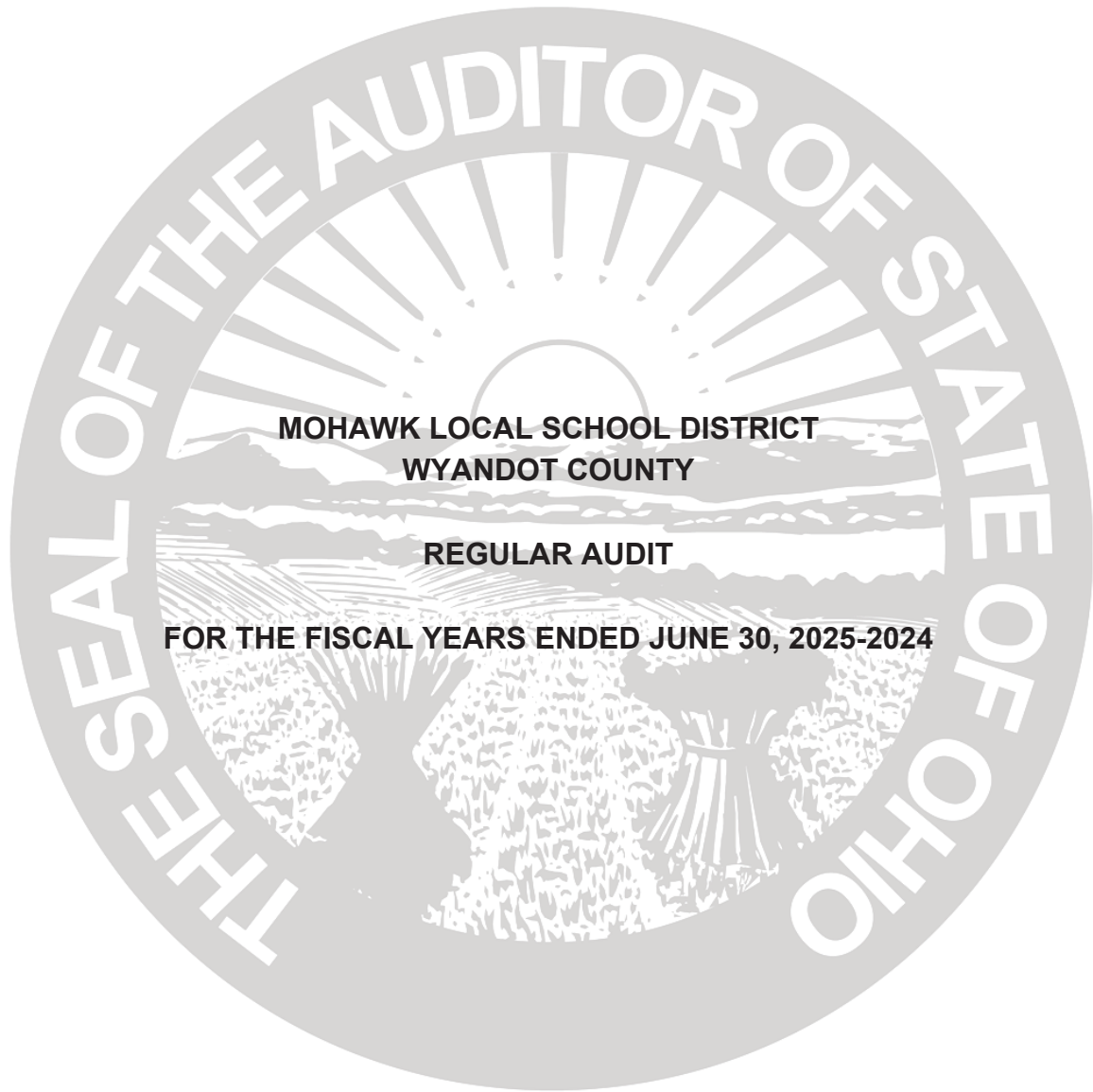




**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2025-2024**



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY  
JUNE 30, 2025 AND 2024**

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**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY  
JUNE 30, 2025 AND 2024**

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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 Audit of the Financial Statements

#### ***Opinions***

We have audited 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, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025 and 2024, and the respective changes in cash-basis financial position thereof in accordance with the cash-basis of accounting described in Note 2.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter - 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 of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) for the General fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

March 24, 2026

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**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2025**

|                                            | <b><u>Governmental<br/>Activities</u></b> |
|--------------------------------------------|-------------------------------------------|
| <b>Assets:</b>                             |                                           |
| Equity in pooled cash and cash equivalents | \$ 13,639,086                             |
| <b>Net position:</b>                       |                                           |
| Restricted for:                            |                                           |
| Permanent fund - expendable                | 1,509                                     |
| Permanent fund - nonexpendable             | 10,000                                    |
| Classroom facilities maintenance           | 180,152                                   |
| Debt service                               | 814,554                                   |
| State funded programs                      | 105                                       |
| Federally funded programs                  | 2                                         |
| Food service operations                    | 151,999                                   |
| Student activities                         | 305,762                                   |
| Other purposes                             | 15,767                                    |
| Unrestricted                               | 12,159,236                                |
| Total net position                         | <u>\$ 13,639,086</u>                      |

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, 2025

|                                             |                      |                           |                                               |                          |    | <b>Net (Disbursements)<br/>Receipts and Changes<br/>in Net Position</b> |
|---------------------------------------------|----------------------|---------------------------|-----------------------------------------------|--------------------------|----|-------------------------------------------------------------------------|
|                                             | <b>Cash</b>          | <b>Charges for</b>        | <b>Program Receipts</b>                       | <b>Capital Grants</b>    |    | <b>Governmental</b>                                                     |
|                                             | <b>Disbursements</b> | <b>Services and Sales</b> | <b>Operating Grants<br/>and Contributions</b> | <b>and Contributions</b> |    | <b>Activities</b>                                                       |
| <b>Governmental activities:</b>             |                      |                           |                                               |                          |    |                                                                         |
| Instruction:                                |                      |                           |                                               |                          |    |                                                                         |
| Regular                                     | \$ 5,209,626         | \$ 155,249                | \$ 26,043                                     | \$ -                     | \$ | (5,028,334)                                                             |
| Special                                     | 1,923,595            | 532,608                   | 511,807                                       | -                        |    | (879,180)                                                               |
| Vocational                                  | 95,860               | -                         | 19,673                                        | -                        |    | (76,187)                                                                |
| Support services:                           |                      |                           |                                               |                          |    |                                                                         |
| Pupil                                       | 1,465,442            | -                         | 186,534                                       | -                        |    | (1,278,908)                                                             |
| Instructional staff                         | 747,969              | -                         | 17,756                                        | -                        |    | (730,213)                                                               |
| Board of education                          | 170,166              | -                         | -                                             | -                        |    | (170,166)                                                               |
| Administration                              | 848,503              | -                         | -                                             | -                        |    | (848,503)                                                               |
| Fiscal                                      | 562,899              | -                         | 824                                           | -                        |    | (562,075)                                                               |
| Business                                    | 11,591               | -                         | 3,982                                         | -                        |    | (7,609)                                                                 |
| Operations and maintenance                  | 1,507,402            | 65,249                    | 34,546                                        | 9,127                    |    | (1,398,480)                                                             |
| Pupil transportation                        | 937,358              | -                         | 9,666                                         | 45,000                   |    | (882,692)                                                               |
| Central                                     | 96,472               | -                         | -                                             | -                        |    | (96,472)                                                                |
| Operation of non-instructional<br>services: |                      |                           |                                               |                          |    |                                                                         |
| Food service operations                     | 388,267              | 214,238                   | 161,183                                       | -                        |    | (12,846)                                                                |
| Other non-instructional services            | 67,535               | -                         | -                                             | -                        |    | (67,535)                                                                |
| Extracurricular activities                  | 906,178              | 309,036                   | 22,312                                        | -                        |    | (574,830)                                                               |
| Debt service:                               |                      |                           |                                               |                          |    |                                                                         |
| Principal retirement                        | 555,000              | -                         | -                                             | -                        |    | (555,000)                                                               |
| Interest and fiscal charges                 | 73,262               | -                         | -                                             | -                        |    | (73,262)                                                                |
| <b>Total governmental activities</b>        | <b>\$ 15,567,125</b> | <b>\$ 1,276,380</b>       | <b>\$ 994,326</b>                             | <b>\$ 54,127</b>         |    | <b>(13,242,292)</b>                                                     |

