

Mary Taylor, CPA
Auditor of State

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mohawk Local School District, Wyandot County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mohawk Local School District, Wyandot County, Ohio, as of June 30, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Classroom Facilities Maintenance Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 13, 2009

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The management's discussion and analysis of the Mohawk Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2009, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net cash assets of the District increased \$290,278 or 18.27% from fiscal year 2008.
- General cash receipts accounted for \$7,970,054 or 77.19% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,355,653 or 22.81% of total governmental activities cash receipts.
- The District had \$10,035,429 in cash disbursements related to governmental activities; \$2,355,653 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$7,970,054 were adequate to provide for these programs.
- The District's major funds are the General Fund, Classroom Facilities Maintenance Special Revenue Fund, Debt Service Fund and Classroom Facilities Capital Projects Fund. The General Fund, the District's largest major fund, had cash receipts of \$8,798,733 in 2009. The cash disbursements of the General Fund, totaled \$8,460,623 in 2009. The General Fund's cash balance increased \$338,110 or 116.74% from 2008 to 2009.
- The Classroom Facilities Maintenance Special Revenue Fund, a District major fund, had cash receipts of \$84,855 and cash disbursements of \$41,532 in 2009. The Classroom Facilities Maintenance Special Revenue Fund cash balance increased \$43,323 or 25.50% from 2008 to 2009.
- The Debt Service Fund, a District major fund, had cash receipts of \$508,334 in 2009. The Debt Service Fund had cash disbursements of \$514,325 in 2009. The Debt Service Fund cash balance decreased \$5,991 or 2.93% from 2008 to 2009.
- The Classroom Facilities Capital Projects Fund, a District major fund, had cash receipts of \$14,034 in 2009. The Classroom Facilities Capital Projects Fund had cash disbursements of \$155,169 in 2009. The Classroom Facilities Capital Projects Fund cash balance decreased \$141,135 or 19.43% from 2008 to 2009.

Using the Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are four major governmental funds. The General Fund is the largest major fund.

Reporting the District as a Whole

Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis answer the question, "How did we do financially during 2009?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net cash assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the cash basis financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis the governmental activities include the District's programs and services including instruction, support services, operation of non-instructional services, extracurricular activities, food service operations, facility acquisition and construction, and debt service.

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Classroom Facilities Maintenance Special Revenue Fund, Debt Service Fund and Classroom Facilities Capital Projects Fund. The analysis of the District's major governmental funds begins on page 9.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash assets and fund cash balances or changes in net cash assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 15-16 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General Fund and Classroom Facilities Maintenance Special Revenue Fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on pages 17-18 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a private-purpose trust fund and an agency fund. Only the cash held at year end for these funds is reported on page 19-20.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-38 of this report.

Government-Wide Financial Analysis

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The table below provides a summary of the District's net cash assets for 2009 and 2008.

	Net Cash Assets	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 1,878,699	\$ 1,588,421
Total assets	1,878,699	1,588,421
<u>Net Cash Assets</u>		
Restricted	1,250,955	1,261,528
Unrestricted	<u>627,744</u>	<u>326,893</u>
Total net cash assets	\$ 1,878,699	\$ 1,588,421

The total net cash assets of the District increased \$290,278 which represents an 18.27% increase from fiscal year 2008.

The balance of government-wide unrestricted net cash assets of \$627,744 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2009 and 2008.

	Change in Net Cash Assets	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,211,946	\$ 1,212,159
Operating grants and contributions	1,132,658	1,120,642
Capital grants and contributions	<u>11,049</u>	<u>15,784</u>
Total program cash receipts	<u>2,355,653</u>	<u>2,348,585</u>
General cash receipts:		
Property and other taxes	3,686,838	3,590,235
Unrestricted grants:		
Operating	4,231,924	4,266,702
Proceeds of loan	-	60,002
Investment earnings	40,510	69,449
Other	<u>10,782</u>	<u>8,255</u>
Total general cash receipts	<u>7,970,054</u>	<u>7,994,643</u>
Total cash receipts	\$ 10,325,707	\$ 10,343,228

