THE SEAL OF THE AUDITOR OF STATE OF OHIO

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2018-2017

OHIO AUDITOR OF STATE
KEITH FABER

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY
JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY
JUNE 30, 2018 AND 2017

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Mohawk Local School District
Wyandot County
295 State Route 231
Sycamore, Ohio 44882-9434

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis 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 years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2018 and 2017, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

May 9, 2019

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018, 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 fiscal year 2018 are as follows:

- The total net cash position of the District increased $784,035 or 14.44% from fiscal year 2017. This increase is attributable to the District balancing its budget by closely monitoring receipts and disbursements.

- General cash receipts accounted for $10,375,240 or 80.60% of total governmental activities cash receipts. Program specific cash receipts accounted for $2,496,663 or 19.40% of total governmental activities cash receipts.

- The District had $12,087,868 in cash disbursements related to governmental activities; $2,496,663 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of $10,375,240 were adequate to provide for these programs.

- The District's major funds are the General fund, Bond Retirement fund and Permanent Improvement fund. The General fund, the District's largest major fund, had cash receipts of $11,394,190 in 2018. The cash disbursements and other financing uses of the General fund, totaled $10,919,769 in 2018. The General fund's cash balance increased $474,421 from a cash balance of $3,286,472 in 2017 to a cash balance of $3,760,893 in 2018.

- The Bond Retirement fund, a District major fund, had cash receipts of $486,885 in 2018. Cash disbursements for 2018 totaled $478,267. The Bond Retirement fund cash balance increased $8,618 from a cash balance of $717,749 in 2017 to a cash balance of $726,367 in 2018.

- The Permanent Improvement fund, a District major fund, had receipts and other financing sources of $530,423 in 2018. Cash disbursements for 2018 totaled $305,210. The Permanent Improvement fund cash balance for 2018 was $1,196,273.

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.

The statement of net position - 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 three major governmental funds. The General fund is the largest major fund.

Reporting the District as a Whole

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

The statement of net position - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2018?" These statements include *only net position* using the *cash basis of accounting,* which is a basis of accounting other than accounting principles 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 position and changes in that position on a cash basis. This change in net cash position 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 position - cash basis and statement of activities - cash basis the governmental activities include District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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.

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, Bond Retirement fund and Permanent Improvement fund.

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 principles 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 position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General fund is presented to demonstrate the District's compliance with annually adopted budgets.

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. All of the District's fiduciary activities are reported in separate statements of fiduciary net position cash basis and changes in fiduciary net position cash basis. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at June 30, 2018 and June 30, 2017.

Net Cash Position

	Governmental Activities 2018	Governmental Activities 2017
Assets		
Equity in pooled cash and cash equivalents	$ 6,212,320	$ 5,428,285
Net Cash Position		
Restricted	1,256,540	1,200,404
Unrestricted	4,955,780	4,227,881
Total net cash position	$ 6,212,320	$ 5,428,285

The total net cash position of the District increased $784,035 which represents a 14.44% increase from fiscal year 2017. The balance of government-wide unrestricted net cash position of $4,955,780 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the changes in net cash position for fiscal year 2018 and 2017.

Change in Net Cash Position

	Governmental Activities 2018	Governmental Activities 2017
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	$ 1,597,215	$ 1,572,272
Operating grants and contributions	899,448	930,617
Total program cash receipts	2,496,663	2,502,889
General cash receipts:		
Property and other taxes	5,015,834	4,907,373
Unrestricted grants:		
Operating	5,287,567	5,277,246
Investment earnings	16,009	13,889
Other	55,830	90,504
Total general cash receipts	10,375,240	10,289,012
Total cash receipts	$ 12,871,903	$ 12,791,901

(Continued)

Change in Net Cash Position (Continued)

	Governmental Activities 2018	Governmental Activities 2017
Cash Disbursements:		
Instruction:		
Regular	$ 4,674,471	$ 4,686,027
Special	1,176,135	1,133,460
Vocational	165,976	152,376
Support services:		
Pupil	1,012,487	909,747
Instructional staff	484,150	504,810
Board of education	54,713	52,223
Administration	675,253	594,575
Fiscal	363,179	382,591
Business	21,190	20,140
Operations and maintenance	1,311,088	1,249,612
Pupil transporation	544,666	541,292
Central	5,943	5,943
Operation of non instructional services:		
Food service operations	414,704	409,616
Extracurricular	544,510	528,746
Facilities acquisition and construction	-	61,514
Debt service:		
Principal retirement	263,340	293,135
Interest and fiscal charges	376,063	348,519
Total cash disbursements	12,087,868	11,874,326
Change in net cash position	784,035	917,575
Net cash position at beginning of year	5,428,285	4,510,710
Net cash position at end of year	$ 6,212,320	$ 5,428,285

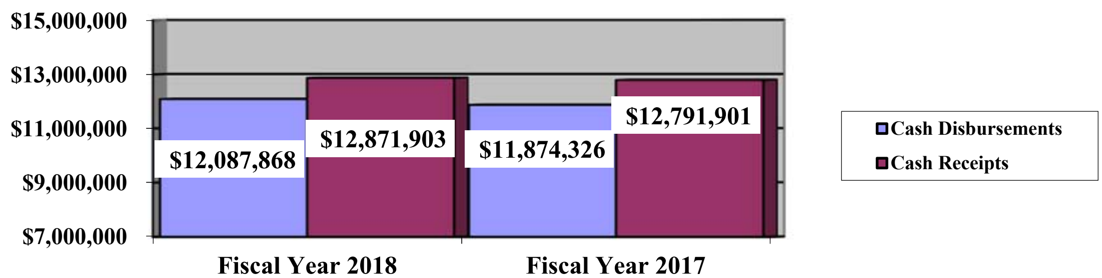
Governmental Activities

Governmental cash position increased by $784,035 in 2018 from 2017. Total governmental disbursements of $12,087,868 were offset by program receipts of $2,496,663 and general receipts of $10,375,240. Program receipts supported 20.65% of the total governmental disbursements. The largest governmental disbursements were instructional expenditures which totaled $6,016,582 or 49.77% of total governmental disbursements.

The primary sources of receipts for governmental activities are derived from taxes, and unrestricted grants and entitlements. These receipt sources represent 80.05% of total governmental receipts. Real estate property is reappraised every six years.

The following graph presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2018 and 2017.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2018 and 2017. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

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MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

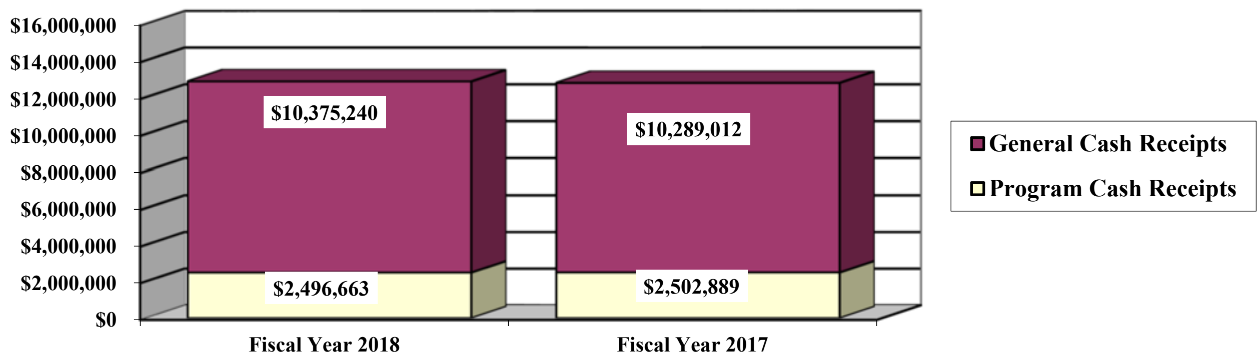
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Governmental Activities			
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Cash disbursements:				
Instruction:				
Regular	$ 4,674,471	$ 3,672,883	$ 4,686,027	$ 3,756,652
Special	1,176,135	381,520	1,133,460	278,331
Vocational	165,976	133,829	152,376	120,290
Support services:				
Pupil	1,012,487	994,398	909,747	879,202
Instructional staff	484,150	461,049	504,810	502,173
Board of education	54,713	54,713	52,223	52,223
Administration	675,253	675,253	594,575	594,575
Fiscal	363,179	363,179	382,591	382,591
Business	21,190	17,590	20,140	16,540
Operations and maintenance	1,311,088	1,251,002	1,249,612	1,167,333
Pupil transportation	544,666	544,666	541,292	541,292
Central	5,943	5,943	5,943	5,943
Operation of non instructional services:				
Food service operations	414,704	38,027	409,616	23,255
Extracurricular	544,510	357,750	528,746	347,869
Facilities acquisition and construction	-	-	61,514	61,514
Debt service:				
Principal retirement	263,340	263,340	293,135	293,135
Interest and fiscal charges	376,063	376,063	348,519	348,519
Total	$ 12,087,868	$ 9,591,205	$ 11,874,326	$ 9,371,437

The dependence upon general cash receipts for governmental activities is apparent; with 79.35% of cash disbursements supported through taxes and other general cash receipts during 2018.