**General cash receipts:**

Property taxes levied for:

|                  |           |
|------------------|-----------|
| General purposes | 5,153,187 |
| Debt service     | 200,869   |
| Special Revenue  | 68,515    |

Income taxes levied for:

|                  |           |
|------------------|-----------|
| General purposes | 2,063,073 |
|------------------|-----------|

Grants and entitlements not restricted  
to specific programs

5,447,429

Investment earnings

626,021

Miscellaneous

257,573

Total general cash receipts

13,816,667

Change in net position

574,375

**Net position at beginning of year**

13,064,711

**Net position at end of year**

**\$ 13,639,086**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

|                                               | <b>General</b> | <b>Permanent<br/>Improvement</b> | <b>Capital<br/>Projects</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-----------------------------------------------|----------------|----------------------------------|-----------------------------|--------------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                |                |                                  |                             |                                            |                                         |
| Equity in pooled cash<br>and cash equivalents | \$ 5,814,189   | \$ 2,000,025                     | \$ 4,351,101                | \$ 1,473,771                               | \$ 13,639,086                           |
| <b>Fund balances:</b>                         |                |                                  |                             |                                            |                                         |
| Nonspendable:                                 |                |                                  |                             |                                            |                                         |
| Permanent fund                                | \$ -           | \$ -                             | \$ -                        | \$ 10,000                                  | \$ 10,000                               |
| Unclaimed monies                              | 1,672          | -                                | -                           | -                                          | 1,672                                   |
| Scholarship endowment                         | -              | -                                | -                           | 6,000                                      | 6,000                                   |
| Restricted:                                   |                |                                  |                             |                                            |                                         |
| Debt service                                  | -              | -                                | -                           | 814,554                                    | 814,554                                 |
| Classroom facilities maintenance              | -              | -                                | -                           | 180,152                                    | 180,152                                 |
| Food service operations                       | -              | -                                | -                           | 151,999                                    | 151,999                                 |
| State funded programs                         | -              | -                                | -                           | 105                                        | 105                                     |
| Federally funded programs                     | -              | -                                | -                           | 2                                          | 2                                       |
| Extracurricular                               | -              | -                                | -                           | 305,762                                    | 305,762                                 |
| Permanent fund                                | -              | -                                | -                           | 1,509                                      | 1,509                                   |
| Other purposes                                | -              | -                                | -                           | 8,095                                      | 8,095                                   |
| Committed:                                    |                |                                  |                             |                                            |                                         |
| Capital improvements                          | -              | -                                | 4,351,101                   | -                                          | 4,351,101                               |
| Termination benefits                          | 172,273        | -                                | -                           | -                                          | 172,273                                 |
| Assigned:                                     |                |                                  |                             |                                            |                                         |
| Student instruction                           | 34,496         | -                                | -                           | -                                          | 34,496                                  |
| Student and staff support                     | 166,258        | -                                | -                           | -                                          | 166,258                                 |
| Extracurricular activities                    | 1,051          | -                                | -                           | -                                          | 1,051                                   |
| Capital improvements                          | -              | 2,000,025                        | -                           | -                                          | 2,000,025                               |
| Unassigned (deficit)                          | 5,438,439      | -                                | -                           | (4,407)                                    | 5,434,032                               |
| Total fund balances                           | \$ 5,814,189   | \$ 2,000,025                     | \$ 4,351,101                | \$ 1,473,771                               | \$ 13,639,086                           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                               | General             | Permanent<br>Improvement | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------------------|---------------------|--------------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Cash Receipts:</b>                         |                     |                          |                     |                                   |                                |
| Property taxes                                | \$ 5,153,187        | \$ -                     | \$ -                | \$ 269,384                        | \$ 5,422,571                   |
| Income taxes                                  | 2,063,073           | -                        | -                   | -                                 | 2,063,073                      |
| Intergovernmental                             | 5,849,219           | -                        | -                   | 582,637                           | 6,431,856                      |
| Investment earnings                           | 625,228             | -                        | -                   | 2,905                             | 628,133                        |
| Tuition and fees                              | 687,362             | -                        | -                   | -                                 | 687,362                        |
| Extracurricular                               | 20,823              | -                        | -                   | 289,333                           | 310,156                        |
| Rental income                                 | 64,624              | -                        | -                   | -                                 | 64,624                         |
| Charges for services                          | -                   | -                        | -                   | 214,238                           | 214,238                        |
| Contributions and donations                   | 8,012               | 9,127                    | -                   | 22,656                            | 39,795                         |
| Miscellaneous                                 | 200,561             | 49,000                   | -                   | 30,131                            | 279,692                        |
| Total cash receipts                           | <u>14,672,089</u>   | <u>58,127</u>            | <u>-</u>            | <u>1,411,284</u>                  | <u>16,141,500</u>              |
| <b>Cash Disbursements:</b>                    |                     |                          |                     |                                   |                                |
| Current:                                      |                     |                          |                     |                                   |                                |
| Instruction:                                  |                     |                          |                     |                                   |                                |
| Regular                                       | 5,008,059           | 167,886                  | 10,907              | 22,774                            | 5,209,626                      |
| Special                                       | 1,660,053           | -                        | -                   | 263,542                           | 1,923,595                      |
| Vocational                                    | 95,860              | -                        | -                   | -                                 | 95,860                         |
| Support services:                             |                     |                          |                     |                                   |                                |
| Pupil                                         | 1,424,310           | -                        | -                   | 41,132                            | 1,465,442                      |
| Instructional staff                           | 583,760             | 155,237                  | -                   | 8,972                             | 747,969                        |
| Board of education                            | 170,166             | -                        | -                   | -                                 | 170,166                        |
| Administration                                | 848,503             | -                        | -                   | -                                 | 848,503                        |
| Fiscal                                        | 552,945             | -                        | -                   | 9,954                             | 562,899                        |
| Business                                      | 7,609               | -                        | -                   | 3,982                             | 11,591                         |
| Operations and maintenance                    | 1,097,093           | 344,066                  | -                   | 66,243                            | 1,507,402                      |
| Pupil transportation                          | 641,765             | 250,593                  | -                   | 45,000                            | 937,358                        |
| Central                                       | 96,472              | -                        | -                   | -                                 | 96,472                         |
| Operation of non-instructional services:      |                     |                          |                     |                                   |                                |
| Food service operations                       | -                   | -                        | -                   | 388,267                           | 388,267                        |
| Other non-instructional services              | 15,705              | 51,830                   | -                   | -                                 | 67,535                         |
| Extracurricular activities                    | 468,879             | 51,787                   | 137,992             | 247,520                           | 906,178                        |
| Debt service:                                 |                     |                          |                     |                                   |                                |
| Principal retirement                          | -                   | 175,000                  | -                   | 380,000                           | 555,000                        |
| Interest and fiscal charges                   | -                   | 2,056                    | -                   | 71,206                            | 73,262                         |
| Total cash disbursements                      | <u>12,671,179</u>   | <u>1,198,455</u>         | <u>148,899</u>      | <u>1,548,592</u>                  | <u>15,567,125</u>              |
| Excess of receipts over (under) disbursements | <u>2,000,910</u>    | <u>(1,140,328)</u>       | <u>(148,899)</u>    | <u>(137,308)</u>                  | <u>574,375</u>                 |
| <b>Other financing sources (uses):</b>        |                     |                          |                     |                                   |                                |
| Transfers in                                  | -                   | 409,624                  | 4,500,000           | -                                 | 4,909,624                      |
| Transfers (out)                               | (4,909,624)         | -                        | -                   | -                                 | (4,909,624)                    |
| Total other financing sources (uses)          | <u>(4,909,624)</u>  | <u>409,624</u>           | <u>4,500,000</u>    | <u>-</u>                          | <u>-</u>                       |
| Net change in fund balances                   | (2,908,714)         | (730,704)                | 4,351,101           | (137,308)                         | 574,375                        |
| <b>Fund balances at beginning of year</b>     | <u>8,722,903</u>    | <u>2,730,729</u>         | <u>-</u>            | <u>1,611,079</u>                  | <u>13,064,711</u>              |
| <b>Fund balances at end of year</b>           | <u>\$ 5,814,189</u> | <u>\$ 2,000,025</u>      | <u>\$ 4,351,101</u> | <u>\$ 1,473,771</u>               | <u>\$ 13,639,086</u>           |