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

	Change in Net Cash Assets	
	Governmental	Governmental
	Activities	Activities
	<u>2009</u>	<u>2008</u>
Cash Disbursements:		
Instruction:		
Regular	\$ 4,128,806	\$ 4,372,726
Special	1,219,428	999,171
Vocational	107,699	93,760
Adult	908	789
Other	19,100	17,090
Support services:		
Pupil	357,099	375,930
Instructional staff	396,317	404,648
Board of education	32,343	40,264
Administration	639,080	641,789
Fiscal	297,459	290,877
Business	29,880	28,495
Operations and maintenance	843,796	910,539
Pupil transportation	503,785	503,355
Central	37,605	35,558
Operation of non instructional services	110	250
Food service operations	382,017	353,235
Extracurricular	379,081	459,742
Facilities acquisition and construction	158,508	455,603
Debt service:		
Principal retirement	210,000	205,000
Interest and fiscal charges	<u>292,408</u>	<u>297,185</u>
Total cash disbursements	10,035,429	10,486,006
Change in net cash assets	290,278	(142,778)
Net cash assets at beginning of year	<u>1,588,421</u>	<u>1,731,199</u>
Net cash assets at end of year	<u>\$ 1,878,699</u>	<u>\$ 1,588,421</u>

Governmental Activities

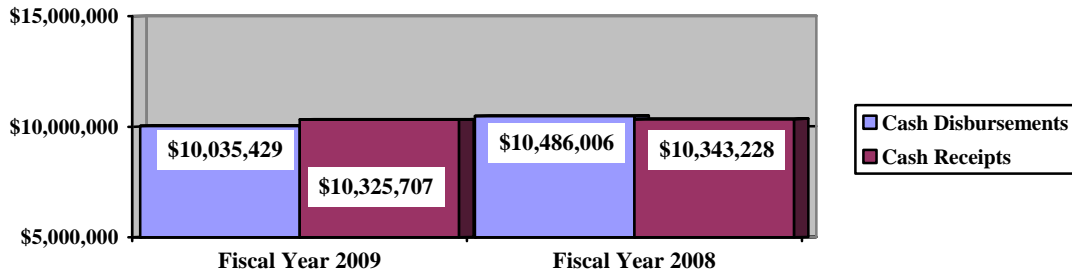
Governmental cash assets increased by \$290,278 in 2009 from 2008. Total governmental disbursements of \$10,035,429 were offset by program receipts of \$2,355,653 and general receipts of \$7,970,054. Program receipts supported 23.47% of the total governmental disbursements. The largest governmental disbursements were instructional expenditures which totaled \$5,475,941 or 54.57% of total governmental expenditures.

The primary sources of receipts for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These receipt sources represent 76.69% of total governmental receipts. Real estate property is reappraised every six years.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



Governmental Activities

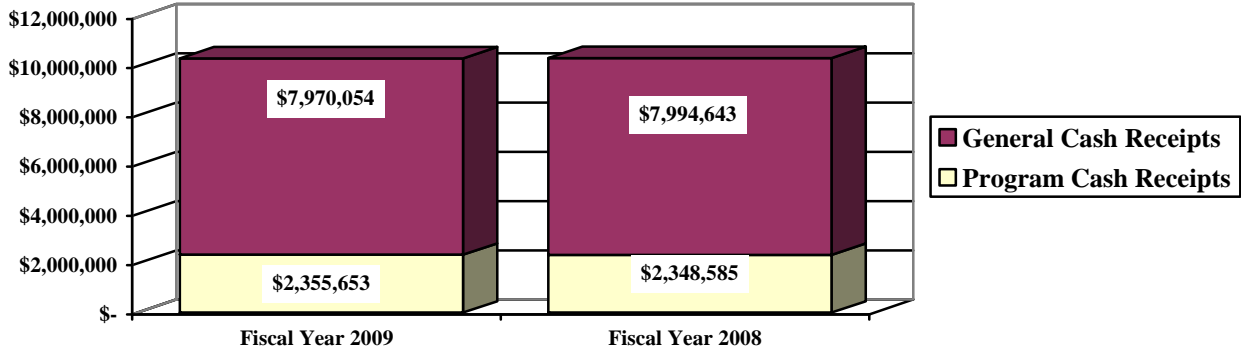
	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Cash disbursements:				
Instruction:				
Regular	\$ 4,128,806	\$ 3,559,640	\$ 4,372,726	\$ 3,738,299
Special	1,219,428	363,128	999,171	324,021
Vocational	107,699	88,123	93,760	71,258
Adult	908	908	789	789
Other	19,100	19,100	17,090	17,090
Support services:				
Pupil	357,099	330,251	375,930	327,438
Instructional staff	396,317	371,013	404,648	379,893
Board of education	32,343	24,679	40,264	33,405
Administration	639,080	638,626	641,789	641,519
Fiscal	297,459	297,459	290,877	290,877
Business	29,880	23,880	28,495	22,495
Operations and maintenance	843,796	840,160	910,539	902,787
Pupil transportation	503,785	244,207	503,355	242,428
Central	37,605	32,605	35,558	30,558
Operation of non instructional services	110	(17)	250	22
Food service operations	382,017	4,144	353,235	(29,858)
Extracurricular	379,081	180,954	459,742	196,691
Facilities acquisition and construction	158,508	158,508	455,603	445,524
Debt service:				
Principal retirement	210,000	210,000	205,000	205,000
Interest and fiscal charges	292,408	292,408	297,185	297,185
Total	\$ 10,035,429	\$ 7,679,776	\$ 10,486,006	\$ 8,137,421