The following graph presents the District's governmental activities cash receipts for fiscal years 2018 and 2017.

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 $6,212,320, which is $784,035 above last year's total of $5,428,285. This increase is attributed to the District balancing its budget by closely monitoring receipts and disbursements. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2018 and June 30, 2017, for all major and nonmajor governmental funds.

	Fund Cash Balance June 30, 2018	Fund Cash Balance June 30, 2017	Change
General	$ 3,760,893	$ 3,286,472	$ 474,421
Bond Retirement	726,367	717,749	8,618
Permanent Improvement	1,196,273	971,060	225,213
Other nonmajor governmental funds	528,787	453,004	75,783
Total	$ 6,212,320	$ 5,428,285	$ 784,035

General Fund

The General fund, the District's largest major fund, had cash receipts of $11,394,190 in 2018. The cash disbursements and other financing uses of the General fund, totaled $10,919,769 in 2018. The General fund's cash balance increased $474,421 or 14.44% from 2017 to 2018. This increase can be attributed to an increase in property taxes as well as tuition receipts.

The following two tables assist in illustrating the cash receipts and disbursements of the General fund.

	2018 Amount	2017 Amount	Percentage Change
Cash Receipts:			
Taxes	$ 4,542,087	$ 4,422,584	2.70 %
Tuition	1,105,370	1,059,975	4.28 %
Earnings on investments	15,898	13,852	14.77 %
Other local revenues	192,580	229,292	(16.01) %
Intergovernmental	5,538,255	5,547,036	(0.16) %
Total	$ 11,394,190	$ 11,272,739	1.08 %

The District's property taxes increased due to an increase in assessed values on which calendar year 2018 property tax receipts were based, affecting the first half of the District's fiscal year. Tuition receipts increased due to increased open enrollment and preschool enrollment. Earnings on investment increased as the District was able to invest more monies in an improved financial market. Other local revenues decreased due mainly to decreased reimbursement and fines receipts. All other receipts remained comparable to fiscal year 2017.

	2018 Amount	2017 Amount	Percentage Change
Cash Disbursements			
Instruction	$ 5,687,670	$ 5,577,495	1.98 %
Support services	4,280,617	4,131,167	3.62 %
Extracurricular	419,175	407,357	2.90 %
Total	$ 10,387,462	$ 10,116,019	2.68 %

Disbursements were comparable to fiscal year 2017.

Bond Retirement Fund

The Bond Retirement fund, a District major fund, had cash receipts of $486,885 in 2018. Cash disbursements for 2018 totaled $478,267. The Bond Retirement fund cash balance increased $8,618 from a cash balance of $717,749 in 2017 to a cash balance of $726,367 in 2018.

Permanent Improvement Fund

The Permanent Improvement fund, a District major fund, had cash receipts and other financing sources of $530,423 in 2018. Cash disbursements for 2018 totaled $305,210. The Permanent Improvement fund cash balance for 2018 was $1,196,273.

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, original and final budgetary basis receipts and other financing sources were $11,271,780. Actual cash receipts and other financing sources of $11,352,845 were more than final budget estimates by $81,065. The original and final budgetary basis disbursements and other financing uses were $11,610,342. The actual budgetary basis disbursements and other financing uses of $11,027,057 were $583,285 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.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2018 and 2017:

	Governmental Activities 2018	Governmental Activities 2017
General obligation bonds	$ 5,248,778	$ 5,459,723
Certificates of participation	1,145,000	1,295,000
Total long-term obligations	$ 6,393,778	$ 6,754,723

Refer to Note 8 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 five times since its passage and generates approximately $1.4 million annually. The support from our local community is critical because of future state funding concerns.

Since our District's Class I tax rate is at the 20-mill floor, the District will see small real estate increase proportion to the increase in Class I values. During fiscal year 2015 and 2016, the District experienced significant increases in CAUV valuation, which resulted in a substantial increase in property tax receipts. In fiscal year 2017 and 2018, CAUV valuation has leveled off. Current state policy, as well as, market conditions will cause a reduction in CAUV. Overall, real estate collections have increased by 6.5% over the last five years with a decrease of .32% expected over the next five years.

At the end of fiscal year 2018, after many years of cost containment, the District's finances continue to be stable. In order to ensure future fiscal stability, the District placed $200,000 into a rainy day fund at the beginning of fiscal year 2014 with the intent to place $200,000 into this fund each year for a five-year period. Currently, the fund has accumulated the planned $1,000,000. It ended the year with an unencumbered/unreserved General fund balance of $3,466,857. The District will continue to keep a close eye on receipts versus disbursements in future years in order to stay fiscally sound.

The District's greatest concern remains planning for the resources needed to address its aging facilities. To tackle this, the District began in fiscal year 2014 to allocate 20% of its income tax proceeds to a Permanent Improvement fund. It is the current intent to keep this allocation at 20% for a total of five years and then to reduce this to 10% thereafter. Additionally, the District transferred $250,000 to the Permanent Improvement fund at year end. Currently, the Permanent Improvement fund balance is $1,196,273. These allocations will enable the district to plan for capital needs without jeopardizing the health and predictability of the General fund

Since the District receives 44% of revenue from state foundation, knowledge of the interworking is critical. Understanding the implications of the District's local tax base as compared to the statewide taxpayer is necessary. State funding of the District is based upon a State Share Index (SSI) which is established upon the District's wealth to the state as a whole. The greater property valuation and/or fewer students makes a district look wealthier. Valuation per pupil relative to the state is a key factor. The District's state funding decreased slightly by.41% in fiscal year 2018. The 2018-2019 state budget shows very little change to the current funding formula. The District is estimating relatively flat funding over the next two years.

The enrollment pattern has resulted in a very slight decline in recent years. Open enrollment figures for recent years show a positive number of students entering the District over those leaving the District. Students attending community schools have increased in recent years. Open enrollment and community school numbers are uncertain from year to year and are therefore monitored closely.

School districts have experienced major changes in legislation, school funding initiatives, and local economic conditions, as well as, increased costs for health care. The roles and influence of legislative officials is also somewhat unpredictable and will also impact future school funding decisions. The District is committed to careful monitoring and planning to provide the resources required to provide the highest standards for educating the students it serves.

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 Rhonda Feasel, Treasurer, Mohawk Local School District, 295 State Route 231, Sycamore, Ohio 44882-9434, or phone at 419-927-2414 x4003.

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	$ 6,212,320
Net cash position:	
Restricted for:	
Permanent fund - nonexpendable	$ 10,230
Classroom facilities maintenance	357,501
Debt service.	726,367
Locally funded programs	5,074
Student activities	86,241
Other purposes	71,127
Unrestricted	4,955,780
Total net cash position.	$ 6,212,320

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, 2018

	Cash Disbursements	Program Cash Receipts: Charges for Services and Sales	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 4,674,471	$ 997,127	$ 4,461	$ (3,672,883)
Special	1,176,135	141,771	652,844	(381,520)
Vocational	165,976	-	32,147	(133,829)
Support services:				
Pupil	1,012,487	-	18,089	(994,398)
Instructional staff	484,150	-	23,101	(461,049)
Board of education	54,713	-	-	(54,713)
Administration	675,253	-	-	(675,253)
Fiscal	363,179	-	-	(363,179)
Business	21,190	-	3,600	(17,590)
Operations and maintenance	1,311,088	59,391	695	(1,251,002)
Pupil transportation	544,666	-	-	(544,666)
Central	5,943	-	-	(5,943)
Operation of non-instructional services:				
Food service operations	414,704	229,533	147,144	(38,027)
Extracurricular activities	544,510	169,393	17,367	(357,750)
Debt service:				
Principal retirement	263,340	-	-	(263,340)
Interest and fiscal charges	376,063	-	-	(376,063)
Total governmental activities	$ 12,087,868	$ 1,597,215	$ 899,448	(9,591,205)

General cash receipts:	
Property taxes levied for:	
General purposes	3,135,839
Debt service	426,911
Special revenue	46,836
Income taxes levied for:	
General purposes	1,406,248
Grants and entitlements not restricted to specific programs	5,287,567
Investment earnings	16,009
Miscellaneous	55,830
Total general cash receipts	10,375,240
Change in net cash position	784,035
Net cash position at beginning of year	5,428,285
Net cash position at end of year	$ 6,212,320