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, 2025

|                                            | <u><b>Custodial</b></u> |
|--------------------------------------------|-------------------------|
| <b>Assets:</b>                             |                         |
| Equity in pooled cash and cash equivalents | <u>\$ 16,534</u>        |
| <b>Net position:</b>                       |                         |
| Restricted for individuals                 | <u><u>\$ 16,534</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                          | <u><b>Custodial</b></u> |
|------------------------------------------|-------------------------|
| <b>Additions:</b>                        |                         |
| Extracurricular collections for OHSAA    | \$ 5,768                |
| Earnings on investments                  | 12                      |
| Contributions and donations              | <u>3,025</u>            |
| Total additions                          | <u>8,805</u>            |
| <b>Deductions:</b>                       |                         |
| Extracurricular distributions to OHSAA   | 5,768                   |
| Scholarships awarded                     | <u>2,300</u>            |
| Total deductions                         | <u>8,068</u>            |
| Change in net position                   | 737                     |
| <b>Net position at beginning of year</b> | <u>15,797</u>           |
| <b>Net position at end of year</b>       | <u><u>\$ 16,534</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Mohawk Local School District, Wyandot County, Ohio (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 48 classified employees, 64 certified teaching personnel and 5 administrative employees who provide services to 764 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).

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

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 (the Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career 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 Career Center possesses its own budgeting and taxing authority. Financial information can be obtained from the Vanguard-Sentinel Career and Technology Centers, Alex 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 Ohio 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 2025, the District paid META Solutions \$30,853 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

*INSURANCE PURCHASING POOLS*

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 School Boards Association Workers' Compensation Group Rating Program (the Program) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

North Central Ohio Joint Insurance Association (the Association)

The Association is a legally separate body politic and corporate organized as a regional council of governments under Chapter 167 of the Ohio Revised Code. The Association 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 Association. All Association receipts are generated from charges for services. The Association was formed for the purpose of providing and administering health insurance benefits for member governments.

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

*RELATED ORGANIZATION*

Mohawk Community Library

The Mohawk Community Library (the 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 statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

General fund - The General fund is used to account for 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.

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

Capital Projects fund - The Capital Projects fund is used to account for resources that are committed for the acquisition, construction or improvement of capital assets. The fund balance of this fund is committed for capital improvements.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

Other governmental funds of the District are used to account for:

Nonmajor Special Revenue funds - Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than Debt Service or Capital Projects.

Nonmajor Debt Service funds - Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Nonmajor Permanent funds - Permanent funds are used 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 reporting government's programs – that is, for the benefit of the government or its citizenry.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net cash assets and changes in net cash assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial 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 has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for monies collected by the District for the Ohio High School Athletic Association (OHSAA) and programs that provide college scholarships for students after graduation for which the District has no administrative involvement.

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the legal level within all funds are made by the District Treasurer. Although the legal level of budgetary control was established at the fund level of disbursements for the General fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of disbursements.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflects the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflects the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restrictions that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriations amounts passed by the Board during the fiscal year.

**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 2025, investments were limited to investments in US Treasury Notes, negotiable certificates of deposit, Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, US Government money market mutual funds, and non-negotiable 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 receipts credited to the General fund during fiscal year 2025 amounted to \$625,228, which includes \$283,772 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

**H. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Accumulated Leave**

For fiscal year 2025, GASB Statement No. 101, “Compensated Absences”, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The District does not offer noncash settlements.

District employees earn sick, vacation and personal time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the District’s cash basis of accounting.

**J. 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. Since recording a capital asset (including the intangible right to use) when entering into a lease transaction, or Subscription Based Information Technology Arrangement (SBITA) is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease and SBITA payments are reported when paid.

**K. 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**L. 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 amount restricted for other purposes represents amounts restricted for college scholarships for which the District has administrative involvement and for food service operations. The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**M. 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, 2025.

**N. 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 2025.

**O. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**P. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability and net OPEB (asset), 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**Q. 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, 2025, the balance in the budget stabilization reserve was \$2,080,313. This amount is included in unassigned fund balance of the General fund and in unrestricted net position on the statement of net position.

**R. Leases**

The District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

**S. Subscription Based Information Technology Arrangements (SBITAs)**

The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

**T. Interfund Activity**

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2025, the District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the District.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the District.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**B. 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 basic 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 basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**C. Deficit Fund Balances**

Fund balances at June 30, 2025 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| Other Grants                       | \$ 4,407       |

The deficit fund balances resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code Section 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, and Government National Mortgage 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 fair 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;

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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. Except as noted above, 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, 2025, the carrying amount of all District deposits was \$6,898,495 and the bank balance of all District deposits was \$6,920,493. Of the bank balance, \$322,297 was covered by the FDIC and \$6,598,196 was exposed to custodial credit risk discussed below.

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 fair 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, the District's financial institutions were approved for a 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

**B. Investments**

As of June 30, 2025, the District had the following investments and maturities:

| <u>Investment type</u>     | <u>Carrying<br/>Amount</u> | <u>Investment Maturities</u> |                           |                            |                            |                                   |
|----------------------------|----------------------------|------------------------------|---------------------------|----------------------------|----------------------------|-----------------------------------|
|                            |                            | <u>6 months or<br/>less</u>  | <u>7 to 12<br/>months</u> | <u>13 to 18<br/>months</u> | <u>19 to 24<br/>months</u> | <u>Greater than<br/>24 months</u> |
| Certificate of Deposit     | \$ 1,846,384               | \$ -                         | \$ -                      | \$ 209,790                 | \$ -                       | \$ 1,636,594                      |
| FHLB                       | 238,706                    | -                            | -                         | -                          | -                          | 238,706                           |
| FFCB                       | 834,718                    | -                            | -                         | -                          | -                          | 834,718                           |
| FNMA                       | 197,250                    | -                            | -                         | 197,250                    | -                          | -                                 |
| FHLMC                      | 195,499                    | -                            | -                         | -                          | 195,499                    | -                                 |
| US Treasury Note           | 3,122,372                  | 150,000                      | 249,941                   | -                          | -                          | 2,722,431                         |
| US Government Money Market | 322,196                    | 322,196                      | -                         | -                          | -                          | -                                 |
| Total                      | <u>\$ 6,757,125</u>        | <u>\$ 472,196</u>            | <u>\$ 249,941</u>         | <u>\$ 407,040</u>          | <u>\$ 195,499</u>          | <u>\$ 5,432,449</u>               |

The weighted average maturity of investments is 3.20 years.

