of the School District's expense is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass an additional 31 percent. The remaining amount of program expenses, 11 percent, is to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities.

The Statement of Activities shows the total net cost of program services. Table 3 shows a comparative of the total cost of services for governmental activities and the net cost of those services for fiscal year 2010 to fiscal year 2009. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	<i>Total Cost of Services 2010</i>	<i>Net Cost of Services 2010</i>	<i>Total Cost of Services 2009</i>	<i>Net Cost of Services 2009</i>
Instruction:				
Regular	\$ 4,691,607	\$ 3,332,468	\$ 4,294,471	\$ 3,109,856
Special	1,088,007	607,592	866,422	412,758
Vocational	97,589	97,589	90,266	77,837
Student Intervention Services	381,165	381,165	287,963	287,963
Other	155,291	155,291	116,027	116,027
Support Services:				
Pupils	534,542	487,570	528,126	488,404
Instructional Staff	364,838	354,011	385,459	372,891
Board of Education	42,351	42,351	46,635	46,635
Administration	676,713	676,713	822,712	822,712
Fiscal	345,589	340,589	399,392	394,392
Business	372	372	364	364
Operation and Maintenance	1,015,955	1,015,955	1,048,536	1,034,058
Pupil Transportation	419,239	419,239	400,122	396,830
Central	59,904	53,045	67,992	58,992
Operation of Non-Instructional Services	320,688	48,487	310,324	37,282
Extracurricular Activities	421,984	311,107	396,803	301,235
Interest and Fiscal Charges	532,453	532,453	536,422	536,422
<b>Total</b>	<b>\$ 11,148,287</b>	<b>\$ 8,855,997</b>	<b>\$ 10,598,036</b>	<b>\$ 8,494,658</b>

***Mogadore Local School District***  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*

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As one can see, the reliance upon local tax revenues for governmental activities is crucial. Over 26 percent of total costs are directly supported by local property taxes. Grant and entitlements not restricted to specific programs support 42 percent of total costs, while investment and other miscellaneous type revenues support the remaining activity costs. Program revenues only account for 21 percent of all governmental expenses.

**School District's Funds**

Information regarding the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues (excluding other financing sources) totaled \$10,189,279 and expenditures (excluding other financing uses) totaled \$11,043,077. The general fund balance decreased by \$914,411, the bond retirement debt service fund balance increased by \$12,570. The general fund decrease of \$914,411 was due to an increase in wages and no change in revenue.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of fiscal 2010, the School District amended its general fund budget for revenue numerous times, none significant. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control disbursements but provide flexibility for site based decision and management.

For the general fund, the original budget basis revenue and other financing sources estimate totaled \$8,729,168 and the final budget basis revenue and other financing sources estimate totaled \$8,767,455. The increase can be attributed to more tax revenues. Actual revenues were less than the final budget amounts by \$618,897 due to less tax revenue and intergovernmental revenue than anticipated. The original and final budget basis expenditures and other financing uses totaled \$10,164,753, as there was no change during the fiscal year. Final expenditures plus outstanding encumbrances of \$9,112,643 were \$1,052,110 less than the budgeted amounts as the School District was able to be fiscally responsible with cost saving adjustments to offset the less than expected revenue collections.

The School District's general fund unencumbered ending cash balance totaled \$4,435,252, which was above the original budgeted amount, due to decreased spending during the fiscal year than was anticipated.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2010, the School District had \$14,015,163 invested in land and improvements, buildings and improvements, furniture and fixtures, vehicles, net of accumulated depreciation. Table 4 shows fiscal 2010 compared to 2009.

**Mogadore Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*

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

	<i>Governmental Activities</i>	
	<i>2010</i>	<i>2009</i>
Land	\$ 98,050	\$ 98,050
Land Improvements	1,189,672	1,170,747
Buildings and Improvements	15,792,518	15,787,518
Furniture and Fixtures	1,441,703	1,441,703
Vehicles	514,878	514,878
Accumulated Depreciation	(5,021,658)	(4,631,329)
<i>Totals</i>	<b>\$ 14,015,163</b>	<b>\$ 14,381,567</b>

All capital assets are reported at historical cost. For more information on capital assets refer to Note 8 of the basic financial statements.

*Debt*

At June 30, 2010 the School District had \$11,347,283 of bonded debt outstanding. Table 5 below summarizes the School District's debt outstanding.

**Table 5**  
**Outstanding Debt at June 30, 2010**

	<i>2010</i>	<i>2009</i>
School Improvement Bonds	\$ 9,000,000	\$ 9,310,000
Capital Appreciation Bonds	179,997	179,997
Accretion on Capital Appreciation Bonds	213,849	154,631
Lease Revenue Bonds	1,860,000	1,910,000
Unamortized Premium on Lease Revenue Bonds	93,437	97,799
<i>Totals</i>	<b>\$ 11,347,283</b>	<b>\$ 11,652,427</b>

The school improvement bonds will be repaid by December 1, 2031 and the capital appreciation bonds will be repaid by December 1, 2013. The lease revenue bonds will be repaid by December 1, 2031. For information on outstanding debt refer to Note 13 of the basic financial statements.

***Mogadore Local School District***  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*

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**School District Outlook**

Mogadore Local Schools has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and the School District Continuous Improvement Plan.

The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

Externally, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational funding system, one that was neither 'adequate' nor 'equitable'. Since 1997, the State has directed its additional financial support toward School Districts with little property tax wealth. In May of 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not 'equitable' nor 'adequate'. The court directed the Governor and the legislature to address the fundamental issue creating the inequities. In December, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding system. The decision reaffirmed earlier decisions that Ohio's current school funding system is unconstitutional. However, the Supreme Court also relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..." With the recent passage of HB1 in 2009, a new evidence based funding model is being phased in by the State. It is too early in the process to see if the State will be able to fund this bill, due to the considerable budget constraints that are facing our State.