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash					
and cash equivalents.	$ 3,760,893	$ 726,367	$ 1,196,273	$ 528,787	$ 6,212,320
Fund cash balances:					
Nonspendable:					
Permanent fund	$ -	$ -	$ -	$ 10,230	$ 10,230
Restricted:					
Debt service	-	726,367	-	-	726,367
Classroom facilities maintenance	-	-	-	357,501	357,501
Food service operations	-	-	-	71,127	71,127
Other purposes.	-	-	-	5,074	5,074
Extracurricular.	-	-	-	86,241	86,241
Committed:					
Termination benefits.	128,855	-	-	-	128,855
Assigned:					
Student instruction	11,064	-	-	-	11,064
Student and staff support.	154,117	-	-	-	154,117
Subsequent year's appropriations	107,061	-	-	-	107,061
Capital improvements	-	-	1,196,273	-	1,196,273
Unassigned (deficit)	3,359,796	-	-	(1,386)	3,358,410
Total fund cash balances	$ 3,760,893	$ 726,367	$ 1,196,273	$ 528,787	$ 6,212,320

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:					
From local sources:					
Property taxes	$ 3,135,839	$ 426,911	$ -	$ 46,836	$ 3,609,586
Income taxes	1,406,248	-	-	-	1,406,248
Tuition	1,105,370	-	-	-	1,105,370
Earnings on investments	15,898	-	-	286	16,184
Charges for services	-	-	-	229,533	229,533
Extracurricular	47,893	-	-	122,625	170,518
Classroom materials and fees	33,528	-	-	-	33,528
Rental income	58,266	-	-	-	58,266
Contributions and donations	11,797	-	-	17,528	29,325
Other local revenues	41,096	-	2,937	17,179	61,212
Intergovernmental - state	5,471,968	59,974	-	34,977	5,566,919
Intergovernmental - federal	66,287	-	-	518,927	585,214
Total cash receipts	11,394,190	486,885	2,937	987,891	12,871,903
Cash disbursements:					
Current:					
Instruction:					
Regular	4,664,832	-	-	9,639	4,674,471
Special	856,862	-	-	319,273	1,176,135
Vocational	165,976	-	-	-	165,976
Support services:					
Pupil	992,627	-	-	19,860	1,012,487
Instructional staff	462,632	-	-	21,518	484,150
Board of education	54,713	-	-	-	54,713
Administration	675,253	-	-	-	675,253
Fiscal	347,732	14,261	-	1,186	363,179
Business	17,590	-	-	3,600	21,190
Operations and maintenance	1,179,461	-	129,813	1,814	1,311,088
Pupil transportation	544,666	-	-	-	544,666
Central	5,943	-	-	-	5,943
Operation of non-instructional services:					
Food service operations	-	-	-	414,704	414,704
Extracurricular activities	419,175	-	-	125,335	544,510
Debt service:					
Principal retirement	-	113,340	150,000	-	263,340
Interest and fiscal charges	-	350,666	25,397	-	376,063
Total cash disbursements	10,387,462	478,267	305,210	916,929	12,087,868
Excess (deficiency) of cash receipts over (under) disbursements	1,006,728	8,618	(302,273)	70,962	784,035
Other financing sources (uses):					
Transfers in	-	-	527,486	4,821	532,307
Transfers (out)	(532,307)	-	-	-	(532,307)
Total other financing sources (uses)	(532,307)	-	527,486	4,821	-
Net change in fund cash balances	474,421	8,618	225,213	75,783	784,035
Fund cash balances at beginning of year	3,286,472	717,749	971,060	453,004	5,428,285
Fund cash balances at end of year	$ 3,760,893	$ 726,367	$ 1,196,273	$ 528,787	$ 6,212,320

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Budgetary cash receipts:				
From local sources:				
Property taxes	$ 3,114,297	$ 3,114,297	$ 3,135,839	$ 21,542
Income taxes.	1,396,589	1,396,589	1,406,248	9,659
Tuition.	1,097,777	1,097,777	1,105,370	7,593
Earnings on investments	15,789	15,789	15,898	109
Classroom materials and fees	33,298	33,298	33,528	230
Rental income	57,866	57,866	58,266	400
Contributions and donations	5,095	5,095	5,130	35
Other local revenues	35,538	35,538	35,784	246
Intergovernmental - state	5,434,382	5,434,382	5,471,968	37,586
Intergovernmental - federal	66,287	66,287	66,287	-
Total budgetary cash receipts	11,256,918	11,256,918	11,334,318	77,400
Budgetary cash disbursements:				
Current:				
Instruction:				
Regular	4,776,442	4,776,442	4,642,394	134,048
Special.	907,013	907,013	858,313	48,700
Vocational.	174,281	174,281	166,304	7,977
Support services:				
Pupil.	1,055,396	1,055,396	994,906	60,490
Instructional staff	495,833	495,833	467,915	27,918
Board of education	74,664	74,664	62,733	11,931
Administration.	706,513	706,513	681,354	25,159
Fiscal	403,116	403,116	348,952	54,164
Business	21,963	21,963	18,395	3,568
Operations and maintenance.	1,360,090	1,360,090	1,271,214	88,876
Pupil transportation	631,343	631,343	556,416	74,927
Central.	6,200	6,200	5,943	257
Extracurricular activities.	406,198	406,198	360,928	45,270
Total budgetary cash disbursements	11,019,052	11,019,052	10,435,767	583,285
Excess of budgetary cash receipts over budgetary cash disbursements.	237,866	237,866	898,551	660,685
Other financing sources (uses):				
Refund of prior year's expenditures	14,862	14,862	15,422	560
Transfers (out).	(591,290)	(591,290)	(591,290)	-
Sale of capital assets	-	-	3,105	3,105
Total other financing sources (uses)	(576,428)	(576,428)	(572,763)	3,665
Net change in fund cash balance	(338,562)	(338,562)	325,788	664,350
Fund cash balance at beginning of year	3,021,210	3,021,210	3,021,210	-
Prior year encumbrances appropriated	119,859	119,859	119,859	-
Fund cash balance at end of year	$ 2,802,507	$ 2,802,507	$ 3,466,857	$ 664,350

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2018

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and cash equivalents	$ 18,331	$ 122,214
Net cash position:		
Held in trust for scholarships	$ 18,331	$ -
Held for student activities.	-	122,214
Total net cash position.	$ 18,331	$ 122,214

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust
	Scholarship
Additions:	
Interest.	$ 76
Gifts and contributions.	2,288
Total additions.	2,364
Deductions:	
Scholarships awarded	1,702
Change in net cash position	662
Net cash position at beginning of year. . .	17,669
Net cash position at end of year	$ 18,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE 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. It is staffed by 39 classified employees, 64 certified teaching personnel and 5 administrative employees who provide services to 863 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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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 service, 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 organization's Governing 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. 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).

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

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

JOINTLY GOVERNED ORGANIZATIONS

Vanguard-Sentinel Career and Technology Centers
The Vanguard-Sentinel Career and Technology Centers is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Center 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 Center possesses its own budgeting and taxing authority. Financial information can be obtained from the Vanguard-Sentinel Career and Technology Centers, Alan Binger, who serves as Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

META Solutions
The District is a participant in Meta Solutions which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA), the Metropolitan Educational Council (MEC), the Metropolitan Dayton Educational Cooperative Association (MDECA), South Central Oho Computer Association (SCOCA) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC). Meta Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2018, the District paid META Solutions $35,465 for services. Financial information can be obtained from Scott Armstrong, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

INSURANCE PURCHASING POOLS

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

The Executive Director of Comp Management, 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 Trust Regional Council of Governments (NCOT)
NCOT is a legally separate body politic and corporate organized as a regional council of governments under Chapter 167 of the Ohio Revised Code. NCOT is governed by an Assembly which consists of one representative from each participating school district (usually the superintendent or designee). The Assembly elects officers for one year terms to serve as the Board of Directors. The Assembly exercises control over the operation of the NCOT. All NCOT revenues are generated from charges for services. NCOT was formed for the purpose of providing and administering health insurance benefits for member governments.

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, Michelle Schafer, Clerk/Treasurer, 200 South Sycamore Avenue, P.O. Box 9, Sycamore, Ohio 44882.

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 statement. 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 and report all financial resources not accounted for and reported 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.

Bond Retirement fund - The Bond Retirement fund is used to account for receipts and proceeds of bond issuance derived from levies for the retirement of debt and related interest.

Permanent Improvement fund - The Permanent Improvement fund is used to account all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash position and changes in net cash position. 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 position - 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 business segment or 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 2018 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 Seneca County Budget Commission for tax rate determination.

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 July 1, 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 2018.

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. Appropriations 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, 2018. 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 2018, investments were limited to certificates of deposit. Investments are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General fund. Interest revenue credited to the General fund during fiscal year 2018 amounted to $15,898, which includes $6,150 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

Acquisitions 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 Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

K. Net Cash Position

Net cash position is 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.

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, 2018.

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 2018.

N. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

O. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Disbursements out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2018, the balance in the budget stabilization reserve was $1,000,000.

This amount is included in unassigned fund balance of the General fund and in unrestricted net position on the statement of net position.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position / fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

B. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the District has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*" GASB Statement No. 85, "*Omnibus 2017*" and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 11 to the basic financial statements.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

C. Deficit Cash Balances

The District had the following deficit cash balance at June 30, 2018:

Nonmajor fund	Deficit
Title IV-A	$ 1,386

This deficit cash balance resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code §3315.20.