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value of those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in US Treasury Notes were rated AA+ by Standard and Poor's and Aa1 by Moody's Investor Service. The District's investments in federal agency securities investments were rated AA+ by Standard and Poor's and Aa1 by Moody's Investor Service. The District's negotiable CD's were not rated but are fully covered by the FDIC. The District has no investment policy that would further limit its investment choices.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The US Treasury Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2025:

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| <u>Investment type</u>     | <u>Carrying<br/>Amount</u> | <u>% of Total</u> |
|----------------------------|----------------------------|-------------------|
| Certificate of Deposits    | \$ 1,846,384               | 27.32             |
| FHLB                       | 238,706                    | 3.53              |
| FFCB                       | 834,718                    | 12.35             |
| FNMA                       | 197,250                    | 2.92              |
| FHLMC                      | 195,499                    | 2.89              |
| US Treasury Note           | 3,122,372                  | 46.22             |
| US Government Money Market | 322,196                    | 4.77              |
| Total                      | <u>\$ 6,757,125</u>        | <u>100.00</u>     |

**C. 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, 2025:

|                                               |                      |
|-----------------------------------------------|----------------------|
| <u>Cash per note</u>                          |                      |
| Carrying amount of deposits                   | \$ 6,898,495         |
| Investments                                   | <u>6,757,125</u>     |
| Total                                         | <u>\$ 13,655,620</u> |
| <br><u>Cash per statement of net position</u> |                      |
| Governmental activities                       | \$ 13,639,086        |
| Custodial funds                               | <u>16,534</u>        |
| Total                                         | <u>\$ 13,655,620</u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2025, consisted of the following, as reported on the fund statements:

|                                            |                     |
|--------------------------------------------|---------------------|
| <u>Transfers from the General fund to:</u> | <u>Amount</u>       |
| Permanent Improvement Fund                 | \$ 409,624          |
| Capital Projects Fund                      | <u>4,500,000</u>    |
| Total                                      | <u>\$ 4,909,624</u> |

Transfers are used to move receipts 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 receipts 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. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**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.

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Property taxes include amounts levied against all real property and public utility property. Real property tax receipts received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 receipts received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, 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, 2025, are available to finance fiscal year 2025 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 2025 taxes were collected are:

|                                                   | 2024 Second<br>Half Collections |                | 2025 First<br>Half Collections |                |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                                   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 178,124,530                  | 64.41          | \$ 182,206,380                 | 65.22          |
| Public utility personal                           | <u>98,408,410</u>               | <u>35.59</u>   | <u>97,161,210</u>              | <u>34.78</u>   |
| Total                                             | <u>\$ 276,532,940</u>           | <u>100.00</u>  | <u>\$ 279,367,590</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$38.35                         |                | \$38.35                        |                |

**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 receipts are credited to the General fund.

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**MOHAWK LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
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**NOTE 8 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2025, the following activity occurred in governmental activities long-term obligations:

|                                                         | Balance<br>Outstanding<br>06/30/24 | Additions   | Reductions          | Balance<br>Outstanding<br>06/30/25 | Amounts<br>Due in<br>One Year |
|---------------------------------------------------------|------------------------------------|-------------|---------------------|------------------------------------|-------------------------------|
| <b>Governmental activities:</b>                         |                                    |             |                     |                                    |                               |
| General obligation bonds:                               |                                    |             |                     |                                    |                               |
| Series 2012 refunding bonds:                            |                                    |             |                     |                                    |                               |
| Current interest bonds                                  | \$ 3,315,000                       | \$ -        | \$ (380,000)        | \$ 2,935,000                       | \$ 395,000                    |
| 2015 certificates of participation                      | 175,000                            | -           | (175,000)           | -                                  | -                             |
| Total long-term obligations,<br>governmental activities | <u>\$ 3,490,000</u>                | <u>\$ -</u> | <u>\$ (555,000)</u> | <u>\$ 2,935,000</u>                | <u>\$ 395,000</u>             |

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, 2025, is \$2,935,000.

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, 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 was \$360,000 with \$271,480 representing interest that accreted over the term of the bonds.

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

| Year Ended  | Current Interest Bonds |                   |                     |
|-------------|------------------------|-------------------|---------------------|
|             | Principal              | Interest          | Total               |
| 2026        | \$ 395,000             | \$ 63,456         | \$ 458,456          |
| 2027        | 400,000                | 55,506            | 455,506             |
| 2028        | 410,000                | 47,150            | 457,150             |
| 2029        | 420,000                | 38,069            | 458,069             |
| 2030        | 425,000                | 28,297            | 453,297             |
| 2031 - 2032 | <u>885,000</u>         | <u>24,001</u>     | <u>909,001</u>      |
| Total       | <u>\$ 2,935,000</u>    | <u>\$ 256,479</u> | <u>\$ 3,191,479</u> |

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. The debt was issued in accordance with the American Recovery and Reinvestment Act of 2009, which provides for federal tax credits for the holders of debt in lieu of interest payments. This reduces the issuers cost of borrowing. This debt was issued for a ten year period, with final maturity during fiscal year 2025. The debt was retired through the permanent improvement capital project fund.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**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 used 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, 2025, are a voted debt margin of \$23,022,637 (including available funds of \$814,554) and an unvoted debt margin of \$279,368.

**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 2025, the District contracted for the following insurance coverage:

| <u>Description</u>                                            | <u>Amount</u> |
|---------------------------------------------------------------|---------------|
| Insurance provided by Liberty Mutual Insurance Company        |               |
| Building and Contents - replacement cost (\$2,500 deductible) | \$73,186,684  |
| Insurance provided by Liberty Mutual Insurance Company        |               |
| Automotive Liability                                          | 3,000,000     |
| Uninsured motorists                                           | 1,000,000     |
| General liability                                             |               |
| Per occurrence                                                | 3,000,000     |
| Aggregate                                                     | 3,000,000     |
| Cyber Insurance provided by Axis Pro                          |               |
| General liability                                             | 1,000,000     |
| System disruption and data recovery disbursement              | 1,000,000     |

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 Joint Insurance Association**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**C. Workers' Compensation**

For fiscal year 2025, the District participated in the OASBO/OSBA Workers' Compensation Group Retrospective-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 Sedgwick, Inc. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability/(Asset)***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pension/OPEB liability/(asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/(asset) 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 pensions/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability/(asset). Resulting adjustments to the net pension/OPEB liability/(asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability/(asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District's 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                              | Eligible to<br>Retire after<br>August 1, 2017                                        |
|------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Full benefits                | Any age with 30 years of service credit                                             | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024. In 2024, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2025.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$262,355 for fiscal year 2025.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers participate in STRS, 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019 Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 and after termination of employment.

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.