The School District has not anticipated any meaningful growth in State revenue due to the constraints set by the State for estimating state funding.

As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Mr. Chris Adams, Treasurer, at Mogadore Local School District, 1 S Cleveland Ave., Mogadore, Ohio 44260, or call 330-628-9946.

# Mogadore Local School District

## Statement of Net Assets

June 30, 2010

	<u>Governmental</u> <u>Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 5,224,298
Cash in Segregated Accounts	1,377
Intergovernmental Receivable	11,694
Taxes Receivable	3,081,030
Deferred Charges	90,967
Non-Depreciable Capital Assets	98,050
Depreciable Capital Assets, net	13,917,113
<b>Total Assets</b>	<u>22,424,529</u>
<b>Liabilities</b>	
Accounts Payable	66,391
Accrued Wages and Benefits	775,422
Intergovernmental Payable	274,073
Accrued Interest Payable	39,003
Deferred Revenue	2,614,894
Long-Term Liabilities:	
Due Within One Year	455,934
Due in More Than One Year	11,489,631
<b>Total Liabilities</b>	<u>15,715,348</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,978,985
Restricted for Debt Service	197,110
Restricted for Capital Outlay	271,381
Restricted for Other Purposes	144,279
Restricted for Set Asides	115,288
Unrestricted	3,002,138
<b>Total Net Assets</b>	<u>\$ 6,709,181</u>

See accompanying notes to the basic financial statements.



**Mogadore Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2010

	<i>Program Revenues</i>			
<i>Expenses</i>	<i>Charges for Services and Sales</i>	<i>Operating Grants, Contributions and Interest</i>	<i>Net (Expenses) Revenue and Changes in Net Assets</i>	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 4,691,607	\$ 1,154,607	\$ 204,532	\$ (3,332,468)
Special	1,088,007	58,634	421,781	(607,592)
Vocational	97,589	0	0	(97,589)
Student Intervention Services	381,165	0	0	(381,165)
Other	155,291	0	0	(155,291)
Support Services:				
Pupils	534,542	43,291	3,681	(487,570)
Instructional Staff	364,838	9,506	1,321	(354,011)
Board of Education	42,351	0	0	(42,351)
Administration	676,713	0	0	(676,713)
Fiscal	345,589	0	5,000	(340,589)
Business	372	0	0	(372)
Operation and Maintenance of Plant	1,015,955	0	0	(1,015,955)
Pupil Transportation	419,239	0	0	(419,239)
Central	59,904	0	6,859	(53,045)
Operation of Non-Instructional Services:				
Food Service Operations	320,688	184,242	87,959	(48,487)
Extracurricular Activities	421,984	97,754	13,123	(311,107)
Interest and Fiscal Charges	532,453	0	0	(532,453)
<b>Totals</b>	<b>\$ 11,148,287</b>	<b>\$ 1,548,034</b>	<b>\$ 744,256</b>	<b>(8,855,997)</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	2,188,809
Capital Purposes	194,707
Debt Service	543,010
Grants and Entitlements not Restricted to Specific Program	4,655,818
Investment Earnings	185,623
Miscellaneous	20,746
<b>Total General Revenues</b>	<b>7,788,713</b>
<b>Change in Net Assets</b>	<b>(1,067,284)</b>
<b>Net Assets Beginning of Year</b>	<b>7,776,465</b>
<b>Net Assets End of Year</b>	<b>\$ 6,709,181</b>

See accompanying notes to the basic financial statements.

**Mogadore Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2010*

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 4,486,070	\$ 161,441	\$ 429,731	\$ 5,077,242
Cash in Segregated Accounts	0	0	1,377	1,377
Interfund Receivable	3,000	0	0	3,000
Intergovernmental Receivable	9,627	0	2,067	11,694
Taxes Receivable	2,405,323	495,736	179,971	3,081,030
Restricted Assets:				
Equity in Pooled Cash and Investments	147,056	0	0	147,056
<b>Total Assets</b>	<b>\$ 7,051,076</b>	<b>\$ 657,177</b>	<b>\$ 613,146</b>	<b>\$ 8,321,399</b>
<b>Liabilities</b>				
Accounts Payable	\$ 63,921	\$ 0	\$ 2,470	\$ 66,391
Accrued Wages and Benefits	760,826	0	14,596	775,422
Intergovernmental Payable	253,117	0	20,956	274,073
Interfund Payable	0	0	3,000	3,000
Deferred Revenue	2,146,552	435,351	160,434	2,742,337
<b>Total Liabilities</b>	<b>3,224,416</b>	<b>435,351</b>	<b>201,456</b>	<b>3,861,223</b>
<b>Fund Balances</b>				
Reserved for Encumbrances	66,173	0	16,736	82,909
Reserved for Property Taxes	265,623	60,385	20,449	346,457
Reserved for Capital Improvements	115,288	0	0	115,288
Reserved for Budget Stabilization	31,768	0	0	31,768
Unreserved, Designated for Budget Stabilization	290,434			290,434
Unreserved, Undesignated, Reported in:				
General Fund	3,057,374	0	0	3,057,374
Special Revenue Funds	0	0	131,333	131,333
Debt Service Fund	0	161,441	0	161,441
Capital Projects Funds	0	0	243,172	243,172
<b>Total Fund Balances</b>	<b>3,826,660</b>	<b>221,826</b>	<b>411,690</b>	<b>4,460,176</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,051,076</b>	<b>\$ 657,177</b>	<b>\$ 613,146</b>	<b>\$ 8,321,399</b>

See accompanying notes to the basic financial statements.