The dependence upon general cash receipts for governmental activities is apparent; with 76.53% of cash disbursements supported through taxes and other general cash receipts during 2009.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$1,878,699, which is \$290,278 above last year's total of \$1,588,421. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2009 and June 30, 2008, for all major and nonmajor governmental funds.

	Fund Cash Balance June 30, 2009	Fund Cash Balance June 30, 2008	Increase (Decrease)
General	\$ 627,744	\$ 289,634	\$ 338,110
Classroom facilities maintenance	213,237	169,914	43,323
Debt service	198,639	204,630	(5,991)
Classroom facilities	585,222	726,357	(141,135)
Other nonmajor governmental funds	<u>253,857</u>	<u>197,886</u>	<u>55,971</u>
Total	<u>\$ 1,878,699</u>	<u>\$ 1,588,421</u>	<u>\$ 290,278</u>

General Fund

The District's major funds are the General Fund, Classroom Facilities Maintenance Special Revenue Fund, Debt Service Fund and Classroom Facilities Capital Projects Fund. The General Fund, the District's largest major fund, had cash receipts of \$8,798,733 in 2009. The cash disbursements of the General Fund, totaled \$8,460,623 in 2009. The General Fund's cash balance increased \$338,110 or 116.74% from 2008 to 2009.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 3,212,957	\$ 3,108,861	3.35 %
Tuition	675,998	599,517	12.76 %
Earnings on investments	19,733	19,946	(1.07) %
Other local revenues	137,926	154,259	(10.59) %
Intergovernmental	<u>4,752,119</u>	<u>4,766,359</u>	(0.30) %
Total	<u>\$ 8,798,733</u>	<u>\$ 8,648,942</u>	1.73 %

Tuition receipts increased 12.76% as a result of increasing open enrollment. All other revenue remained comparable to 2008.

The table that follows assists in illustrating the expenditures of the General Fund.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Percentage Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 5,199,954	\$ 5,160,229	0.77 %
Support services	3,021,124	3,022,196	(0.04) %
Extracurricular	<u>239,545</u>	<u>263,487</u>	(9.09) %
Total	<u>\$ 8,460,623</u>	<u>\$ 8,445,912</u>	0.17 %

Cash disbursements remained comparable to 2008. Overall, cash disbursements increased \$14,711 from 2008.

Classroom Facilities Maintenance Fund

The Classroom Facilities Maintenance Special Revenue Fund, a District major fund, had cash receipts of \$84,855 and cash disbursements of \$41,532 in 2009. The Classroom Facilities Maintenance Special Revenue Fund cash balance increased \$43,323 or 25.50% from 2008 to 2009.

Debt Service Fund

The Debt Service Fund, a District major fund, had cash receipts of \$508,334 in 2009. The Debt Service Fund had cash disbursements of \$514,325 in 2009. The Debt Service Fund cash balance decreased \$5,991 or 2.93% from 2008 to 2009.

Classroom Facilities Fund

The Classroom Facilities Capital Projects Fund, a District major fund, had cash receipts of \$14,034 in 2009. The Classroom Facilities Capital Projects Fund had cash disbursements of \$155,169 in 2009. The Classroom Facilities Capital Projects Fund cash balance decreased \$141,135 or 19.43% from 2008 to 2009.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Budgeting Highlights - General Fund

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

For the General Fund, final budget basis receipts and other financing sources were equal to original budget estimates of \$8,675,995. Actual cash receipts and other financing sources of \$8,798,733 were more than final budget estimates by \$122,738. The final budgetary basis disbursements of \$8,669,330 were equal to original budget estimates. The actual budgetary basis disbursements of \$8,461,630 were \$207,700 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$158,508 during fiscal year 2009.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2009 and 2008:

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
General obligation bonds	<u>\$ 6,918,944</u>	<u>\$ 7,113,150</u>
Total long-term obligations	<u>\$ 6,918,944</u>	<u>\$ 7,113,150</u>

Refer to Note 7 to the basic financial statements for further detail.