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. 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 items 1 and 2 above 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 the State Treasury Asset Reserve of Ohio (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 the 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.

A. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all District deposits was $6,352,865 and the bank balance of all District deposits was $6,397,524. Of the bank balance, $5,897,524 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 will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Reconciliation of Cash to the Statement of Net Cash Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2018:

Cash per note	
Carrying amount of deposits	$ 6,352,865

Cash per statement of net cash position		
Governmental activities	$	6,212,320
Private - purpose trust funds		18,331
Agency funds		122,214
Total	$	6,352,865

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2018, consisted of the following, as reported on the fund statements:

Transfers from the General fund to:		Amount
Permanent Improvement fund	$	527,486
Nonmajor governmental funds		4,821
Total	$	532,307

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - 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 property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wyandot, Seneca and Crawford Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 150,180,270	91.65	$ 142,403,050	90.87
Public utility personal	13,689,300	8.35	14,313,440	9.13
Total	$ 163,869,570	100.00	$ 156,716,490	100.00
Tax rate per $1,000 of assessed valuation	$40.40		$40.45	

NOTE 7 - INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the 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.

NOTE 8 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2018, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding June 30, 2017	Additions	Reductions	Balance Outstanding June 30, 2018	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
School improvement bonds:					
Series 2004 refunding bonds:					
Capital appreciation bonds	$ 74,994	$ -	$ -	$ 74,994	$ -
Accretion on capital bonds	291,260	47,174	-	338,434	-
Series 2012 refunding bonds:					
Current interest bonds	4,515,000	-	-	4,515,000	-
Capital appreciation bonds	201,860	-	(113,340)	88,520	88,520
Accretion on capital bonds	376,609	106,881	(251,660)	231,830	231,830
2015 certificates of participation	1,295,000	-	(150,000)	1,145,000	155,000
Total long-term obligations, governmental activities	$ 6,754,723	$ 154,055	$ (515,000)	$ 6,393,778	$ 475,350

Mohawk Local School Improvement Bonds (2004)

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 through 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 this bond are recorded as an expenditure in the Bond Retirement 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.

The majority of these bonds were refunded in fiscal year 2013 with the issuance of Series 2012 Refunding Bonds leaving a balance of $255,000 at June 30, 2014. The final principal payment was made on December 1, 2014.

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 was December 1, 2014.

The capital appreciation bonds mature on December 1, 2021 and December 1, 2022 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $335,000 and $335,000 with $595,006 representing interest that accretes over the term of the bonds. Total accreted interest on the capital appreciation bonds at June 30, 2018 was $338,434.

Series 2012 School Improvement Refunding Bonds

On November 27, 2012, the District issued series 2012 school improvement refunding bonds to refund the callable portion of the series 2004 general obligation bonds (principal $5,370,000). The balance of the refunded general obligation current interest bonds at June 30, 2018, is $4,515,000.

This refunding issue is comprised of both current interest bonds and capital appreciation bonds, in the amount of $5,025,000 and $344,995, respectively. The interest rate on the current interest bonds ranges from 2.00% to 4.00%. The current interest bonds mature on December 1, 2031 and will be retired through the Bond Retirement fund. The capital appreciation bonds matured on December 1, 2016 and December 1, 2017 and the remaining capital appreciation bond will mature on December 1, 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the remaining capital appreciation bonds is $360,000 with $271,480 representing interest that accretes over the term of the bonds. Total accreted interest on the remaining capital appreciation bonds at June 30, 2018 was $231,830.

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

	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2019	$ -	$ 99,007	$ 99,007	$ 88,520	$ 271,480	$ 360,000
2020	360,000	99,006	459,006	-	-	-
2021	370,000	91,806	461,806	-	-	-
2022	45,000	84,406	129,406	39,765	295,235	335,000
2023	45,000	83,506	128,506	35,229	299,771	335,000
2024 - 2028	1,965,000	336,030	2,301,030	-	-	-
2029 - 2032	1,730,000	111,763	1,841,763	-	-	-
Total	$ 4,515,000	$ 905,524	$ 5,420,524	$ 163,514	$ 866,486	$ 1,030,000

2015 Certificates of Participation

On March 12, 2015, the District issued certificates of participation in the amount of $1,600,000, to provide funds for a new HVAC system. This debt was issued for a ten year period, with final maturity during fiscal year 2025. The debt will be retired through the Permanent Improvement fund.

The debt maturing on December 1, 2024 is subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal and interest amounts as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 155,000	$ 23,110	$ 178,110
2020	155,000	20,785	175,785
2021	160,000	17,742	177,742
2022	165,000	13,924	178,924
2023	165,000	10,047	175,047
2024 - 2025	345,000	8,166	353,166
Total	$ 1,145,000	$ 93,774	$ 1,238,774

B. 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, 2018, are a voted debt margin of $10,152,337 (including available funds of $726,367) and an unvoted debt margin of $156,716.

NOTE 9 - 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 2018, the District contracted for the following insurance coverage:

Description	Amount
Insurance provided by Liberty Mutual Insurance Company	
Building and Contents - replacement cost ($2,500 deductible)	$44,443,168
Insurance provided by Liberty Mutual Insurance Company	
Automotive Liability	1,000,000
Uninsured motorists	1,000,000

General liability	
Per occurrence	1,000,000
Aggregate	2,000,000

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.

B. North Central Ohio Trust Regional Council of Governments (NCOT)

The District participates in NCOT, a regional council of governments consisting of member school districts (See Note 2.A.). Each participating member pays premiums to NCOT for employee medical, dental, life and vision coverage. NCOT is responsible for the management and operation of the program. Upon withdrawal, the District is responsible for the payment of all NCOT liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of NCOT, all member's claims are paid without regard to the members account balance. NCOT Board of Directors has the right to return or not return monies to an existing participating member subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

For fiscal year 2018, the District participated in the OASBO/OSBA/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $184,142 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 East Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website 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. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $566,464 for fiscal year 2018.

Net Pension Liability

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.04237970%	0.03397282%	
Proportion of the net pension liability current measurement date	0.04121710%	0.03431303%	
Change in proportionate share	(0.00116260)%	0.00034021%	
Proportionate share of the net pension liability	$ 2,462,631	$ 8,151,134	$ 10,613,765

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 3,417,491	$ 2,462,631	$ 1,662,740

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS; investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate **-** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$11,684,373	$ 8,151,134	$ 5,174,909

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported June 30, 2017, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Chapter 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal

Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was $21,553.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $28,373 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.04214444%	0.03397282%	
Proportion of the net OPEB liability current measurement date	0.04158550%	0.03431303%	
Change in proportionate share	-0.00055894%	0.00034021%	
Proportionate share of the net OPEB liability	$ 1,116,046	$ 1,338,768	$ 2,454,814

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five-year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$ 1,347,767	$ 1,116,046	$ 932,463

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	$ 905,587	$ 1,116,046	$ 1,394,591

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also, since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate **-** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	$ 1,797,274	$ 1,338,768	$ 976,398

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 930,119	$ 1,338,768	$ 1,876,598

NOTE 12 - 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.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2018 are a total receivable of $4,516 for the District.

NOTE 13 - 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 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:

Net Change in Fund Balance

	General fund
Budget basis	$ 325,788
Funds budgeted elsewhere	6,859
Adjustment for encumbrances	141,774
Cash basis	$ 474,421

The Public School Support fund and the Termination Benefits fund are legally budgeted as separate special revenue funds; however, they are considered part of the General fund for financial reporting purposes.

NOTE 14 - STATUTORY RESERVES

The District is required by State law to annually set-aside certain General fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside reserve balance June 30, 2017	$ -
Current year set-aside requirement	161,573
Current year qualifying expenditures	(408,071)
Total	$ (246,498)
Balance carried forward to fiscal year 2019	$ -
Set-aside balance June 30, 2018	$ -

NOTE 15 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be report as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund Type	Year-End Encumbrances
General fund	$ 142,867
Permanent Improvement	101,506
Other nonmajor governmental	3,008
Total	$ 247,381

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, 2017, 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 fiscal year 2017 are as follows:

- The total net cash position of the District increased $917,575 or 20.34% from fiscal year 2016. This increase is attributable to the District balancing its budget by closely monitoring receipts and disbursements.

- General cash receipts accounted for $10,289,012 or 80.43% of total governmental activities cash receipts. Program specific cash receipts accounted for $2,502,889 or 19.57 % of total governmental activities cash receipts.

- The District had $11,874,326 in cash disbursements related to governmental activities; $2,502,889 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of $10,289,012 were adequate to provide for these programs.

- The District's major funds are the General fund, Bond Retirement fund and Permanent Improvement fund. The General fund, the District's largest major fund, had cash receipts of $11,272,739 in 2017. The cash disbursements and other financing uses of the General fund, totaled $10,650,903 in 2017. The General fund's cash balance increased $621,836 from a cash balance of $2,664,636 in 2016 to a cash balance of $3,286,472 in 2017.