**Mogadore Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2010*

**Total Governmental Fund Balances** \$ 4,460,176

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

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. 14,015,163

Other long-term assets are not available to pay for current-  
 period expenditures and therefore are deferred in the funds:

Delinquent Property and Personal Property Taxes	\$	119,679	
Grants		912	
Excess costs		6,852	
<i>Total</i>		127,443	127,443

Bond issuance costs reported as an expenditure in the funds are  
 allocated as an expense over the life of the debt on an  
 accrual basis. 90,967

In the statement of activities, interest is accrued on outstanding bonds, notes  
 and capital leases, whereas in governmental funds, an interest expenditure  
 is reported when due. (39,003)

Long-term liabilities, including bonds payable, notes payable, capital leases  
 payable and compensated absences are not due and payable in the current  
 period and therefore are not reported in the funds:

General Obligation Bonds		(9,000,000)	
Accretion on Capital Appreciation Bonds		(213,849)	
Capital Appreciation Bonds		(179,997)	
Compensated Absences		(598,282)	
Lease Revenue Bonds		(1,860,000)	
Premium on Lease Revenue Bonds		(93,437)	
<i>Total</i>		(11,945,565)	(11,945,565)

**Net Assets of Governmental Activities** \$ 6,709,181

**Mogadore Local School District**

*Statement of Revenues, Expenditures and Changes in Fund Balances*

*Governmental Funds*

*For the Fiscal Year Ended June 30, 2010*

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Property Taxes	\$ 2,363,060	\$ 491,266	\$ 176,186	\$ 3,030,512
Intergovernmental	4,307,235	225,038	850,795	5,383,068
Interest	185,657	0	19	185,676
Tuition and Fees	1,202,650	0	24,184	1,226,834
Extracurricular Activities	0	0	136,454	136,454
Gifts and Donations	0	0	30,379	30,379
Customer Sales and Services	0	0	175,645	175,645
Miscellaneous	16,820	0	3,891	20,711
<b>Total Revenues</b>	<b>8,075,422</b>	<b>716,304</b>	<b>1,397,553</b>	<b>10,189,279</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,254,139	0	262,913	4,517,052
Special	728,112	0	335,315	1,063,427
Vocational	97,077	0	0	97,077
Student Intervention Services	380,016	0	0	380,016
Other	155,878	0	0	155,878
Support Services:				
Pupils	446,467	0	80,199	526,666
Instructional Staff	343,936	0	14,777	358,713
Board of Education	42,351	0	0	42,351
Administration	662,641	0	14,499	677,140
Fiscal	340,507	10,384	8,991	359,882
Business	372	0	0	372
Operation and Maintenance of Plant	878,180	0	7,596	885,776
Pupil Transportation	391,251	0	0	391,251
Central	14,277	0	45,627	59,904
Operation of Non-Instructional Services:				
Food Service Operations	0	0	318,223	318,223
Extracurricular Activities	213,696	0	105,257	318,953
Capital Outlay	6,500	0	49,483	55,983
Debt Service:				
Principal	0	360,000	0	360,000
Interest and Fiscal Charges	0	474,413	0	474,413
<b>Total Expenditures</b>	<b>8,955,400</b>	<b>844,797</b>	<b>1,242,880</b>	<b>11,043,077</b>
<b>Excess of Revenues (Under) Expenditures</b>	<b>(879,978)</b>	<b>(128,493)</b>	<b>154,673</b>	<b>(853,798)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	141,063	34,433	175,496
Transfers Out	(34,433)	0	(141,063)	(175,496)
<b>Total Other Financing Sources (Uses)</b>	<b>(34,433)</b>	<b>141,063</b>	<b>(106,630)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(914,411)</b>	<b>12,570</b>	<b>48,043</b>	<b>(853,798)</b>
<b>Fund Balances Beginning of Year</b>	<b>4,741,071</b>	<b>209,256</b>	<b>363,647</b>	<b>5,313,974</b>
<b>Fund Balances End of Year</b>	<b>\$ 3,826,660</b>	<b>\$ 221,826</b>	<b>\$ 411,690</b>	<b>\$ 4,460,176</b>

**Mogadore Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2010*

**Net Change in Fund Balances - Total Governmental Funds** \$ (853,798)

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

Governmental funds report capital outlay as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense. In the current period, these amounts are:

Capital Assets - Additions	\$ 23,925	
Depreciation	(390,329)	
<i>Total</i>		(366,404)

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

Delinquent Property Taxes	(103,986)	
Grants	(1,711)	
Excess Costs	(2,579)	
<i>Total</i>		(108,276)

Repayment of notes, bonds and capital leases principal is an expenditure  
in the governmental funds, but the repayment reduces long-term liabilities  
in the statement of net assets. In the current period, these amounts are:

Bond Payments		360,000
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In the statement of activities, interest is accrued on outstanding bonds and notes, whereas  
in governmental funds, an interest expenditure is reported when due. The amortization of  
issuance costs, bond premium and accretion is reflected as an expense  
in the statement of activities:

Issuance Costs	(4,247)	
Premium	4,362	
Bond Accretion	(59,218)	
<i>Total</i>		(59,103)

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

Accrued Interest Payable	1,063	
Compensated Absences	(40,766)	
<i>Total</i>		(39,703)