Current Financial Related Activities

The District has continued to maintain the highest standards of service to our students, parents and community. It has carefully managed its General Fund budgets in order to optimize the dollars available for educating the students it serves. The District prides itself in the fact that it has operated within its allotted budget since the community passed a 1% income tax in 1995. This income tax issue has been successfully renewed three times since its passage and generates approximately \$1,300,000.

The new biennium budget provides no new revenues for the District. The District will receive 3% less from the State over the next two years. Fourteen teaching positions have been eliminated since the 2008 school year. After two failed levy attempts and a failed income tax attempt, along with the elimination of teaching positions, the District implemented a pay to participate fee of \$50 per student to avoid future budget deficits.

The District maintained fiscal stability in fiscal year 2009 ending the year with an unencumbered General Fund balance of \$626,737. The District will continue to call upon all of its financial abilities to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Roy B. Swartz, Treasurer, Mohawk Local School District, 605 St. Highway 231, Sycamore, OH 44882-9434.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,878,699
Total assets.	1,878,699
Net Cash Assets:	
Restricted for:	
Capital projects	648,725
Perpetual care:	
Expendable.	506
Nonexpendable.	10,101
Debt service	198,639
Classroom facilities maintenance.	213,237
State funded programs	2,394
Federally funded programs.	72,909
Student activities.	43,467
Public school support.	27,862
Food service operations	33,115
Unrestricted.	627,744
Total net cash assets.	\$ 1,878,699

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 4,128,806	\$ 561,103	\$ 8,063	\$ -	\$ (3,559,640)
Special	1,219,428	164,025	692,275	-	(363,128)
Vocational	107,699	-	19,576	-	(88,123)
Adult	908	-	-	-	(908)
Other	19,100	-	-	-	(19,100)
Support services:					
Pupil	357,099	-	26,848	-	(330,251)
Instructional staff	396,317	-	25,304	-	(371,013)
Board of education	32,343	7,664	-	-	(24,679)
Administration	639,080	-	454	-	(638,626)
Fiscal	297,459	-	-	-	(297,459)
Business	29,880	-	6,000	-	(23,880)
Operations and maintenance	843,796	2,636	1,000	-	(840,160)
Pupil transportation	503,785	-	248,529	11,049	(244,207)
Central	37,605	-	5,000	-	(32,605)
Operation of non-instructional services					
	110	-	127	-	17
Food service operations	382,017	282,392	95,481	-	(4,144)
Extracurricular	379,081	194,126	4,001	-	(180,954)
Facilities acquisition and construction	158,508	-	-	-	(158,508)
Debt service:					
Principal retirement	210,000	-	-	-	(210,000)
Interest and fiscal charges	292,408	-	-	-	(292,408)
Totals	<u>\$ 10,035,429</u>	<u>\$ 1,211,946</u>	<u>\$ 1,132,658</u>	<u>\$ 11,049</u>	<u>(7,679,776)</u>

General Cash Receipts:

Taxes levied for:	
General purposes	3,212,957
Debt Service	433,691
Special revenue	40,190
Grants and entitlements not restricted to specific programs	4,231,924
Investment receipts	40,510
Miscellaneous	10,782
Total general cash receipts	<u>7,970,054</u>
Change in net cash assets	290,278
Net cash assets at beginning of year	<u>1,588,421</u>
Net cash assets at end of year	<u>\$ 1,878,699</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Classroom Facilities Maintenance	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and cash equivalents	\$ 627,744	\$ 213,237	\$ 198,639	\$ 585,222	\$ 253,857	\$ 1,878,699
Total assets	<u>\$ 627,744</u>	<u>\$ 213,237</u>	<u>\$ 198,639</u>	<u>\$ 585,222</u>	<u>\$ 253,857</u>	<u>\$ 1,878,699</u>
Fund Cash Balances:						
Reserved for encumbrances.	\$ 1,007	\$ 5,808	\$ -	\$ 80,306	\$ 1,490	\$ 88,611
Reserved for debt service	-	-	198,639	-	-	198,639
Unreserved, undesignated, reported in:						
General fund.	626,737	-	-	-	-	626,737
Special revenue funds	-	207,429	-	-	-	207,429
Capital projects funds	-	-	-	504,916	241,760	746,676
Permanent funds	-	-	-	-	10,607	10,607
Total fund cash balances	<u>\$ 627,744</u>	<u>\$ 213,237</u>	<u>\$ 198,639</u>	<u>\$ 585,222</u>	<u>\$ 253,857</u>	<u>\$ 1,878,699</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	General	Classroom Facilities Maintenance	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Cash receipts:						
From local sources:						
Taxes	\$ 3,212,957	\$ 40,190	\$ 433,691	\$ -	\$ -	\$ 3,686,838
Tuition	675,998	-	-	-	-	675,998
Earnings on investments	19,733	1,963	2,545	14,034	3,169	41,444
Charges for services	-	-	-	-	277,069	277,069
Extracurricular	68,005	-	-	-	126,121	194,126
Classroom materials and fees	40,821	-	-	-	-	40,821
Other local revenues	29,100	-	-	-	8,836	37,936
Intergovernmental - intermediate	-	-	-	-	2,979	2,979
Intergovernmental - state	4,745,966	42,702	72,098	-	18,215	4,878,981
Intergovernmental - federal	6,153	-	-	-	483,362	489,515
Total cash receipts	<u>8,798,733</u>	<u>84,855</u>	<u>508,334</u>	<u>14,034</u>	<u>919,751</u>	<u>10,325,707</u>
Cash disbursements:						
Instruction:						
Regular	4,118,658	-	-	-	10,148	4,128,806
Special	953,589	-	-	-	265,839	1,219,428
Vocational	107,699	-	-	-	-	107,699
Adult	908	-	-	-	-	908
Other	19,100	-	-	-	-	19,100
Support services:						
Pupil	335,852	-	-	-	21,247	357,099
Instructional staff	372,864	-	-	-	23,453	396,317
Board of education	32,343	-	-	-	-	32,343
Administration	638,730	-	-	-	350	639,080
Fiscal	284,444	1,098	11,917	-	-	297,459
Business	23,880	-	-	-	6,000	29,880
Operations and maintenance	801,362	40,434	-	-	2,000	843,796
Pupil transportation	496,650	-	-	-	7,135	503,785
Central	34,999	-	-	-	2,606	37,605
Operation of non-instructional services	-	-	-	-	110	110
Food service operations	-	-	-	-	382,017	382,017
Extracurricular	239,545	-	-	-	139,536	379,081
Facilities acquisition and construction	-	-	-	155,169	3,339	158,508
Debt service:						
Principal retirement	-	-	210,000	-	-	210,000
Interest and fiscal charges	-	-	292,408	-	-	292,408
Total cash disbursements	<u>8,460,623</u>	<u>41,532</u>	<u>514,325</u>	<u>155,169</u>	<u>863,780</u>	<u>10,035,429</u>
Net change in fund cash balances	338,110	43,323	(5,991)	(141,135)	55,971	290,278
Fund cash balances at beginning of year	<u>289,634</u>	<u>169,914</u>	<u>204,630</u>	<u>726,357</u>	<u>197,886</u>	<u>1,588,421</u>
Fund cash balances at end of year	<u>\$ 627,744</u>	<u>\$ 213,237</u>	<u>\$ 198,639</u>	<u>\$ 585,222</u>	<u>\$ 253,857</u>	<u>\$ 1,878,699</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
From local sources:				
Taxes	\$ 3,116,259	\$ 3,116,259	\$ 3,212,957	\$ 96,698
Tuition	610,056	610,056	675,998	65,942
Earnings on investments	15,000	15,000	19,733	4,733
Extracurricular	76,000	76,000	68,005	(7,995)
Classroom materials and fees	41,500	41,500	40,821	(679)
Other local revenues	37,862	37,862	20,407	(17,455)
Intergovernmental - state	4,752,568	4,752,568	4,745,966	(6,602)
Total budgetary basis receipts	<u>8,649,245</u>	<u>8,649,245</u>	<u>8,783,887</u>	<u>134,642</u>
Budgetary basis disbursements:				
Instruction:				
Regular	4,147,016	4,147,016	4,118,670	28,346
Special	963,615	963,615	953,589	10,026
Vocational	111,075	111,075	107,699	3,376
Adult	914	914	908	6
Other	19,171	19,171	19,100	71
Support services:				
Pupil	346,195	346,195	335,852	10,343
Instructional staff	382,473	382,473	372,864	9,609
Board of education	45,554	45,554	32,952	12,602
Administration	655,720	655,720	638,730	16,990
Fiscal	300,136	300,136	284,444	15,692
Business	32,000	32,000	23,880	8,120
Operations and maintenance	805,353	805,353	801,748	3,605
Pupil transportation	579,620	579,620	496,650	82,970
Central	35,285	35,285	34,999	286
Extracurricular	245,203	245,203	239,545	5,658
Total budgetary basis disbursements	<u>8,669,330</u>	<u>8,669,330</u>	<u>8,461,630</u>	<u>207,700</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(20,085)</u>	<u>(20,085)</u>	<u>322,257</u>	<u>342,342</u>
Other financing sources:				
Sale of capital assets	1,750	1,750	2,098	348
Refund of prior year expenditures	25,000	25,000	12,748	(12,252)
Total other financing sources	<u>26,750</u>	<u>26,750</u>	<u>14,846</u>	<u>(11,904)</u>
Net change in fund cash balance	6,665	6,665	337,103	330,438
Fund cash balance at beginning of year	281,684	281,684	281,684	-
Prior year encumbrances appropriated	<u>7,950</u>	<u>7,950</u>	<u>7,950</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 296,299</u>	<u>\$ 296,299</u>	<u>\$ 626,737</u>	<u>\$ 330,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
From local sources:				
Taxes	\$ 41,965	\$ 41,965	\$ 40,190	\$ (1,775)
Earnings on investments	4,000	4,000	1,963	(2,037)
Intergovernmental - state	29,435	19,435	42,702	23,267
Total budgetary basis receipts	<u>75,400</u>	<u>65,400</u>	<u>84,855</u>	<u>19,455</u>
Budgetary basis disbursements:				
Support services:				
Fiscal	4,000	4,000	1,098	2,902
Operations and maintenance.	146,000	146,000	46,242	99,758
Total budgetary basis disbursements	<u>150,000</u>	<u>150,000</u>	<u>47,340</u>	<u>102,660</u>
Net change in fund cash balance	(74,600)	(84,600)	37,515	122,115
Fund cash balance at beginning of year	<u>169,914</u>	<u>169,914</u>	<u>169,914</u>	<u>-</u>
Fund cash balance at end of year.	<u>\$ 95,314</u>	<u>\$ 85,314</u>	<u>\$ 207,429</u>	<u>\$ 122,115</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2009**