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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. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$717,329 for fiscal year 2025.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2024, 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:

|                                                                  | <u>SERS</u>          | <u>STRS</u>         | <u>Total</u> |
|------------------------------------------------------------------|----------------------|---------------------|--------------|
| Proportion of the net pension liability prior measurement date   | 0.041206000%         | 0.034814480%        |              |
| Proportion of the net pension liability current measurement date | <u>0.038724200%</u>  | <u>0.035006730%</u> |              |
| Change in proportionate share                                    | <u>-0.002481800%</u> | <u>0.000192250%</u> |              |
| Proportionate share of the net pension liability                 | \$ 1,980,975         | \$ 6,735,860        | \$ 8,716,835 |

***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 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. Future benefits for all current plan members were projected through 2137.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below:

|                                              | June 30, 2024                                                                                                 | June 30, 2023                                                                                                 |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Wage inflation                               | 2.40%                                                                                                         | 2.40%                                                                                                         |
| Future salary increases, including inflation | 3.25% to 13.58%                                                                                               | 3.25% to 13.58%                                                                                               |
| COLA or ad hoc COLA                          | 2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement | 2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement |
| Investment rate of return                    | 7.00% net of system expenses                                                                                  | 7.00% net of system expenses                                                                                  |
| Discount rate                                | 7.00%                                                                                                         | 7.00%                                                                                                         |
| Actuarial cost method                        | Entry age normal                                                                                              | Entry age normal                                                                                              |

In 2024, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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 average 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 asset class are summarized in the following table:

| Asset Class                 | Target<br>Allocation | Long-Term Expected Real<br>Rate of Return (geometric) |
|-----------------------------|----------------------|-------------------------------------------------------|
| Cash                        | 3.00 %               | 0.97 %                                                |
| US Equity                   | 22.00                | 4.68                                                  |
| Non-US Equity Developed     | 12.00                | 4.96                                                  |
| Non-US Equity Emerging      | 6.00                 | 5.66                                                  |
| Fixed Income/Global Bonds   | 18.00                | 2.38                                                  |
| Private Equity              | 14.00                | 7.10                                                  |
| Real Estate                 | 13.00                | 3.64                                                  |
| Infrastructure              | 7.00                 | 4.80                                                  |
| Private Debt/Private Credit | 5.00                 | 5.86                                                  |
| Total                       | 100.00 %             |                                                       |

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**Discount Rate** - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

**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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

|                                                                | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|----------------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 3,030,616 | \$ 1,980,975             | \$ 1,097,232 |

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

|                                      | June 30, 2024                                             | June 30, 2023                                             |
|--------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Inflation                            | 2.50%                                                     | 2.50%                                                     |
| Projected salary increases           | Varies by service from 2.50% to 8.50%                     | Varies by service from 2.50% to 8.50%                     |
| Investment rate of return            | 7.00%, net of investment<br>expenses, including inflation | 7.00%, net of investment<br>expenses, including inflation |
| Discount rate of return              | 7.00%                                                     | 7.00%                                                     |
| Payroll increases                    | 3.00%                                                     | 3.00%                                                     |
| Cost-of-living adjustments<br>(COLA) | 0.00%                                                     | 0.00%                                                     |

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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:

| <u>Asset Class</u>   | <u>Target<br/>Allocation*</u> | <u>Long-Term Expected<br/>Real Rate of Return **</u> |
|----------------------|-------------------------------|------------------------------------------------------|
| Domestic Equity      | 26.00 %                       | 6.90 %                                               |
| International Equity | 22.00                         | 7.70                                                 |
| Alternatives         | 19.00                         | 9.10                                                 |
| Fixed Income         | 22.00                         | 4.50                                                 |
| Real Estate          | 10.00                         | 5.10                                                 |
| Liquidity Reserves   | 1.00                          | 2.40                                                 |
| Total                | <u>100.00 %</u>               |                                                      |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of 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 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the proportionate share of the net pension liability as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

|                                                                | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|----------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net pension liability | \$ 10,866,123      | \$ 6,735,860                     | \$ 3,242,368       |

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/(Asset)***

See Note 10 for a description of the net OPEB liability/(asset).

***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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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. 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$27,869.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$27,869 for fiscal year 2025.

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***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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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. All benefit recipients 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% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability/(Asset)***

The net OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/(asset) 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:

|                                                                       | <u>SERS</u>          | <u>STRS</u>         | <u>Total</u> |
|-----------------------------------------------------------------------|----------------------|---------------------|--------------|
| Proportion of the net OPEB liability/(asset) prior measurement date   | 0.042097700%         | 0.034814480%        |              |
| Proportion of the net OPEB liability/(asset) current measurement date | <u>0.039382800%</u>  | <u>0.035006730%</u> |              |
| Change in proportionate share                                         | <u>-0.002714900%</u> | <u>0.000192250%</u> |              |
| Proportionate share of the net OPEB liability                         | \$ 401,112           | \$ -                | \$ 401,112   |
| Proportionate share of the net OPEB (asset)                           | \$ -                 | \$ (664,011)        | \$ (664,011) |

***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.

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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, 2024 and June 30, 2023 are presented below:

|                                                                                               | <u>June 30, 2024</u>                                    | <u>June 30, 2023</u>                                    |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Wage inflation                                                                                | 2.40%                                                   | 2.40%                                                   |
| Future salary increases, including inflation                                                  | 3.25% to 13.58%                                         | 3.25% to 13.58%                                         |
| Investment rate of return                                                                     | 7.00% net of investment<br>expense, including inflation | 7.00% net of investment<br>expense, including inflation |
| Municipal bond index rate                                                                     | 3.93%                                                   | 3.86%                                                   |
| Single equivalent interest rate, net of plan<br>investment expense, including price inflation | 4.88%                                                   | 4.27%                                                   |
| Medical trend assumption                                                                      | 7.00 to 4.40%                                           | 6.75 to 4.40%                                           |

In 2024, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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.

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The long-term expected nominal rate of return has been determined by calculating a weighted average 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class as June 30, 2024 are summarized as follows:

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>Long-Term Expected Real<br/>Rate of Return (geometric)</u> |
|-----------------------------|------------------------------|---------------------------------------------------------------|
| Cash                        | 3.00 %                       | 0.97 %                                                        |
| US Equity                   | 22.00                        | 4.68                                                          |
| Non-US Equity Developed     | 12.00                        | 4.96                                                          |
| Non-US Equity Emerging      | 6.00                         | 5.66                                                          |
| Fixed Income/Global Bonds   | 18.00                        | 2.38                                                          |
| Private Equity              | 14.00                        | 7.10                                                          |
| Real Estate                 | 13.00                        | 3.64                                                          |
| Infrastructure              | 7.00                         | 4.80                                                          |
| Private Debt/Private Credit | 5.00                         | 5.86                                                          |
| Total                       | <u>100.00 %</u>              |                                                               |

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.96% at June 30, 2024 and 3.86% at June 30, 2023.

**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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (4.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 5.00%) and higher (8.00% decreasing to 7.00%) than the current rate (7.00% decreasing to 6.00%).

|                                                             | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|-------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 534,869         | \$ 401,112                       | \$ 294,824         |
|                                                             |                    |                                  |                    |
|                                                             | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u>    | <u>1% Increase</u> |
| District's proportionate share<br>of the net OPEB liability | \$ 271,137         | \$ 401,112                       | \$ 571,954         |

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***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

|                                 | June 30, 2024                                          |          | June 30, 2023                                          |          |
|---------------------------------|--------------------------------------------------------|----------|--------------------------------------------------------|----------|
| Inflation                       | 2.50%                                                  |          | 2.50%                                                  |          |
| Projected salary increases      | Varies by service from 2.50% to 8.50%                  |          | Varies by service from 2.50% to 8.50%                  |          |
| Investment rate of return       | 7.00%, net of investment expenses, including inflation |          | 7.00%, net of investment expenses, including inflation |          |
| Payroll increases               | 3.00%                                                  |          | 3.00%                                                  |          |
| Discount rate of return         | 7.00%                                                  |          | 7.00%                                                  |          |
| Blended discount rate of return | N/A                                                    |          | N/A                                                    |          |
| Health care cost trends         |                                                        |          |                                                        |          |
|                                 | Initial                                                | Ultimate | Initial                                                | Ultimate |
| Medical                         |                                                        |          |                                                        |          |
| Pre-Medicare                    | 7.50%                                                  | 3.94%    | 7.50%                                                  | 4.14%    |
| Medicare                        | -112.22%                                               | 3.94%    | -10.94%                                                | 4.14%    |
| Prescription Drug               |                                                        |          |                                                        |          |
| Pre-Medicare                    | 8.00%                                                  | 3.94%    | -11.95%                                                | 4.14%    |
| Medicare                        | -15.14%                                                | 3.94%    | 1.33%                                                  | 4.14%    |