**Changes in Net Assets of Governmental Activities** \$ (1,067,284)

**Mogadore Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2010*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Positive (Negative)</i>
<b>Revenues</b>				
Property Taxes	\$2,568,943	\$2,582,496	\$2,462,593	(\$119,903)
Intergovernmental	4,688,096	4,712,830	4,307,235	(405,595)
Interest	195,034	195,034	151,260	(43,774)
Tuition and Fees	1,249,095	1,249,095	1,202,650	(46,445)
Gifts and Donations	15,000	15,000	0	(15,000)
Miscellaneous	5,000	5,000	16,820	11,820
<b>Total Revenues</b>	<b>8,721,168</b>	<b>8,759,455</b>	<b>8,140,558</b>	<b>(618,897)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,449,085	4,397,982	4,197,200	200,782
Special	861,242	911,242	696,510	214,732
Vocational	72,195	72,195	95,772	(23,577)
Student Intervention Services	383,631	383,631	374,377	9,254
Other	222,000	222,000	164,954	57,046
Support Services:				
Pupils	462,048	463,048	437,680	25,368
Instructional Staff	434,485	434,588	375,327	59,261
Board of Education	61,830	64,830	53,454	11,376
Administration	819,569	819,669	747,824	71,845
Fiscal	457,533	457,433	375,715	81,718
Business	500	500	372	128
Operation and Maintenance of Plant	1,090,089	1,088,773	907,748	181,025
Pupil Transportation	463,634	464,950	408,151	56,799
Central	62,900	59,900	16,482	43,418
Extracurricular Activities	220,580	223,580	217,144	6,436
Capital Outlay	25,000	25,000	6,500	18,500
<b>Total Expenditures</b>	<b>10,086,321</b>	<b>10,089,321</b>	<b>9,075,210</b>	<b>1,014,111</b>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,365,153)	(1,329,866)	(934,652)	395,214
<b>Other Financing Sources (Uses)</b>				
Advances In	8,000	8,000	8,000	0
Transfers Out	(67,932)	(64,932)	(34,433)	30,499
Advances Out	(6,500)	(6,500)	(3,000)	3,500
Refund of Prior Year Receipts	(4,000)	(4,000)	0	4,000
<b>Total Other Financing Uses</b>	<b>(70,432)</b>	<b>(67,432)</b>	<b>(29,433)</b>	<b>37,999</b>
<b>Net Change in Fund Balance</b>	<b>(1,435,585)</b>	<b>(1,397,298)</b>	<b>(964,085)</b>	<b>433,213</b>
<b>Fund Balance Beginning of Year</b>	<b>5,258,015</b>	<b>5,258,015</b>	<b>5,258,015</b>	<b>0</b>
Prior Year Encumbrances Appropriated	141,322	141,322	141,322	0
<b>Fund Balance End of Year</b>	<b>\$3,963,752</b>	<b>\$4,002,039</b>	<b>\$4,435,252</b>	<b>\$433,213</b>

See accompanying notes to the basic financial statements

**Mogadore Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*June 30, 2010*

	<i>Agency Fund</i>
<i>Assets</i>	
Equity in Pooled Cash and Investments	\$ 50,405
 <i>Liabilities</i>	
Accounts Payable	\$ 71
Due to Students	50,334
<i>Total Liabilities</i>	\$ 50,405

See accompanying notes to the basic financial statements.

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*Mogadore Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

Mogadore 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 statute and/or Federal guidelines.

The School District was established through the consolidation of existing land areas and school districts. The School District serves an area of approximately four square miles. It is located in Summit and Portage Counties, and includes the entire Village of Mogadore and portions of Suffield Township. It is staffed by 48 non-certificated employees and 66 certificated personnel who provide services to 924 students and other community members. The School District operates three instructional buildings and one bus garage.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mogadore 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 organization's 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 the School District.

The School District is associated with organizations which are defined as a jointly governed organizations and public entity risk pools. These organizations include the Northeast Ohio Network for Educational Technology, Maplewood Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Stark County Schools Council of Government Health Benefits Program and the Ohio School Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

The financial statements of Mogadore 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 governmental activities provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

***Fund Financial Statements*** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**B. Fund Accounting**

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

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

***General Fund*** The general fund is the general 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.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Bond Retirement Debt Service Fund*** The bond retirement fund accounts for tax revenues collected and used to retire long term bond obligations of the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

**C. Measurement Focus**

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Private purpose trust funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Revenues - Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or 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, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 a 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 to be both measurable and available at fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, rentals and fees.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Expenditures/Expenses*** 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 intergovernmental revenue.

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

**E. 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. All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated revenues establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control set by the Board. The legal level of control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2010.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2010.

**F. Cash and Investments**

To improve cash management, all 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 investments" on the financial statements.

During fiscal year 2010, investments were limited to federal agency instruments.

*Mogadore Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

As authorized by State 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 and Martha Holding Jennings grants special revenue fund during fiscal year 2010 amounted to \$185,657 and \$19, respectively. The general fund interest includes \$17,950 assigned from other School District funds.

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 presented on the financial statements as “equity in pooled cash and investments”. Investments with an original maturity of more than three months that are not made from the pool are reported as “investments”.

**G. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside as a reserve for budget stabilization and for capital improvements. See Note 17 for additional information regarding set-asides.

**H. Capital Assets**

The School District’s only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District capitalization threshold is \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<i>Description</i>	<i>Estimated Lives</i>
Land Improvements	5 years
Buildings and Building Improvements	20 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	10 years

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

**J. 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.

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire compensated absences liability is reported on the governmental-wide financial statements.