- The Bond Retirement fund, a District major fund, had cash receipts of $502,715 in 2017. Cash disbursements for 2017 totaled $479,846. The Bond Retirement fund cash balance increased $22,869 from a cash balance of $694,880 in 2016 to a cash balance of $717,749 in 2017.

- The Permanent Improvement fund, a District major fund, had receipts and other financing sources of $550,336 in 2017. Cash disbursements for 2017 totaled $244,740. The Permanent Improvement fund cash balance for 2017 was $971,060.

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.

The statement of net position - 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 three major governmental funds. The General fund is the largest major fund.

Reporting the District as a Whole

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

The statement of net position - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2017?" These statements include *only net position* using the *cash basis of accounting,* which is a basis of accounting other than accounting principles 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 position and changes in that position on a cash basis. This change in net cash position 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 position - cash basis and statement of activities - cash basis the governmental activities include District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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.

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, Bond Retirement fund and Permanent Improvement fund.

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 principles 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 position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General fund is presented to demonstrate the District's compliance with annually adopted budgets.

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. All of the District's fiduciary activities are reported in separate statements of fiduciary net position cash basis and changes in fiduciary net position cash basis. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at June 30, 2017 and June 30, 2016.

Net Cash Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Equity in pooled cash and cash equivalents	$ 5,428,285	$ 4,493,329
Cash with escrow agent	-	17,381
Total assets	5,428,285	4,510,710
Net Cash Position		
Restricted	1,200,404	1,211,076
Unrestricted	4,227,881	3,299,634
Total net cash position	$ 5,428,285	$ 4,510,710

The total net cash position of the District increased $917,575 which represents a 20.34% increase from fiscal year 2016. The balance of government-wide unrestricted net cash position of $4,227,881 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the changes in net cash position for fiscal year 2017 and 2016.

Change in Net Cash Position

	Governmental Activities 2017	Governmental Activities 2016
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	$ 1,572,272	$ 1,410,310
Operating grants and contributions	930,617	882,345
Total program cash receipts	2,502,889	2,292,655
General cash receipts:		
Property and other taxes	4,907,373	4,809,386
Unrestricted grants:		
Operating	5,277,246	5,353,790
Investment earnings	13,889	7,729
Other	90,504	26,315
Total general cash receipts	10,289,012	10,197,220
Total cash receipts	$ 12,791,901	$ 12,489,875

(Continued)

Change in Net Cash Position (Continued)

	Governmental Activities 2017	Governmental Activities 2016
Cash Disbursements:		
Instruction:		
Regular	$ 4,686,027	$ 4,284,075
Special	1,133,460	1,064,258
Vocational	152,376	151,020
Other	-	1,929
Support services:		
Pupil	909,747	795,745
Instructional staff	504,810	521,387
Board of education	52,223	59,030
Administration	594,575	597,738
Fiscal	382,591	347,308
Business	20,140	14,514
Operations and maintenance	1,249,612	1,279,261
Pupil transporation	541,292	550,425
Central	5,943	27,965
Operation of non instructional services:		
Food service operations	409,616	398,599
Extracurricular	528,746	456,275
Facilities acquisition and construction	61,514	673,801
Debt service:		
Principal retirement	293,135	500,000
Interest and fiscal charges	348,519	135,842
Total cash disbursements	11,874,326	11,859,172
Change in net cash position	917,575	630,703
Net cash position at beginning of year	4,510,710	3,880,007
Net cash position at end of year	$ 5,428,285	$ 4,510,710

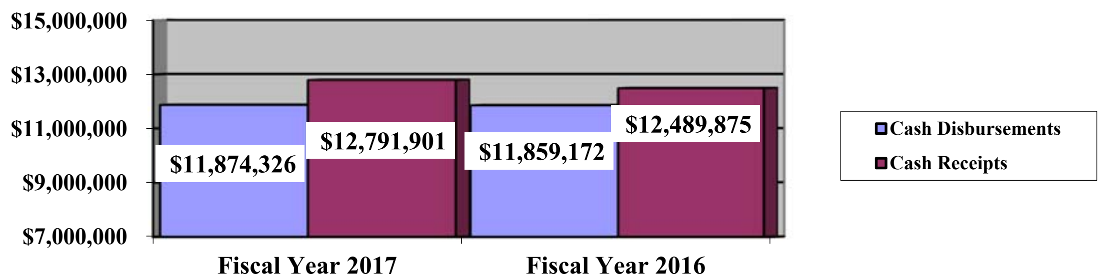
Governmental Activities

Governmental cash position increased by $917,575 in 2017 from 2016. Total governmental disbursements of $11,874,326 were offset by program receipts of $2,502,889 and general receipts of $10,289,012. Program receipts supported 21.08% of the total governmental disbursements. The largest governmental disbursements were instructional expenditures which totaled $5,971,863 or 50.29% of total governmental disbursements.

The primary sources of receipts for governmental activities are derived from taxes, and unrestricted grants and entitlements. These receipt sources represent 79.62% of total governmental receipts. Real estate property is reappraised every six years.

The following graph presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2017 and 2016.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2017 and 2016. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

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MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

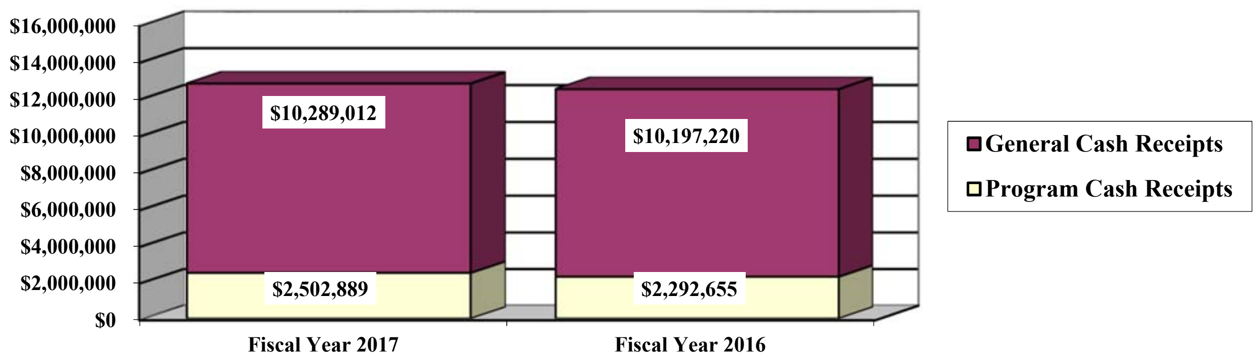
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Governmental Activities			
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Cash disbursements:				
Instruction:				
Regular	$ 4,686,027	$ 3,756,652	$ 4,284,075	$ 3,389,702
Special	1,133,460	278,331	1,064,258	344,298
Vocational	152,376	120,290	151,020	121,740
Other	-	-	1,929	1,929
Support services:				
Pupil	909,747	879,202	795,745	795,745
Instructional staff	504,810	502,173	521,387	510,931
Board of education	52,223	52,223	59,030	59,030
Administration	594,575	594,575	597,738	597,738
Fiscal	382,591	382,591	347,308	347,308
Business	20,140	16,540	14,514	10,914
Operations and maintenance	1,249,612	1,167,333	1,279,261	1,258,536
Pupil transportation	541,292	541,292	550,425	550,425
Central	5,943	5,943	27,965	27,965
Operation of non instructional services:				
Food service operations	409,616	23,255	398,599	(45,676)
Extracurricular	528,746	347,869	456,275	286,289
Facilities acquisition and construction	61,514	61,514	673,801	673,801
Debt service:				
Principal retirement	293,135	293,135	500,000	500,000
Interest and fiscal charges	348,519	348,519	135,842	135,842
Total	$ 11,874,326	$ 9,371,437	$ 11,859,172	$ 9,566,517

The dependence upon general cash receipts for governmental activities is apparent; with 78.92% of cash disbursements supported through taxes and other general cash receipts during 2017.

The following graph presents the District's governmental activities cash receipts for fiscal years 2017 and 2016.

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 $5,428,285, which is $917,575 above last year's total of $4,510,710. This increase is attributed to the District balancing its budget by closely monitoring receipts and disbursements. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2017 and June 30, 2016, for all major and nonmajor governmental funds.

	Fund Cash Balance June 30, 2017	Fund Cash Balance June 30, 2016	Change
General	$ 3,286,472	$ 2,664,636	$ 621,836
Bond retirement	717,749	694,880	22,869
Permanent Improvement	971,060	665,464	305,596
Other nonmajor governmental funds	453,004	485,730	(32,726)
Total	$ 5,428,285	$ 4,510,710	$ 917,575

General Fund

The General fund, the District's largest major fund, had cash receipts of $11,272,739 in 2017. The cash disbursements and other financing uses of the General fund, totaled $10,650,903 in 2017. The General fund's cash balance increased $621,836 or 23.34% from 2016 to 2017. This increase can be attributed to an increase in property taxes as well as tuition and other local revenues receipts.