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

***Assumption Changes Since the Prior Measurement Date*** - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

***Benefit Term Changes Since the Prior Measurement Date*** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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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<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|----------------------------------------------|
| Domestic Equity      | 26.00 %               | 6.90 %                                       |
| International Equity | 22.00                 | 7.70                                         |
| Alternatives         | 19.00                 | 9.10                                         |
| Fixed Income         | 22.00                 | 4.50                                         |
| Real Estate          | 10.00                 | 5.10                                         |
| Liquidity Reserves   | 1.00                  | 2.40                                         |
| Total                | <u>100.00 %</u>       |                                              |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of 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 OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

**Sensitivity of the District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB (asset) as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB (asset) 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  | Current<br>Discount Rate | 1% Increase  |
|-----------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share<br>of the net OPEB (asset) | \$ (539,885) | \$ (664,011)             | \$ (772,028) |

|                                                           | 1% Decrease  | Current<br>Trend Rate | 1% Increase  |
|-----------------------------------------------------------|--------------|-----------------------|--------------|
| District's proportionate share<br>of the net OPEB (asset) | \$ (779,324) | \$ (664,011)          | \$ (525,332) |

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

**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**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) 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 a result of the final fiscal year 2025 FTE reviews, an immaterial intergovernmental payable is due to DEW from the District.

**NOTE 13 - STATUTORY RESERVES**

The District is required by State law to annually set-aside certain General fund receipt 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. Disbursements 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.

|                                             | <u>Capital<br/>Improvements</u> |
|---------------------------------------------|---------------------------------|
| Set-aside balance June 30, 2024             | \$ -                            |
| Current year set-aside requirement          | 180,756                         |
| Current year qualifying disbursements       | (83,262)                        |
| Current year offsets                        | <u>(97,494)</u>                 |
| Total                                       | <u>\$ -</u>                     |
| Balance carried forward to fiscal year 2026 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2025             | <u>\$ -</u>                     |

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)**

**NOTE 14 - COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported 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:

| <u>Fund</u>                 | <u>Year-End<br/>Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund                | \$ 143,417                       |
| Permanent improvement fund  | 269,670                          |
| Capital projects fund       | 269,208                          |
| Other nonmajor governmental | <u>29,685</u>                    |
| Total                       | <u>\$ 711,980</u>                |

**NOTE 15 - SUBSEQUENT EVENTS**

On August 26, 2025 the District entered into a lease-purchase agreement in the amount of \$2,551,000 for District capital projects.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                             | <b>Budgeted Amounts</b> |                     |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---------------------------------------------|-------------------------|---------------------|---------------------|-------------------------------------------------------------------|
|                                             | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>       |                                                                   |
| Receipts and other financing sources        | \$ 20,756,059           | \$ 14,478,641       | \$ 14,484,094       | \$ 5,453                                                          |
| Disbursements and other financing uses      | 14,242,255              | 18,859,044          | 17,640,618          | 1,218,426                                                         |
| Net change in fund balance                  | 6,513,804               | (4,380,403)         | (3,156,524)         | 1,223,879                                                         |
| <b>Fund balance at beginning of year</b>    | 8,443,122               | 8,443,122           | 8,443,122           | -                                                                 |
| <b>Prior year encumbrances appropriated</b> | 151,841                 | 151,841             | 151,841             | -                                                                 |
| <b>Fund balance at end of year</b>          | <u>\$ 15,108,767</u>    | <u>\$ 4,214,560</u> | <u>\$ 5,438,439</u> | <u>\$ 1,223,879</u>                                               |

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 - BUDGETARY PROCESS**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the General fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

**Net Change in Fund Cash Balance**

|                            | <u>General</u>               |
|----------------------------|------------------------------|
| Budgetary basis            | \$ (3,156,524)               |
| Funds budgeted elsewhere** | 104,393                      |
| Encumbrances               | <u>143,417</u>               |
| Cash basis                 | <u><u>\$ (2,908,714)</u></u> |

\*\*As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund. This includes the Public School Support fund, the Unclaimed Money fund, and the Termination Benefits fund.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2024**

|                                            | <b><u>Governmental<br/>Activities</u></b> |
|--------------------------------------------|-------------------------------------------|
| <b>Assets:</b>                             |                                           |
| Equity in pooled cash and cash equivalents | \$ 13,064,711                             |
| <b>Net position:</b>                       |                                           |
| Restricted for:                            |                                           |
| Permanent fund - expendable                | 1,048                                     |
| Permanent fund - nonexpendable             | 10,000                                    |
| Classroom facilities maintenance           | 138,192                                   |
| Debt service                               | 1,050,705                                 |
| State funded programs                      | 4,628                                     |
| Federally funded programs                  | 3                                         |
| Food service operations                    | 164,845                                   |
| Student activities                         | 242,513                                   |
| Other purposes                             | 24,122                                    |
| Unrestricted                               | 11,428,655                                |
| Total net position                         | <b><u>\$ 13,064,711</u></b>               |

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, 2024

|                                             |                      |                           |                                               |                          |    | <b>Net (Disbursements)<br/>Receipts and Changes<br/>in Net Position</b> |
|---------------------------------------------|----------------------|---------------------------|-----------------------------------------------|--------------------------|----|-------------------------------------------------------------------------|
|                                             | <b>Cash</b>          | <b>Charges for</b>        | <b>Program Receipts</b>                       | <b>Capital Grants</b>    |    | <b>Governmental</b>                                                     |
|                                             | <b>Disbursements</b> | <b>Services and Sales</b> | <b>Operating Grants<br/>and Contributions</b> | <b>and Contributions</b> |    | <b>Activities</b>                                                       |
| <b>Governmental activities:</b>             |                      |                           |                                               |                          |    |                                                                         |
| Instruction:                                |                      |                           |                                               |                          |    |                                                                         |
| Regular                                     | \$ 4,829,993         | \$ 192,705                | \$ 31,329                                     | \$ -                     | \$ | (4,605,959)                                                             |
| Special                                     | 1,769,996            | 449,571                   | 543,933                                       | -                        |    | (776,492)                                                               |
| Vocational                                  | 100,777              | -                         | 23,863                                        | -                        |    | (76,914)                                                                |
| Support services:                           |                      |                           |                                               |                          |    |                                                                         |
| Pupil                                       | 1,349,206            | -                         | 196,875                                       | -                        |    | (1,152,331)                                                             |
| Instructional staff                         | 606,723              | -                         | 13,791                                        | -                        |    | (592,932)                                                               |
| Board of education                          | 198,725              | -                         | -                                             | -                        |    | (198,725)                                                               |
| Administration                              | 882,883              | -                         | -                                             | -                        |    | (882,883)                                                               |
| Fiscal                                      | 487,488              | -                         | 99                                            | -                        |    | (487,389)                                                               |
| Business                                    | 9,501                | -                         | 3,995                                         | -                        |    | (5,506)                                                                 |
| Operations and maintenance                  | 3,546,865            | 55,362                    | 71,032                                        | 50,000                   |    | (3,370,471)                                                             |
| Pupil transportation                        | 812,185              | -                         | 20,573                                        | 45,000                   |    | (746,612)                                                               |
| Central                                     | 93,724               | -                         | -                                             | -                        |    | (93,724)                                                                |
| Operation of non-instructional<br>services: |                      |                           |                                               |                          |    |                                                                         |
| Food service operations                     | 401,212              | 217,682                   | 151,426                                       | -                        |    | (32,104)                                                                |
| Extracurricular activities                  | 682,938              | 250,969                   | 47,151                                        | -                        |    | (384,818)                                                               |
| Debt service:                               |                      |                           |                                               |                          |    |                                                                         |
| Principal retirement                        | 550,000              | -                         | -                                             | -                        |    | (550,000)                                                               |
| Interest and fiscal charges                 | 84,916               | -                         | -                                             | -                        |    | (84,916)                                                                |
| <b>Total governmental activities</b>        | <b>\$ 16,407,132</b> | <b>\$ 1,166,289</b>       | <b>\$ 1,104,067</b>                           | <b>\$ 95,000</b>         |    | <b>(14,041,776)</b>                                                     |