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

**L. Net Assets**

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

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

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**M. Fund Balance Reserves**

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 balance reserves are established for property taxes, encumbrances, capital acquisition, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**N. Interfund Activity**

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

**O. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Changes in Accounting Principles**

For the year ended June 30, 2010, the School District has implemented GASB Statement No. 51, *“Accounting and Financial Reporting for Intangible Assets,”* GASB Statement No. 53, *“Accounting and Financial Reporting for Derivative Instruments,”* and GASB Statement No. 58, *“Accounting and Financial Reporting for Chapter 9 Bankruptcies.”*

GASB Statement No. 51 establishes standards of accounting and financial reporting for intangible assets for all state and local governments. Inconsistencies in the accounting and financial reporting for intangible assets, particularly in the areas of recognition, initial measurement, and amortization, have occurred in practice due to the absence of sufficiently specific authoritative guidance that addresses these questions. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.



**Note 2 - Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

**Note 3 – Accountability**

Deficit fund balances at June 30, 2010 include the following individual fund deficits:

<u>Non-Major Funds</u>		
Food Service Fund	\$	15,615

The deficit fund balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

**Note 4 - Budgetary Basis of Accounting**

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

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

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**Note 4 - Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the General Fund.

	<i>General</i>
<i>GAAP Basis</i>	\$ (914,411)
Net Adjustment for Revenues	65,136
Advances In	8,000
Net Adjustment for Expenditures	4,085
Advances Out	(3,000)
Adjustment for Encumbrances	(123,895)
<i>Budget Basis</i>	<u>\$ (964,085)</u>

**Note 5- 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 two year 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.

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 uninsured public monies deposited with the institution.

Interim monies may be 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;

*Mogadore Local School District  
Notes to the Basic Financial Statements  
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**Note 5- Deposits and Investments (Continued)**

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 that 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;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in the amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the School District.

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**Note 5- Deposits and Investments (Continued)**

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$211,083, and the bank balance was \$272,503. Of the bank balance, \$272,503 was covered by depository insurance.

**Investments** Investments are reported at fair value. As of June 30, 2010 the School District had the following investments and maturities:

Standard & Poor's Rating	Investment Type	Fair Value	Investment Maturities				
			6 months or Less	7 to 12 Months	13 to 24 Months	25 to 36 Months	37 to 60 Months
AAA	Federal Home Loan Bank	\$ 1,805,066	\$ 404,156	\$ 100,719	\$ 463,657	\$ 513,033	\$ 323,501
AAA	Federal Farm Credit Banks	207,563	0	0	207,563	0	0
AAA	Federal Home Loan Mortgage	555,538	0	352,538	203,000	0	0
AAA	Fannie Mae	1,872,286	401,376	0	201,563	421,876	847,471
AAA	Freddie Mac	624,544	0	103,375	101,969	107,938	311,262
	<b>Totals</b>	<b>\$ 5,064,997</b>	<b>\$ 805,532</b>	<b>\$ 556,632</b>	<b>\$1,177,752</b>	<b>\$1,042,847</b>	<b>\$ 1,482,234</b>

**Interest Rate Risk** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Credit Risk** The School District has no investment policy that would further limit its investment choices. The School District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested to any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2010.

Investment Type	Fair Value	Percent of Total
Federal Home Loan Bank	\$ 1,805,066	35.64%
Federal Farm Credit Banks	207,563	4.10%
Federal Home Loan Mortgage	555,538	10.97%
Fannie Mae	1,872,286	36.97%
Freddie Mac	624,544	12.32%
<b>Totals</b>	<b>\$ 5,064,997</b>	<b>100.00%</b>

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**Note 6 - 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 collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006 – 2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Summit and Portage Counties. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010, was \$346,457 and is recognized as revenue. \$265,623 was available to the general fund, \$60,385 was available to the bond retirement fund and \$20,449 was available to the permanent improvement fund.

*Mogadore Local School District  
Notes to the Basic Financial Statements  
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**Note 6 - Property Taxes (Continued)**

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	<i>2009 Second Half Collections</i>		<i>2010 First Half Collections</i>	
	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>
Agricultural/Residential and Other Real Estate	\$ 88,273,730	97.71%	\$ 86,993,590	97.53%
Public Utility	1,840,430	2.04%	2,066,910	2.32%
Tangible Personal Property	223,811	0.25%	132,685	0.15%
	\$ 90,337,971	100.00%	\$ 89,193,185	100.00%
 Tax rate per \$1,000 assessed valuation	 \$ 73.68		 \$ 73.64	

**Note 7 - Receivables**

Receivables at June 30, 2010, consisted of property taxes, interfund and intergovernmental grants. 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. All receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<i>Governmental Activities</i>	<i>Amounts</i>
Excess Costs	\$ 6,852
SERS True Up	2,775
Title I	793
Title IV-A	119
Food Service	1,155
 <i>Total Intergovernmental Receivables</i>	 \$ 11,694

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**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<i>Balance at 6/30/2009</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at 6/30/2010</i>
<i>Governmental Activities:</i>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 98,050	\$ 0	\$ 0	\$ 98,050
<i>Total Capital Assets, not being depreciated</i>	<u>98,050</u>	<u>0</u>	<u>0</u>	<u>98,050</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,170,747	18,925	0	1,189,672
Buildings and Building Improvements	15,787,518	5,000	0	15,792,518
Furniture and Fixtures	1,441,703	0	0	1,441,703
Vehicles	514,878	0	0	514,878
<i>Total Capital Assets, being depreciated</i>	<u>18,914,846</u>	<u>23,925</u>	<u>0</u>	<u>18,938,771</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,141,059)	(280,546)	0	(1,421,605)
Buildings and Building Improvements	(1,981,682)	(33,830)	0	(2,015,512)
Furniture and Fixtures	(1,139,051)	(46,812)	0	(1,185,863)
Vehicles	(369,537)	(29,141)	0	(398,678)
<i>Total Accumulated Depreciation</i>	<u>(4,631,329)</u>	<u>(390,329)</u>	<u>0</u>	<u>(5,021,658)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>14,283,517</u>	<u>(366,404)</u>	<u>0</u>	<u>13,917,113</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 14,381,567</u>	<u>\$ (366,404)</u>	<u>\$ 0</u>	<u>\$ 14,015,163</u>