The following two tables assist in illustrating the cash receipts and disbursements of the General fund.

	2017 Amount	2016 Amount	Percentage Change
Cash Receipts:			
Taxes	$ 4,422,584	$ 4,312,640	2.55 %
Tuition	1,059,975	956,465	10.82 %
Earnings on investments	13,852	6,878	101.40 %
Other local revenues	229,292	109,374	109.64 %
Intergovernmental	5,547,036	5,619,277	(1.29) %
Total	$ 11,272,739	$ 11,004,634	2.44 %

The District's property taxes increased due to an increase in assessed values on which calendar year 2017 property tax receipts were based, affecting the second half of the District's fiscal year. Tuition receipts increased due to increased open enrollment and preschool enrollment. Intergovernmental receipts decreased $72,241 due to a decrease in grants received from the state. Other local revenues increased over 100% due mainly to income received from Spectrum lease royalties. All other receipts remained comparable to fiscal year 2016.

	2017 Amount	2016 Amount	Percentage Change
Cash Disbursements			
Instruction	$ 5,577,495	$ 5,119,356	8.95 %
Support services	4,131,167	3,981,045	3.77 %
Extracurricular	407,357	338,034	20.51 %
Total	$ 10,116,019	$ 9,438,435	7.18 %

Instruction related disbursements increased 8.95% due mainly to an increase in costs of salaries and benefits. Extracurricular activities increased due to increased participation in extracurriculars. All other disbursements remained comparable to fiscal year 2016.

Bond Retirement Fund

The Bond Retirement fund, a District major fund, had cash receipts of $502,715 in 2017. Cash disbursements for 2017 totaled $479,846. The Bond Retirement fund cash balance increased $22,869 from a cash balance of $694,880 in 2016 to a cash balance of $717,749 in 2017.

Permanent Improvement Fund

The Permanent Improvement fund, a District major fund, had cash receipts and other financing sources of $550,336 in 2017. Cash disbursements for 2017 totaled $244,740. The Permanent Improvement fund cash balance for 2017 was $971,060.

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 budgetary basis receipts of $10,757,891were less than the original budget estimates of $10,956,191. Actual cash receipts of $11,212,662 were more than final budget estimates by $454,771. The final budgetary basis disbursements and other financing uses of $11,577,090 were more than the original budget estimates of $11,361,264. The actual budgetary basis disbursements and other financing uses of $10,816,484 were $760,606 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.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2017 and 2016:

	Governmental Activities 2017	Governmental Activities 2016
General obligation bonds	$ 5,459,723	$ 5,622,324
Certificates of participation	1,295,000	1,445,000
Total long-term obligations	$ 6,754,723	$ 7,067,324

Refer to Note 8 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 four times since its passage and generates approximately $1.4 million annually. The support from our local community is critical because of future state funding concerns.

Since our District's Class I tax rate is at the 20 mill floor, the District will see small real estate increase proportion to the increase in Class I values. During fiscal year 2015 and 2016, the District experienced significant increases in CAUV valuation, which resulted in a substantial increase in property tax receipts. In fiscal year 2017, CAUV valuation has leveled off. Current state policy, as well as, market conditions will cause a reduction in CAUV beginning in 2018. Overall, real estate collections have increased by 6.63% over the last five years.

At the end of fiscal year 2017, after many years of cost containment, the District's finances continue to be stable. In order to ensure future fiscal stability, the district placed $200,000 into a rainy day fund at the beginning fiscal year 2014 with the intent to place $200,000 into this fund each year for a five year period. Currently, the fund has accumulated $800,000. It ended the year with an unencumbered/unreserved General fund balance of $3,021,210. The District will continue to keep a close eye on receipts versus disbursements in future years in order to stay fiscally sound.

The District's greatest concern remains planning for the resources needed to address its aging facilities. To tackle this, the District began in fiscal year 2014 to allocate 20% of its income tax proceeds to a Permanent Improvement fund. It is the current intent to keep this allocation at 20% for a total of five years and then to reduce this to 10%

thereafter. Additionally, the District transferred $250,000 to the Permanent Improvement fund at year end with the intent to transfer another $250,000 in fiscal year 2018 with the ultimate goal of reaching $1 million by the end of fiscal year 2018. These allocations will enable the district to plan for capital needs without jeopardizing the health and predictability of the General fund

Since the District receives 45% of revenue from state foundation, knowledge of the interworking is critical. Understanding the implications of the District's local tax base as compared to the statewide taxpayer is necessary. State funding of the District is based upon a State Share Index (SSI) which is established upon the District's wealth to the state as a whole. The greater property valuation and/or fewer students makes a district look wealthier. Valuation per pupil relative to the state is a key factor. The District's state funding decreased slightly by.50% in fiscal year 2017. The 2018-2019 state budget shows very little change to the current funding formula. The District is estimating flat funding over the next two year.

The enrollment pattern has resulted in a very slight decline in recent years. Open enrollment figures for recent years show a positive number of students entering the District over those leaving the District. Students attending community schools have increased in recent years. Open enrollment and community school numbers are uncertain from year to year and are therefore monitored closely.

School districts have experienced major changes in legislation, school funding initiatives, and local economic conditions, as well as, increased costs for health care. The roles and influence of legislative officials is also somewhat unpredictable and will also impact future school funding decisions. The District is committed to careful monitoring and planning to provide the resources required to provide the highest standards for educating the students it serves.

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 Rhonda Feasel, Treasurer, Mohawk Local School District, 295 State Route 231, Sycamore, Ohio 44882-9434, or phone at 419-927-2414 x4003.

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	$ 5,428,285
Net cash position:	
Restricted for:	
Permanent fund - nonexpendable	$ 10,119
Classroom facilities maintenance	286,928
Debt service.	717,749
Locally funded programs	8,692
Student activities	72,583
Other purposes	104,333
Unrestricted	4,227,881
Total net cash position.	$ 5,428,285

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, 2017

	Cash Disbursements	Program Cash Receipts: Charges for Services and Sales	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 4,686,027	$ 925,424	$ 3,951	$ (3,756,652)
Special	1,133,460	167,563	687,566	(278,331)
Vocational	152,376	-	32,086	(120,290)
Support services:				
Pupil	909,747	-	30,545	(879,202)
Instructional staff	504,810	-	2,637	(502,173)
Board of education	52,223	-	-	(52,223)
Administration	594,575	-	-	(594,575)
Fiscal	382,591	-	-	(382,591)
Business	20,140	-	3,600	(16,540)
Operations and maintenance	1,249,612	81,522	757	(1,167,333)
Pupil transportation	541,292	-	-	(541,292)
Central	5,943	-	-	(5,943)
Operation of non-instructional services:				
Food service operations	409,616	217,839	168,522	(23,255)
Extracurricular activities	528,746	179,924	953	(347,869)
Facilities acquisition & construction	61,514	-	-	(61,514)
Debt service:				
Principal retirement	293,135	-	-	(293,135)
Interest and fiscal charges	348,519	-	-	(348,519)
Total governmental activities	$ 11,874,326	$ 1,572,272	$ 930,617	(9,371,437)

General cash receipts:	
Property taxes levied for:	
General purposes	3,013,243
Debt service	439,370
Special revenue	45,419
Income taxes levied for:	
General purposes	1,409,341
Grants and entitlements not restricted to specific programs	5,277,246
Investment earnings	13,889
Miscellaneous	90,504
Total general cash receipts	10,289,012
Change in net cash position	917,575
Net cash position at beginning of year	4,510,710
Net cash position at end of year	$ 5,428,285

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash					
and cash equivalents	$ 3,286,472	$ 717,749	$ 971,060	$ 453,004	$ 5,428,285
Fund cash balances:					
Nonspendable:					
Permanent fund	$ -	$ -	$ -	$ 10,119	$ 10,119
Restricted:					
Debt service	-	717,749	-	-	717,749
Classroom facilities maintenance	-	-	-	286,928	286,928
Food service operations	-	-	-	104,333	104,333
Other purposes	-	-	-	8,692	8,692
Extracurricular	-	-	-	72,583	72,583
Committed:					
Termination benefits	116,983	-	-	-	116,983
Assigned:					
Student instruction	4,375	-	-	-	4,375
Student and staff support	95,525	-	-	-	95,525
Subsequent year's appropriations	218,702	-	-	-	218,702
Capital improvements	-	-	971,060	-	971,060
Unassigned (deficit)	2,850,887	-	-	(29,651)	2,821,236
Total fund cash balances	$ 3,286,472	$ 717,749	$ 971,060	$ 453,004	$ 5,428,285