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 13,215	\$ 51,948
Total assets	<u>\$ 13,215</u>	<u>\$ 51,948</u>
 Net cash assets:		
Held in trust for scholarships	\$ 13,215	\$ -
Held for student activities	<u>-</u>	<u>51,948</u>
Total net cash assets	<u>\$ 13,215</u>	<u>\$ 51,948</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 515
Gifts and contributions.	500
	1,015
Deductions:	
Scholarships awarded	1,186
	(171)
Change in net cash assets	(171)
Net cash assets at beginning of year	13,386
Net cash assets at end of year.	\$ 13,215

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1957 through the consolidation of existing land areas and school districts. The District serves an area of approximately one hundred twenty-five square miles. It is located in Wyandot, Seneca, and Crawford Counties. The District is the 501st largest in the State of Ohio (among 922 school districts and community schools) in terms of enrollment. It is staffed by 52 classified employees, 71 certified teaching personnel and 6 administrative employees who provide services to 921 students and other community members. The District currently operates one building that houses all students, staff and administrative personnel.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food services, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' Government Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Vanguard-Sentinel Joint Vocational School

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

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Governing Board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 100 Executive Drive, Marion, Ohio 43302.

North Central Regional Professional Development Center

The North Central Regional Professional Development Center (Center) is a jointly governed organization among the school districts in Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The organization was formed to create and sustain self-renewing learning communities to transform education in Ohio so that all learners can achieve their full potential. The Center is governed by a twenty-one member Board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Lorraine Earnest, Mid-Ohio Educational Service Center, 890 West Fourth Street, Suite 100, Mansfield, Ohio 44906.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity - (Continued)

The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

INSURANCE PURCHASING POOLS

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

North Central Ohio Joint Insurance Association

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

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

RELATED ORGANIZATION

Mohawk Community Library

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

GOVERNMENTAL FUNDS

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

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

Classroom Facilities Maintenance Fund - The classroom facilities maintenance fund is used to account for proceeds of a levy for the maintenance of facilities.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment

Classroom Facilities Fund - The classroom facilities fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash assets and changes in net cash 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 cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's private-purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

D. Basis of Presentation

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

The Government-Wide Statement of Activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Wyandot County Budget Commission for tax rate determination.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate of Estimated Resources issued for fiscal year 2009.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of control is the fund level, the District presents budgetary statements at the fund/function levels of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2009. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2009, investments were limited to certificates of deposit and a U.S. government money market mutual fund. Investments are reported at cost.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required or authorized by Board resolution to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$19,733, which includes \$9,213 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

G. Capital Assets

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

H. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

I. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

J. Fund Cash Balance Reserves

The District reserves those portions of fund cash balance which are legally segregated for a specific future use. Unreserved fund cash balance indicates that portion of fund cash balance which is available for appropriation in future periods. Fund cash balance reserves have been established for encumbrances and debt service.