*Mogadore Local School District  
Notes to the Basic Financial Statements  
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**Note 8 - Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 118,751
Special	11,866
Vocational	59
Support Services:	
Pupil	5,248
Instructional Staff	2,441
Administration	11,308
Fiscal	187
Operation and Maintenance of Plant	144,044
Pupil Transportation	23,391
Operation of Non-Instructional Services	2,061
Extracurricular Activities	70,973
	\$ 390,329
<i>Total Depreciation Expense</i>	<i>\$ 390,329</i>

**Note 9 - 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 2010, the School District contracted with the Bowers Insurance and Financial Services, Inc. for fleet, property and inland marine insurance coverage. Liability coverage is provided by the Ohio Casualty Group. Coverage is as follows:

	<i>Coverage</i>	<i>Deductible</i>
Buildings and Contents	\$20,667,991	\$1,000
Inland Marine Coverage	86,305	500
Boiler and Machinery	20,667,991	1,000
Automobile Liability	2,000,000	100 - 250
Uninsured Motorists	2,000,000	100 - 250
Crime Insurance	10,000	500
General Liability:		
Per Occurrence	1,000,000	0
Aggregate	2,000,000	0
Umbrella	1,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year in any category of risk.



**Note 9 - Risk Management (Continued)**

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (G.P.), an insurance purchasing pool (Note 15). The intent of the G.P. 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 G.P. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the G.P. Each participant pays its workers' compensation premium to the State based on the rate for the G.P. 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 G.P. 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 G.P. Participation in the G.P. is limited to school districts that can meet the G.P.'s selection criteria. The firm of Sheakley Unicorp Inc. provides administrative, cost control and actuarial services of the G.P.

The School District has contracted with the Stark County Schools Council's Health Benefits Program to provide employee medical/surgical and dental benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of approximately 40 members. Rates are set through an annual calculation process. The School District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The School District pays premiums of \$1,161.50 for family coverage and \$477.32 for single coverage per employee per month.

**Note 10 - Employee Benefits**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified, full-time administrators and non-bargaining unit employees earn 10 to 25 days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and elementary principals do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit as to the amount of sick leave that may be accumulated. Upon retirement employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 60 days.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through the Stark County Schools Council of Governments Health Benefits Program.

**Note 11 - Defined Benefit Pension Plans**

**A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS’ Retirement Board. The School District’s contributions to SERS for pension obligations for the fiscal years ended June 30, 2010, 2009 and 2008 were \$190,172, \$122,530 and \$102,181, respectively; 38 percent has been contributed for fiscal year 2010 and 100 percent for the fiscal years 2009 and 2008. \$130,040 represents the unpaid contribution for fiscal year 2010, and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**Note 11 - Defined Benefit Pension Plans (Continued)**

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. ns.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2010, 2009, and 2008 were \$611,678, \$562,108 and \$517,762, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$4,056 made by the School District and \$5,412 made by the plan members. \$108,768 represents the unpaid contribution for fiscal year 2010, and is recorded as a liability within the respective funds.

**C. Social Security System**

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

**Note 12 - Postemployment Benefits**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the SERS for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**Note 12 - Postemployment Benefits (Continued)**

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$6,845, \$56,075 and \$46,988, respectively; 38 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the years ended June 30, 2010, 2009, and 2008 were \$11,309, \$10,110 and \$7,419, respectively; 38 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System**

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$45,398, \$42,515 and \$39,893, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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**Note 13- Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

	<i>Balance 6/30/2009</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance 6/30/2010</i>	<i>Amounts Due In One Year</i>
<i>Capital Improvement Bonds 3.00% to 4.375% Maturing December 1, 2031</i>	\$ 9,310,000	\$ 0	\$ 310,000	\$ 9,000,000	\$ 320,000
<i>Capital Appreciation Bonds 4.5% Maturing December 1, 2013</i>	179,997	0	0	179,997	0
<i>Accretion on Capital Appreciation Bonds</i>	154,631	59,218	0	213,849	0
<i>Total Capital Appreciation Bonds</i>	<u>334,628</u>	<u>59,218</u>	<u>0</u>	<u>393,846</u>	<u>0</u>
<i>Lease Revenue Bonds 3.55% - 5.125% Maturing December 1, 2031:</i>					
<i>Serial and Term Bonds</i>	1,910,000	0	50,000	1,860,000	50,000
<i>Premium</i>	97,799	0	4,362	93,437	0
<i>Total Lease Revenue Bonds</i>	<u>2,007,799</u>	<u>0</u>	<u>54,362</u>	<u>1,953,437</u>	<u>50,000</u>
<i>Compensated Absences</i>	<u>557,516</u>	<u>175,987</u>	<u>135,221</u>	<u>598,282</u>	<u>85,934</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$ 12,209,943</u>	<u>\$ 235,205</u>	<u>\$ 499,583</u>	<u>\$ 11,945,565</u>	<u>\$ 455,934</u>

Compensated absences will be paid from the fund from which employee's are paid, which is typically the general and food service funds. The capital improvements serial bonds, capital appreciation bonds and lease revenue bonds will be repaid from the debt service fund.

During fiscal year 2006, the School District issued \$10,649,997 in general obligation bonds which include serial and capital appreciation bonds with interest rates varying from 3.0% – 4.375% for the serial bonds and 23.04% (4.5% yield) for the capital appreciation bonds. The bonds were issued to construct a new school building housing grades seven through twelve.