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:					
From local sources:					
Property taxes	$ 3,013,243	$ 439,370	$ -	$ 45,419	$ 3,498,032
Income taxes	1,409,341	-	-	-	1,409,341
Tuition	1,059,975	-	-	-	1,059,975
Earnings on investments	13,852	-	-	234	14,086
Charges for services	-	-	-	217,839	217,839
Extracurricular	45,257	-	-	134,667	179,924
Classroom materials and fees	33,012	-	-	-	33,012
Rental income	81,522	-	-	-	81,522
Contributions and donations	13,399	-	-	1,183	14,582
Other local revenues	56,102	-	21,003	24,000	101,105
Intergovernmental - state	5,487,777	63,345	-	35,142	5,586,264
Intergovernmental - federal	59,259	-	-	536,960	596,219
Total cash receipts	11,272,739	502,715	21,003	995,444	12,791,901
Cash disbursements:					
Current:					
Instruction:					
Regular	4,648,422	-	-	37,605	4,686,027
Special	776,697	-	-	356,763	1,133,460
Vocational	152,376	-	-	-	152,376
Support services:					
Pupil	880,023	-	-	29,724	909,747
Instructional staff	502,311	-	-	2,499	504,810
Board of education	52,223	-	-	-	52,223
Administration	594,575	-	-	-	594,575
Fiscal	365,453	15,839	-	1,299	382,591
Business	16,540	-	-	3,600	20,140
Operations and maintenance	1,172,807	-	67,093	9,712	1,249,612
Pupil transportation	541,292	-	-	-	541,292
Central	5,943	-	-	-	5,943
Operation of non-instructional services:					
Food service operations	-	-	-	409,616	409,616
Extracurricular activities	407,357	-	-	121,389	528,746
Facilities acquisition and construction	-	-	-	61,514	61,514
Debt service:					
Principal retirement	-	143,135	150,000	-	293,135
Interest and fiscal charges	-	320,872	27,647	-	348,519
Total cash disbursements	10,116,019	479,846	244,740	1,033,721	11,874,326
Excess (deficiency) of cash receipts over (under) disbursements	1,156,720	22,869	(223,737)	(38,277)	917,575
Other financing sources (uses):					
Transfers in	-	-	529,333	5,551	534,884
Transfers (out)	(534,884)	-	-	-	(534,884)
Total other financing sources (uses)	(534,884)	-	529,333	5,551	-
Net change in fund cash balances	621,836	22,869	305,596	(32,726)	917,575
Fund cash balances at beginning of year	2,664,636	694,880	665,464	485,730	4,510,710
Fund cash balances at end of year	$ 3,286,472	$ 717,749	$ 971,060	$ 453,004	$ 5,428,285

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, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Budgetary cash receipts:				
From local sources:				
Property taxes	$ 2,879,630	$ 2,827,242	$ 3,013,243	$ 186,001
Income taxes	1,476,789	1,449,923	1,409,341	(40,582)
Tuition	941,380	924,253	1,059,975	135,722
Earnings on investments	5,300	6,872	13,852	6,980
Classroom materials and fees	32,599	32,006	33,012	1,006
Rental income	54,698	53,703	81,522	27,819
Contributions and donations	1,500	1,473	700	(773)
Other local revenues	12,029	11,163	53,981	42,818
Intergovernmental - state	5,509,768	5,409,531	5,487,777	78,246
Intergovernmental - federal	42,498	41,725	59,259	17,534
Total budgetary cash receipts	10,956,191	10,757,891	11,212,662	454,771
Budgetary cash disbursements:				
Current:				
Instruction:				
Regular	4,782,686	4,826,011	4,634,319	191,692
Special	747,497	824,479	777,519	46,960
Vocational	155,656	158,513	153,176	5,337
Other	2,492	2,390	-	2,390
Support services:				
Pupil	823,738	919,114	882,482	36,632
Instructional staff	566,210	545,247	503,855	41,392
Board of education	77,500	86,801	59,069	27,732
Administration	615,298	613,438	587,925	25,513
Fiscal	356,954	388,724	369,996	18,728
Business	22,889	25,042	16,900	8,142
Operations and maintenance	1,430,560	1,418,865	1,257,072	161,793
Pupil transportation	637,593	618,559	543,403	75,156
Central	6,279	6,200	5,943	257
Extracurricular activities	330,349	382,982	338,704	44,278
Total budgetary cash disbursements	10,555,701	10,816,365	10,130,363	686,002
Excess (deficiency) of budgetary cash receipts over (under) budgetary cash disbursements	400,490	(58,474)	1,082,299	1,140,773
Other financing (uses):				
Transfers (out)	(805,563)	(760,725)	(686,121)	74,604
Net change in fund cash balance	(405,073)	(819,199)	396,178	1,215,377
Fund cash balance at beginning of year	2,450,712	2,450,712	2,450,712	-
Prior year encumbrances appropriated	174,320	174,320	174,320	-
Fund cash balance at end of year	$ 2,219,959	$ 1,805,833	$ 3,021,210	$ 1,215,377

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and cash equivalents	$ 17,669	$ 123,544
Net cash position:		
Held in trust for scholarships	$ 17,669	$ -
Held for student activities.	-	123,544
Total net cash position.	$ 17,669	$ 123,544

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Interest.	$ 9
Gifts and contributions.	4,250
Total additions.	4,259
Deductions:	
Scholarships awarded	2,000
Change in net cash position	2,259
Net cash position at beginning of year. . .	15,410
Net cash position at end of year	$ 17,669

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE 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. It is staffed by 44 classified employees, 61 certified teaching personnel and 4 administrative employees who provide services to 906 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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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 service, 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 organization's Governing 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. 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).

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

JOINTLY GOVERNED ORGANIZATIONS

Vanguard-Sentinel Career and Technology Centers

The Vanguard-Sentinel Career and Technology Centers is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Center 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 Center possesses its own budgeting and taxing authority. Financial information can be obtained from the Vanguard-Sentinel Career and Technology Centers, Alan Binger, who serves as Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

META Solutions

The District is a participant in Meta Solutions which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA), the Metropolitan Educational Council (MEC), the Metropolitan Dayton Educational Cooperative Association (MDECA), South Central Oho Computer Association (SCOCA) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC). Meta Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2017, the District paid META Solutions $25,090 for services. Financial information can be obtained from Scott Armstrong, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

INSURANCE PURCHASING POOLS

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

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

The Executive Director of Comp Management, 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 Trust Regional Council of Governments (NCOT)

NCOT is a legally separate body politic and corporate organized as a regional council of governments under Chapter 167 of the Ohio Revised Code. NCOT is governed by an Assembly which consists of one representative from each participating school district (usually the superintendent or designee). The Assembly elects officers for one year terms to serve as the Board of Directors. The Assembly exercises control over the operation of the NCOT. All NCOT revenues are generated from charges for services. NCOT was formed for the purpose of providing and administering health insurance benefits for member governments.

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, Michelle Schafer, Clerk/Treasurer, 200 South Sycamore Avenue, P.O. Box 9, Sycamore, Ohio 44882.

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 statement. 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 and report all financial resources not accounted for and reported 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.

Bond Retirement fund - The Bond Retirement fund is used to account for receipts and proceeds of bond issuance derived from levies for the retirement of debt and related interest.

Permanent Improvement fund - The Permanent Improvement fund is used to account all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District’s programs.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash position and changes in net cash position. 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 position - 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 business segment or 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 2017 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 Seneca County Budget Commission for tax rate determination.

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 July 1, 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 2017.

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. Appropriations 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, 2017. 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 2017, investments were limited to certificates of deposit. Investments are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General fund. Interest revenue credited to the General fund during fiscal year 2017 amounted to $13,852, which includes $5,423 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

Acquisitions 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 Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

K. Net Cash Position

Net cash position is 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.

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, 2017.

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 2017.

N. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

O. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Disbursements out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2017, the balance in the budget stabilization reserve was $800,000.

This amount is included in unassigned fund balance of the General fund and in unrestricted net position on the statement of net position.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position / fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

B. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The District did not have any material tax abatements to disclose.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

C. Deficit Cash Balances

The District had the following deficit cash balances at June 30, 2017:

Nonmajor governmental funds:	Deficit
IDEA Part-B	$ 17,163
Title I	9,528
IDEA Part-B, Preschool Stimulus	1,180
Improving Teacher Quality	1,780

This deficit cash balance resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code §3315.20.

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. 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 items 1 and 2 above 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 the State Treasury Asset Reserve of Ohio (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 the 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.

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all District deposits was $5,569,498. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $5,091,442 of the District's bank balance of $5,591,442 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. Reconciliation of Cash to the Statement of Net Cash Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2017:

Cash per note	
Carrying amount of deposits	$ 5,569,498

Cash per statement of net cash position	
Governmental activities	$ 5,428,285
Private - purpose trust funds	17,669
Agency funds	123,544
Total	$ 5,569,498

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2017, consisted of the following, as reported on the fund statements:

Transfers from the General fund to:	Amount
Permament Improvement fund	$ 529,333
Nonmajor governmental fund	5,551
Total	$ 534,884

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - 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 property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wyandot, Seneca and Crawford Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections Amount	2016 Second Half Collections Percent	2017 First Half Collections Amount	2017 First Half Collections Percent
Agricultural/residential and other real estate	$ 146,186,180	94.34	$ 150,180,270	91.65
Public utility personal	8,765,690	5.66	13,689,300	8.35
Total	$ 154,951,870	100.00	$ 163,869,570	100.00
Tax rate per $1,000 of assessed valuation	$38.50		$40.40	

NOTE 7 - INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the 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.