**General cash receipts:**

Property taxes levied for:

|                  |           |
|------------------|-----------|
| General purposes | 4,945,468 |
| Debt service     | 197,349   |
| Special Revenue  | 68,234    |

Income taxes levied for:

|                  |           |
|------------------|-----------|
| General purposes | 1,939,708 |
|------------------|-----------|

Grants and entitlements not restricted

|                      |           |
|----------------------|-----------|
| to specific programs | 5,358,041 |
|----------------------|-----------|

Investment earnings

|  |         |
|--|---------|
|  | 591,419 |
|--|---------|

Miscellaneous

|  |        |
|--|--------|
|  | 88,178 |
|--|--------|

Total general cash receipts

|  |            |
|--|------------|
|  | 13,188,397 |
|--|------------|

Change in net position

|  |           |
|--|-----------|
|  | (853,379) |
|--|-----------|

**Net position at beginning of year**

|  |            |
|--|------------|
|  | 13,918,090 |
|--|------------|

**Net position at end of year**

|  |                      |
|--|----------------------|
|  | <u>\$ 13,064,711</u> |
|--|----------------------|

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

|                                               | <b>General</b> | <b>Permanent<br/>Improvement</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-----------------------------------------------|----------------|----------------------------------|--------------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                |                |                                  |                                            |                                         |
| Equity in pooled cash<br>and cash equivalents | \$ 8,722,903   | \$ 2,730,729                     | \$ 1,611,079                               | \$ 13,064,711                           |
| <b>Fund balances:</b>                         |                |                                  |                                            |                                         |
| Nonspendable:                                 |                |                                  |                                            |                                         |
| Permanent fund                                | \$ -           | \$ -                             | \$ 10,000                                  | \$ 10,000                               |
| Unclaimed monies                              | 6,077          | -                                | -                                          | 6,077                                   |
| Scholarship endowment                         | -              | -                                | 6,000                                      | 6,000                                   |
| Restricted:                                   |                |                                  |                                            |                                         |
| Debt service                                  | -              | -                                | 1,050,705                                  | 1,050,705                               |
| Classroom facilities maintenance              | -              | -                                | 138,192                                    | 138,192                                 |
| Food service operations                       | -              | -                                | 164,845                                    | 164,845                                 |
| State funded programs                         | -              | -                                | 4,628                                      | 4,628                                   |
| Federally funded programs                     | -              | -                                | 3                                          | 3                                       |
| Extracurricular                               | -              | -                                | 242,513                                    | 242,513                                 |
| Permanent fund                                | -              | -                                | 1,048                                      | 1,048                                   |
| Other purposes                                | -              | -                                | 12,045                                     | 12,045                                  |
| Committed:                                    |                |                                  |                                            |                                         |
| Termination benefits                          | 68,831         | -                                | -                                          | 68,831                                  |
| Assigned:                                     |                |                                  |                                            |                                         |
| Student and staff support                     | 53,032         | -                                | -                                          | 53,032                                  |
| Capital improvements                          | -              | 2,730,729                        | -                                          | 2,730,729                               |
| Unassigned (deficit)                          | 8,594,963      | -                                | (18,900)                                   | 8,576,063                               |
| Total fund balances                           | \$ 8,722,903   | \$ 2,730,729                     | \$ 1,611,079                               | \$ 13,064,711                           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|                                               | General             | Permanent<br>Improvement | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------------------|---------------------|--------------------------|-----------------------------------|--------------------------------|
| <b>Cash Receipts:</b>                         |                     |                          |                                   |                                |
| Property taxes                                | \$ 4,945,468        | \$ -                     | \$ 265,583                        | \$ 5,211,051                   |
| Income taxes                                  | 1,939,708           | -                        | -                                 | 1,939,708                      |
| Intergovernmental                             | 5,700,642           | -                        | 651,369                           | 6,352,011                      |
| Investment earnings                           | 590,679             | -                        | 2,799                             | 593,478                        |
| Tuition and fees                              | 641,810             | -                        | -                                 | 641,810                        |
| Extracurricular                               | 20,695              | -                        | 231,242                           | 251,937                        |
| Rental income                                 | 54,860              | -                        | -                                 | 54,860                         |
| Charges for services                          | -                   | -                        | 217,682                           | 217,682                        |
| Contributions and donations                   | 10,384              | 50,000                   | 39,007                            | 99,391                         |
| Miscellaneous                                 | 172,972             | -                        | 18,853                            | 191,825                        |
| Total cash receipts                           | <u>14,077,218</u>   | <u>50,000</u>            | <u>1,426,535</u>                  | <u>15,553,753</u>              |
| <b>Cash Disbursements:</b>                    |                     |                          |                                   |                                |
| Current:                                      |                     |                          |                                   |                                |
| Instruction:                                  |                     |                          |                                   |                                |
| Regular                                       | 4,778,849           | 14,923                   | 36,221                            | 4,829,993                      |
| Special                                       | 1,481,108           | 3,165                    | 285,723                           | 1,769,996                      |
| Vocational                                    | 100,777             | -                        | -                                 | 100,777                        |
| Support services:                             |                     |                          |                                   |                                |
| Pupil                                         | 1,309,189           | -                        | 40,017                            | 1,349,206                      |
| Instructional staff                           | 442,071             | 144,101                  | 20,551                            | 606,723                        |
| Board of education                            | 198,725             | -                        | -                                 | 198,725                        |
| Administration                                | 882,883             | -                        | -                                 | 882,883                        |
| Fiscal                                        | 477,682             | -                        | 9,806                             | 487,488                        |
| Business                                      | 5,506               | -                        | 3,995                             | 9,501                          |
| Operations and maintenance                    | 1,036,184           | 1,885,816                | 624,865                           | 3,546,865                      |
| Pupil transportation                          | 640,892             | 126,293                  | 45,000                            | 812,185                        |
| Central                                       | 93,724              | -                        | -                                 | 93,724                         |
| Operation of non-instructional services:      |                     |                          |                                   |                                |
| Food service operations                       | -                   | -                        | 401,212                           | 401,212                        |
| Extracurricular activities                    | 377,305             | -                        | 305,633                           | 682,938                        |
| Debt service:                                 |                     |                          |                                   |                                |
| Principal retirement                          | -                   | 170,000                  | 380,000                           | 550,000                        |
| Interest and fiscal charges                   | -                   | 6,110                    | 78,806                            | 84,916                         |
| Total cash disbursements                      | <u>11,824,895</u>   | <u>2,350,408</u>         | <u>2,231,829</u>                  | <u>16,407,132</u>              |
| Excess of receipts over (under) disbursements | <u>2,252,323</u>    | <u>(2,300,408)</u>       | <u>(805,294)</u>                  | <u>(853,379)</u>               |
| <b>Other financing sources (uses):</b>        |                     |                          |                                   |                                |
| Transfers in                                  | -                   | 1,699,427                | -                                 | 1,699,427                      |
| Transfers (out)                               | (1,699,427)         | -                        | -                                 | (1,699,427)                    |
| Total other financing sources (uses)          | <u>(1,699,427)</u>  | <u>1,699,427</u>         | <u>-</u>                          | <u>-</u>                       |
| Net change in fund balances                   | 552,896             | (600,981)                | (805,294)                         | (853,379)                      |
| <b>Fund balances at beginning of year</b>     | <u>8,170,007</u>    | <u>3,331,710</u>         | <u>2,416,373</u>                  | <u>13,918,090</u>              |
| <b>Fund balances at end of year</b>           | <u>\$ 8,722,903</u> | <u>\$ 2,730,729</u>      | <u>\$ 1,611,079</u>               | <u>\$ 13,064,711</u>           |