During fiscal year 2008, the School District issued lease revenue bonds in the amount of \$2,000,000. The bonds will mature December 1, 2031. The bonds were issued at a premium of \$109,053 which will be amortized over the life of the bonds. The interest rate range is 3.55% to 5.125%. The lease revenue bonds were issued to pay for capital improvements made to existing School District's buildings and pay for a portion of the costs to build the new school building housing grades seven through twelve.

*Mogadore Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**Note 13- Long-Term Obligations (Continued)**

The following is a summary of the School District's future annual principal and interest requirements to retire the general obligation bonds:

<i>Fiscal Year Ending June 30,</i>	<i>Capital Improvement Bonds</i>		<i>Capital Appreciation Bonds</i>		<i>Lease Revenue Bonds</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Accretion</i>	<i>Principal</i>	<i>Interest</i>
2011	\$ 320,000	\$ 372,213	\$ 0	\$ 0	\$ 50,000	\$ 89,262
2012	330,000	360,346	97,315	222,685	55,000	87,365
2013	25,000	353,639	82,682	237,318	55,000	85,337
2014	25,000	352,652	0	0	60,000	83,181
2015	350,000	345,166	0	0	60,000	80,894
2016-2020	1,815,000	1,512,234	0	0	335,000	362,557
2021-2025	2,185,000	1,104,585	0	0	430,000	265,985
2026-2030	2,695,000	579,141	0	0	550,000	140,935
2031-2032	1,255,000	55,453	0	0	265,000	13,715
Total	<u>\$ 9,000,000</u>	<u>\$ 5,035,429</u>	<u>\$ 179,997</u>	<u>\$ 460,003</u>	<u>\$ 1,860,000</u>	<u>\$ 1,209,231</u>

<i>Fiscal Year Ending June 30,</i>	<i>Total</i>	
	<i>Principal</i>	<i>Interest/Accretion</i>
2011	\$ 370,000	\$ 461,475
2012	482,315	670,396
2013	162,682	676,294
2014	85,000	435,833
2015	410,000	426,060
2016-2020	2,150,000	1,874,791
2021-2025	2,615,000	1,370,570
2026-2030	3,245,000	720,076
2031-2032	1,520,000	69,168
Total	<u>\$ 11,039,997</u>	<u>\$ 6,704,663</u>

**Note 14 - Jointly Governed Organizations**

**A. Northeast Ohio Network for Educational Technology**

The School District is a participant in the Northeast Ohio Network for Educational Technology (NEOnet) which is a computer consortium. NEOnet is a jointly governed organization among 17 School Districts located within the boundaries of Medina, Portage and Summit Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. NEOnet is governed by an assembly consisting of superintendents or other designees from participating school districts. The assembly exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All the NEOnet revenues are generated from charges for services and state funding. To obtain financial information write NEOnet, 420 Washington

**Note 14 - Jointly Governed Organizations (Continued)**

Ave., Cuyahoga Falls, Ohio 44221. The Summit County Board of Education serves as the fiscal agent. NEOnet is not dependent on the School District's participation, and no equity interest exists. The School District paid \$38,768 to NEOnet during fiscal year 2010.

**B. Maplewood Joint Vocational School**

The Maplewood Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the ten participating school district's elected boards, which possess its own budgeting and taxing authority. To obtain financial information write to Maplewood Joint Vocational School, 7075 State Route 88, Ravenna, Ohio 44266.

**Note 15 - Public Entity Risk Pools**

**A. Stark County Schools Council of Government**

The Stark County Schools Council of Government (Council) is a shared risk pool which is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of various school districts and a Workers Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Ohio School Plan**

The Ohio School Plan (Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett the insurance agency has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. 450 educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information write to The Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

**Note 15 - Public Entity Risk Pools (Continued)**

**C. Ohio School Boards Association Worker's Compensation Group**

The School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business 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 program. Each year the participating school districts pay enrollment fees to the Program to cover the costs of administering the program.

**Note 16 - Contingencies**

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2010.

**Note 17 - Set-Asides**

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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purpose in future years.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-Aside Carry Over Balance as of June 30, 2009	\$ (67,449)	\$ 0	\$ (67,449)
Current Year Set-Aside Requirement	157,644	157,644	315,288
Qualifying Disbursements	<u>(197,076)</u>	<u>(42,356)</u>	<u>(239,432)</u>
Total	<u>\$ (106,881)</u>	<u>\$ 115,288</u>	<u>\$ 8,407</u>
Set-Aside Balance Carried Forward FY 2011	<u>\$ (106,881)</u>	<u>\$ 115,288</u>	<u>\$ 8,407</u>
Set-Aside Reserve Balance as of June 30, 2010	<u>\$ 0</u>	<u>\$ 115,288</u>	<u>\$ 115,288</u>



*Mogadore Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**Note 17 - Set-Asides (Continued)**

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirement in future years. The set-aside amount of \$115,288 for capital improvements is reported as restricted cash and investments and a reserved fund balance. The budget stabilization represents BWC refunds of \$31,768 which is reported as restricted cash and investments and a reserved fund balance. The remaining amount of \$290,434 is reported as a designation for budget stabilization.

**Note 18 – Interfund Activity**

**A. Interfund Balances**

As of June 30, 2010, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
<b>Fund:</b>		
General	\$ 3,000	\$ 0
Other Governmental:		
Public School Support	<u>0</u>	<u>3,000</u>
Totals	<u>\$ 3,000</u>	<u>\$ 3,000</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2010 are reported on the Statement of Net Assets.