K. Net Cash Assets

Net cash assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Restricted Assets

Assets are reported as restricted assets 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 governments or imposed by enabling legislation. The District did not have any restricted assets at June 30, 2009.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2009, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 10) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 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 that the Board of Education has identified as not required for use within the current five 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.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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 two percent and be marked to market daily, and that 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) of this section 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 (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$1,330,805. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$1,047,892 of the District's bank balance of \$1,547,892 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the 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 Ohio Revised Code, is held in single financial institution collateral pools at 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 public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

B. Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Cost</u>	<u>Investment Maturities 6 months or less</u>
U.S. Government money market mutual fund	\$ 613,057	\$ 613,057
	<u>\$ 613,057</u>	<u>\$ 613,057</u>

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 District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments were rated AAAM by Standard & Poor's.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Cash Assets

The following is a reconciliation of cash and investments as reported in the note above to cash as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,330,805
Investments	<u>613,057</u>
Total	<u>\$ 1,943,862</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,878,699
Private - purpose trust funds	13,215
Agency funds	<u>51,948</u>
Total	<u>\$ 1,943,862</u>

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represented collections of calendar year 2008 taxes. Public utility real property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 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.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represented the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory was 6.25 percent for 2008. This percentage was reduced to zero for 2009. Payments by multi-county taxpayers were due by September 20. Single county taxpayers were required to pay annually or semi-annually. If paid annually, payment is due by April 30; if paid semi-annually, the first payment is due by April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 were substantially received by the District prior to June 30.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 5 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in 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 District due to the phasing out of the tax. In calendar years 2009-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Wyandot, Seneca and Crawford Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 97,479,200	95.06	\$ 103,518,880	95.67
Public utility personal	4,517,570	4.41	4,679,590	4.32
Tangible personal property	<u>546,131</u>	<u>0.53</u>	<u>7,600</u>	<u>0.01</u>
Total	<u>\$ 102,542,901</u>	<u>100.00</u>	<u>\$ 108,206,070</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$44.49		\$42.13	

NOTE 6 - INCOME TAXES

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 7 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2009, the following activity occurred in governmental activities long-term obligations:

	Interest Rate	Balance 06/30/08	Additions	Reductions	Balance 06/30/09	Amount Due in One Year
Governmental activities:						
<u>General Obligation Bonds:</u>						
School improvement bonds	2-4.75%	\$ 6,990,000	\$ -	\$ (210,000)	\$ 6,780,000	\$ 220,000
Capital appreciation bonds	12.88%	<u>123,150</u>	<u>15,794</u>	<u>-</u>	<u>138,944</u>	<u>-</u>
Total governmental activities		<u>\$ 7,113,150</u>	<u>\$ 15,794</u>	<u>\$ (210,000)</u>	<u>\$ 6,918,944</u>	<u>\$ 220,000</u>

- B. During fiscal year 2004, the District issued \$7,869,994 in general obligation bonds to provide funds for the construction of a new building to house grades pre-kindergarten thru 12 (hereinafter called "Construction Project"). These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the Debt Service Fund (a major governmental fund). The source of payment is derived from a current 5.99 mil bonded debt tax levy for the Construction Project. The Construction Project was completed during fiscal year 2008.

This issue is comprised of both current interest bonds, par value \$7,795,000, and capital appreciation bonds, par value \$74,994. The interest rates on the current interest bonds range from 2.00% to 4.75%. The capital appreciation bonds mature on December 1, 2022 (effective interest 12.880%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value at June 30, 2009, was \$138,944.

Interest payments on the current interest bonds are due on December 1 and June 1 of each year. The final maturity stated in the issue is December 2031.