NOTE 8 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2017, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding June 30, 2016	Additions	Reductions	Balance Outstanding June 30, 2017	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
School improvement bonds:					
Series 2004 refunding bonds:					
Capital appreciation bonds	$ 74,994	$ -	$ -	$ 74,994	$ -
Accretion on capital bonds	249,469	41,791	-	291,260	-
Series 2012 refunding bonds:					
Current interest bonds	4,515,000	-	-	4,515,000	-
Capital appreciation bonds	344,995	-	(143,135)	201,860	113,340
Accretion on capital bonds	437,866	160,608	(221,865)	376,609	251,660
2015 certificates of participation	1,445,000	-	(150,000)	1,295,000	150,000
Total long-term obligations, governmental activities	$ 7,067,324	$ 202,399	$ (515,000)	$ 6,754,723	$ 515,000

Mohawk Local School Improvement Bonds (2004)
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 through 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 this bond are recorded as an expenditure in the Bond Retirement 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.

The majority of these bonds were refunded in fiscal year 2013 with the issuance of Series 2012 Refunding Bonds leaving a balance of $255,000 at June 30, 2014. The final principal payment was made on December 1, 2014.

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 was December 1, 2014.

The capital appreciation bonds mature on December 1, 2021 and December 1, 2022 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $335,000 and $335,000 with $595,006 representing interest that accretes over the term of the bonds. The accreted value of the capital appreciation bonds at June 30, 2017 is $291,260.

Series 2012 School Improvement Refunding Bonds
On November 27, 2012, the District issued series 2012 school improvement refunding bonds to refund the callable portion of the series 2004 general obligation bonds (principal $5,370,000). The balance of the refunded general obligation current interest bonds at June 30, 2017, is $4,515,000.

This refunding issue is comprised of both current interest bonds and capital appreciation bonds, in the amount of $5,025,000 and $344,995, respectively. The interest rate on the current interest bonds ranges from 2.00% to 4.00%. The current interest bonds mature on December 1, 2031 and will be retired through the Bond Retirement fund. The capital appreciation bonds mature on December 1, 2016, December 1, 2017 and December 1, 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $365,000, $365,000 and $360,000 with $745,005 representing interest that accretes over the term of the bonds. The accreted value of the capital appreciation bonds at June 30, 2017 is $376,609.

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

	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2018	$ -	$ 99,007	$ 99,007	$ 113,340	$ 251,660	$ 365,000
2019	-	99,007	99,007	88,520	271,480	360,000
2020	360,000	99,006	459,006	-	-	-
2021	370,000	91,806	461,806	-	-	-
2022	45,000	84,406	129,406	39,765	295,235	335,000
2023 - 2027	1,600,000	368,030	1,968,030	35,229	299,771	335,000
2028 - 2032	2,140,000	163,269	2,303,269	-	-	-
Total	$ 4,515,000	$ 1,004,531	$ 5,519,531	$ 276,854	$ 1,118,146	$ 1,395,000

2015 Certificates of Participation

On March 12, 2015, the District issued certificates of participation in the amount of $1,600,000, to provide funds for a new HVAC system. This debt was issued for a ten year period, with final maturity during fiscal year 2025. The debt will be retired through the Permanent Improvement fund.

The debt maturing on December 1, 2024 is subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal and interest amounts as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 150,000	$ 25,397	$ 175,397
2019	155,000	23,110	178,110
2020	155,000	20,785	175,785
2021	160,000	17,742	177,742
2022	165,000	13,924	178,924
2023 - 2025	510,000	18,213	528,213
Total	$ 1,295,000	$ 119,171	$ 1,414,171

B. 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, 2017, are a voted debt margin of $10,674,156 (including available funds of $717,749) and an unvoted debt margin of $163,870.

NOTE 9 - 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 2017, the District contracted for the following insurance coverage:

Description	Amount
Insurance provided by GUA Insurance Company	
Building and Contents - replacement cost ($1,000 deductible)	$44,413,168
Insurance provided by GUA Insurance Company	
Automotive Liability	1,000,000
Uninsured motorists	1,000,000

General liability	
Per occurrence	1,000,000
Aggregate	3,000,000

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.

B. North Central Ohio Trust Regional Council of Governments (NCOT)

The District participates in NCOT, a regional council of governments consisting of member school districts (See Note 2.A.). Each participating member pays premiums to NCOT for employee medical, dental, life and vision coverage. NCOT is responsible for the management and operation of the program. Upon withdrawal, the District is responsible for the payment of all NCOT liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of NCOT, all member's claims are paid without regard to the members account balance. NCOT Board of Directors has the right to return or not return monies to an existing participating member subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

For fiscal year 2017, the District participated in the OASBO/OSBA/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description - District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $192,846 for fiscal year 2017.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS Ohio was $533,579 for fiscal year 2017.

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS Ohio	Total
Proportion of the net pension liability prior measurement date	0.03904050%	0.03403556%	
Proportion of the net pension liability current measurement date	0.04237970%	0.03397282%	
Change in proportionate share	0.00333920%	-0.00006274%	
Proportionate share of the net pension liability	$ 3,101,803	$ 11,371,727	$ 14,473,530

Actuarial Assumptions - SERS

SERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) discount rate was reduced from 7.75% to 7.50%, (b) the assumed rate of inflation was reduced from 3.25% to 3.00%, (c) payroll growth assumption was reduced from 4.00% to 3.50%, (d) assumed real wage growth was reduced from 0.75% to 0.50%, (e) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (f) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (g) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (h) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate **-** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 4,106,594	$ 3,101,803	$ 2,260,751

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	$15,112,101	$ 11,371,727	$ 8,216,501

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the impact to the District's net pension liability is expected to be significant.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, no portion of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $19,732, $17,881, and $27,541, respectively. 100 percent has been contributed for fiscal years 2017, 2016 and 2015.

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) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which may be obtained by visiting www.strsoh.org, under *"Publications"* or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 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. 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 2017, STRS did not allocate any employer contributions to the Health Care

Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 12 - 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.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2017 are a total receivable of $5,742 for the District.

NOTE 13 - 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 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:

Net Change in Fund Balance

	General fund
Budget basis	$ 396,178
Funds budgeted elsewhere	105,799
Adjustment for encumbrances	119,859
Cash basis	$ 621,836

The Public School Support fund and the Termination Benefits fund are legally budgeted as separate special revenue funds; however, they are considered part of the General fund for financial reporting purposes.

NOTE 14 - STATUTORY RESERVES

The District is required by State law to annually set-aside certain General fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside reserve balance June 30, 2016	$ -
Current year set-aside requirement	164,828
Current year qualifying expenditures	(215,046)
Total	$ (50,218)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 15 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be report as part of restricted, committed, or assigned classifications of fund balance. At year end, the District’s commitments for encumbrances in the governmental funds were as follows:

Fund Type	Year-End Encumbrances
General fund	$ 120,022
Other nonmajor governmental	4,592
Total	$ 124,614

OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mohawk Local School District
Wyandot County
295 State Route 231
Sycamore, Ohio 44882-9434

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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 years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 9, 2019, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

District's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

May 9, 2019

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2018 AND 2017

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

FINDING NUMBER 2018-001

Noncompliance

Ohio Rev. Code § 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 Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

As a cost savings measure, 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, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumably material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 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. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

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 costs, but audit cost as well. The financial statements were prepared in a GAAP look-alike format. The District does not intend to take any further corrective action and will pay the small fine that is levied.

Mohawk Local School District

605 State Highway 231
Sycamore, Ohio 44882

Elementary Office: (419) 927-2595
Jr. Hi./High School Office: 419-927-6222
Fax: 419/927-2393
Administration Office: 419- 927-2414

Administration
Mark Vehre, Interim Superintendent
Rhonda Feasel, Treasurer
Tami Wallace, Elem. Principal
Brooke Bowlin, Interim Jr. Hi./H.S. Principal

Board of Education
Sam Flood
Devon Gillig
Kathy Koehler
Joshua Messersmith
Ray Wagner

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding was first reported during the audit of the 2006 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected. Repeated in this report as finding 2018-001.	The decision to prepare cash basis financial statements is a decision the Board of Education believes to be in the best interest of the District. The Board evaluated the cost-benefit relationship of preparing GAAP statements for the fiscal year ended June 30, 2018 and 2017 and made the decision that the significant dollars saved, outweighed the potential benefit received.

OHIO AUDITOR OF STATE
KEITH FABER

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
MAY 23, 2019