*Mogadore Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**Note 18 – Interfund Activity (Continued)**

**B. Interfund Transfers**

Transfers during June 30, 2010, consist of the following:

<i>Fund</i>	<i>Transfers In</i>	<i>Transfers Out</i>
<i>Major Governmental Funds:</i>		
General	\$ 0	\$ 34,433
Bond Retirement Fund	141,063	0
<i>Non-major Governmental Funds</i>		
Permanent Improvement	0	141,063
Food Service	32,500	0
Uniform School Supplies	1,153	0
Public School Support	780	0
<i>Total Non-Major Governmental Funds</i>	<u>34,433</u>	<u>141,063</u>
<i>Total All Funds</i>	<u>\$ 175,496</u>	<u>\$ 175,496</u>

The transfers made from the general fund were made to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer made from the permanent improvement fund to the bond retirement fund was made to make principal and interest payments. Transfers between governmental funds are eliminated on the governmental-wide financials. All transfers were made in compliance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 18, 2010

To the Board of Education  
Mogadore Local School District  
1 South Cleveland Ave.  
Mogadore, Ohio 44260

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mogadore Local School District, Summit County, (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 18, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated November 18, 2010.

This report is intended solely for the information and use of 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 those specified parties.

*Rea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 18, 2010

The Board of Education  
Mogadore Local School District  
1 S. Cleveland Avenue  
Mogadore, OH 44260

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

### **Compliance**

We have audited the compliance of the Mogadore Local School District, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of the auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Mogadore Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2010.

### **Internal Control over Compliance**

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

### **Schedule of Expenditures of Federal Awards**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2010, and have issued our report thereon dated November 18, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of 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.

*Rea & Associates, Inc.*

**Mogadore Local School District**  
*Schedule of Receipts and Expenditures of Federal Awards - Cash Basis*  
*For the Fiscal Year Ended June 30, 2010*

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
<b>U. S. Department of Education</b>				
<i>Passed Through the Ohio Department of Education:</i>				
Title I - 2010	84.010	2010	\$ 103,776	\$ 101,325
ARRA - Title I	84.389	2010	30,689	30,678
Total Title I Cluster			134,465	132,003
Title II-A - Improving Teacher Quality - 2010	84.367	2010	33,685	33,374
Title II-A - Improving Teacher Quality - 2009	84.367	2009	0	200
Total Title II-A - Improving Teacher Quality			33,685	33,574
IDEA Part B - 2010	84.027	2010	157,600	153,965
ARRA - IDEA Part B - 2010	84.391	2010	121,478	91,066
IDEA Part B - 2009	84.027	2009	8,000	0
Total IDEA Part B Cluster			287,078	245,031
Safe and Drug-Free Schools - 2010	84.186	2010	2,135	2,135
Safe and Drug-Free Schools - 2009	84.186	2009	0	288
Safe and Drug-Free Schools - 2008	84.186	2008	0	306
Total Safe and Drug-Free Schools			2,135	2,729
ARRA - State Fiscal Stabilization Fund	84.394	2010	157,183	148,610
Total State Fiscal Stabilization Fund			157,183	148,610
Title II-D - 2010	84.318	2010	929	0
Title II-D - 2009 (C)	84.318	2009	(76)	0
Title II-D - 2008	84.318	2008	0	498
Total Title II-D			853	498
Title V - 2008 (C)	84.298	2008	(62)	0
Total Title V			(62)	0
<i>Passed Through the Putnam County Educational Service Center:</i>				
Project MORE - 2010	84.xxx	2010	3,360	3,785
Project MORE - 2009 (C)	84.xxx	2009	(76)	0
Total Project MORE			3,284	3,785
<i>Total U.S. Department of Education</i>			618,621	566,230
<b>U. S. Department of Agriculture</b>				
<i>Passed Through the Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program (Food Distribution) (A)(B)	10.555	2010	11,889	11,889
Cash Assistance:				
National School Lunch Program (B)	10.555	2010	85,805	85,805
Total Child Nutrition Cluster			97,694	97,694
<i>Total U.S. Department of Agriculture</i>			97,694	97,694
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 716,315</b>	<b>\$ 663,924</b>

See accompanying notes to this schedule.

**Mogadore Local School District**

*Notes to the Schedule of Receipts and Expenditures of Federal Awards – Cash Basis  
For the Fiscal Year Ended June 30, 2010*

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- (A) Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).
- (B) Federal money is commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
- (C) Federal funds were returned to the pass-through agency.
- (D) The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE’s approval, a School District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year’s activity, and transferring the amounts ODE approves between the cost centers. Subsequent to fiscal year 2010, the Ohio Department of Education (ODE) authorized the following transfers:

<u>CFDA Number / Grant Title</u>	<u>Grant Year</u>	<u>Transfer In</u>	<u>Transfer Out</u>
84.318 Title II-D: Technology Literacy Challenge Fund	2010		\$ 129
84.318 Title II-D: Technology Literacy Challenge Fund	2011	\$ 129	
84.389 ARRA - Title I	2010		\$ 11
84.389 ARRA - Title I	2011	\$ 11	
84.391 ARRA - IDEA Part B	2010		\$ 30,412
84.391 ARRA - IDEA Part B	2011	\$ 30,412	



**Mogadore Local School District  
Schedule of Findings  
OMB Circular A-133, Section .505  
June 30, 2010**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(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 significant deficiency 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)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies 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 Section .510?	No
(d) (1) (vii)	Major Programs (list):	Special Education Cluster #84.027, 84.391 State Fiscal Stabilization Fund #84.394
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None noted

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None noted

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**Mary Taylor, CPA**  
Auditor of State

**MOGADORE LOCAL SCHOOL DISTRICT**

**SUMMIT 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  
DECEMBER 30, 2010**