- C. The following is a summary of the future debt requirements to maturity for the general obligation bonds:

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 220,000	\$ 289,783	\$ 509,783	\$ -	\$ -	\$ -
2011	225,000	283,733	508,733	-	-	-
2012	230,000	276,983	506,983	-	-	-
2013	235,000	269,623	504,623	-	-	-
2014	245,000	261,633	506,633	-	-	-
2015 - 2019	1,370,000	1,163,505	2,533,505	-	-	-
2020 - 2024	960,000	557,605	1,517,605	74,994	595,006	670,000
2025 - 2029	1,910,000	609,902	2,519,902	-	-	-
2030 - 2032	<u>1,385,000</u>	<u>133,714</u>	<u>1,518,714</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$6,780,000</u>	<u>\$3,846,481</u>	<u>\$ 10,626,481</u>	<u>\$ 74,994</u>	<u>\$ 595,006</u>	<u>\$ 670,000</u>

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

D. During fiscal year 2006, the District was approved for a \$300,010 hardship loan promissory note to the Ohio School Facilities Commission (OSFC), to provide funds for the OSFC construction project that was started in 2004. This note has no interest rate as long as the note is paid in a timely manner. OSFC has paid \$60,002 towards the District's local share of the project. The remaining loan amount has not been disbursed. The District has made two principal payments totaling \$60,002. At June 30, 2009, there is no outstanding loan balance. However, the District can draw the loan if necessary.

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$3,153,647 (including available funds of \$198,639) and an unvoted debt margin of \$108,167.

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2009, the District contracted for the following insurance coverage:

<u>Description</u>	<u>Amount</u>
Insurance provided by Stolly Insurance Company Building and Contents - replacement cost (\$1,000 deductible)	\$38,321,568
Insurance provided by Stolly Insurance Company	
Automotive Liability	1,000,000
Uninsured motorists	250,000
General liability	
Per occurrence	1,000,000
Aggregate	2,000,000

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 8 - RISK MANAGEMENT - (Continued)

B. North Central Ohio Joint Insurance Association

The District participates in the North Central Ohio Joint Insurance Association (the "Association"), a public entity shared risk pool consisting of eight local school districts (see Note 2.A.). Each participating member pays premiums to the Association for employee medical, dental, life and vision coverage. The Association is responsible for the management and operation of the program. Upon withdrawal, the District is responsible for the payment of all Association liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of the Association, all member's claims are paid without regard to the members account balance. The Association Board of Directors has the right to return monies to an existing participating member subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (see Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. Participants in the Plan are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Plan.

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

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 9 - PENSION PLANS - (Continued)

A. School Employees Retirement System (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$99,551, \$108,132 and \$117,465, respectively; 47.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 9 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio (Continued)

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$465,354, \$490,192, and \$512,935, respectively; 83.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (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 both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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 105(e). For 2009, 4.16 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 2009, the actuarially determined amount was \$35,800.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

A. School Employees Retirement System - (Continued)

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 District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$59,957, \$53,610 and \$56,339, respectively; 47.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,214, \$8,396 and \$7,988, respectively; 47.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 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 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$35,796, \$37,707 and \$39,457, respectively; 83.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 11 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, 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 Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis) presented for the General Fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement:

	<u>Net Change in Fund Cash Balance</u>	
	<u>General Fund</u>	<u>Classroom Facilities Maintenance Fund</u>
Cash Basis	\$ 338,110	\$ 43,323
Adjustment for Encumbrances	<u>(1,007)</u>	<u>(5,808)</u>
Budget Basis	<u>\$ 337,103</u>	<u>\$ 37,515</u>

NOTE 13 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund cash receipt amounts, as defined by statute, into two reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2008	\$ (574,002)	\$ -
Current year set-aside requirement	158,219	158,219
Current year offsets	-	(210,000)
Qualifying disbursements	<u>(139,147)</u>	<u>-</u>
Total	<u>\$ (554,930)</u>	<u>\$ (51,781)</u>
Cash balance carried forward to FY 2010	<u>\$ (554,930)</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the year that reduced the textbooks and capital acquisition set-aside amounts to below zero. The District may, and has chosen to carry forward the excess amount for the textbooks set-aside to reduce set-aside requirements in future years.

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mohawk Local School District, Wyandot County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2009, wherein we noted the District presented financial statements on the cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America. 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 District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the finance committee, management, and Board of Education. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

November 13, 2008

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2009**

Finding Number	2009-001
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**Noncompliance Finding
GAAP Reporting**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For fiscal year 2009, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures, that while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements on the GAAP basis of accounting.

Officials' Response

Due to financial constraints, the Mohawk Board of Education passed a resolution to not prepare its annual financial report in accordance with generally accepted accounting principles. This saved not only preparation cost, but audit cost as well. The financial statements were prepared in a GAAP look alike format.

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Noncompliance Finding GAAP Reporting	No	Not corrected, repeated as finding 2009-001.



Mary Taylor, CPA

Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Mohawk Local School District, Wyandot County, Ohio, (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on March 17, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported.
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the finance committee, management, and Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 13, 2009



Mary Taylor, CPA
Auditor of State

MOHAWK LOCAL SCHOOL DISTRICT

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2010**