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, 2024

|                                            | <u><b>Custodial</b></u> |
|--------------------------------------------|-------------------------|
| <b>Assets:</b>                             |                         |
| Equity in pooled cash and cash equivalents | <u>\$ 15,797</u>        |
| <b>Net position:</b>                       |                         |
| Restricted for individuals                 | <u><u>\$ 15,797</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|                                          | <u><b>Custodial</b></u> |
|------------------------------------------|-------------------------|
| <b>Additions:</b>                        |                         |
| Extracurricular collections for OHSAA    | \$ 3,825                |
| Earnings on investments                  | 5                       |
| Contributions and donations              | 4,086                   |
| Total additions                          | <u>7,916</u>            |
| <b>Deductions:</b>                       |                         |
| Extracurricular distributions to OHSAA   | 3,825                   |
| Scholarships awarded                     | 2,500                   |
| Total deductions                         | <u>6,325</u>            |
| Change in net position                   | 1,591                   |
| <b>Net position at beginning of year</b> | <u>14,206</u>           |
| <b>Net position at end of year</b>       | <u><u>\$ 15,797</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Mohawk Local School District, Wyandot County, Ohio (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 48 classified employees, 65 certified teaching personnel and 5 administrative employees who provide services to 753 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).

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

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 (the Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career 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 Career Center possesses its own budgeting and taxing authority. Financial information can be obtained from the Vanguard-Sentinel Career and Technology Centers, Alex 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 Ohio 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 2024, the District paid META Solutions \$29,082 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

*INSURANCE PURCHASING POOLS*

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 School Boards Association Workers' Compensation Group Rating Program (the Program) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

North Central Ohio Joint Insurance Association (the Association)

The Association is a legally separate body politic and corporate organized as a regional council of governments under Chapter 167 of the Ohio Revised Code. The Association 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 Association. All Association receipts are generated from charges for services. The Association was formed for the purpose of providing and administering health insurance benefits for member governments.

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

*RELATED ORGANIZATION*

Mohawk Community Library

The Mohawk Community Library (the 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 statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

General fund - The General fund is used to account for 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.

Permanent Improvement fund - The Permanent Improvement fund is used to account for 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:

Nonmajor Special Revenue funds - Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than Debt Service or Capital Projects.

Nonmajor Debt Service funds - Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

*Nonmajor Permanent funds* - Permanent funds are used 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 reporting government's programs – that is, for the benefit of the government or its citizenry.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net cash assets and changes in net cash assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial 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 has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for monies collected by the District for the Ohio High School Athletic Association (OHSAA) and programs that provide college scholarships for students after graduation for which the District has no administrative involvement.

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

All funds, except custodial funds, are legally required to be budgeted and appropriated. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the legal level within all funds are made by the District Treasurer. Although the legal level of budgetary control was established at the fund level of disbursements for the General fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of disbursements.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflects the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflects the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restrictions that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriations amounts passed by the Board during the fiscal year.

**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 2024, investments were limited to investments in US Treasury Notes, Commercial Paper, negotiable certificates of deposit, Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, US Government money market mutual funds, and non-negotiable 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 receipts credited to the General fund during fiscal year 2024 amounted to \$590,679, which includes \$219,616 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. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**I. 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

**J. 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. Since recording a capital asset (including the intangible right to use) when entering into a lease transaction, or Subscription Based Information Technology Arrangement (SBITA) is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease and SBITA payments are reported when paid.

**K. 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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**L. 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 amount restricted for other purposes represents amounts restricted for college scholarships for which the District has administrative involvement and for food service operations. The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**M. 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, 2024.

**N. 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 2024.

**O. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**P. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability and net OPEB (asset), 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.

**Q. 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, 2024, the balance in the budget stabilization reserve was \$2,080,313. This amount is included in unassigned fund balance of the General fund and in unrestricted net position on the statement of net position.

**R. Leases**

The District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

**S. Subscription Based Information Technology Arrangements (SBITAs)**

The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

**T. Interfund Activity**

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2024, the District has implemented certain paragraphs of GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

**B. 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 basic 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 basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

**C. Deficit Fund Balances**

Fund balances at June 30, 2024 included the following individual fund deficits:

| <u>Nonmajor funds</u>                   | <u>Deficit</u> |
|-----------------------------------------|----------------|
| Student Support and Academic Enrichment | \$ 18,900      |

The deficit fund balances resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code Section 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, and Government National Mortgage 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 fair 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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. Except as noted above, 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, 2024, the carrying amount of all District deposits was \$6,637,314 and the bank balance of all District deposits was \$6,743,977. Of the bank balance, \$500,000 was covered by the FDIC and \$6,243,977 was exposed to custodial credit risk discussed below.

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 fair 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the District's financial institutions were approved for a 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.

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**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)**

**B. Investments**

As of June 30, 2024, the District had the following investments and maturities:

| <u>Investment type</u>     | <u>Carrying<br/>Amount</u> | <u>Investment Maturities</u> |                           |                            |                            |                                   |
|----------------------------|----------------------------|------------------------------|---------------------------|----------------------------|----------------------------|-----------------------------------|
|                            |                            | <u>6 months or<br/>less</u>  | <u>7 to 12<br/>months</u> | <u>13 to 18<br/>months</u> | <u>19 to 24<br/>months</u> | <u>Greater than<br/>24 months</u> |
| Certificate of Deposit     | \$ 716,536                 | \$ 248,751                   | \$ 467,785                | \$ -                       | \$ -                       | \$ -                              |
| FHLB                       | 829,935                    | -                            | -                         | 100,000                    | 200,000                    | 529,935                           |
| FFCB                       | 509,180                    | 299,544                      | 99,717                    | -                          | -                          | 109,919                           |
| FNMA                       | 197,250                    | -                            | -                         | -                          | -                          | 197,250                           |
| FHLMC                      | 635,499                    | -                            | -                         | -                          | -                          | 635,499                           |
| US Treasury Note           | 1,472,266                  | 148,066                      | -                         | 248,238                    | 249,941                    | 826,021                           |
| Commercial Paper           | 1,759,211                  | 1,240,176                    | 519,035                   | -                          | -                          | -                                 |
| US Government Money Market | 323,317                    | 323,317                      | -                         | -                          | -                          | -                                 |
| Total                      | <u>\$ 6,443,194</u>        | <u>\$ 2,259,854</u>          | <u>\$ 1,086,537</u>       | <u>\$ 348,238</u>          | <u>\$ 449,941</u>          | <u>\$ 2,298,624</u>               |

The weighted average maturity of investments is 1.75 years.

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value of those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in US Treasury Notes were rated AA+ by Standard and Poor's and Aaa by Moody's Investor Service. The District's investments in federal agency securities investments were rated AA+ by Standard and Poor's and Aaa by Moody's Investor Service. The District's negotiable CD's were not rated but are fully covered by the FDIC. The District's investments in commercial paper were rated A-1 by Standard and Poor's and P-1 by Moody's Investor Services. The District has no investment policy that would further limit its investment choices.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The US Treasury Notes and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2024:

**MOHAWK LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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| <u>Investment type</u>     | <u>Carrying<br/>Amount</u> | <u>% of Total</u> |
|----------------------------|----------------------------|-------------------|
| Certificate of Deposits    | \$ 716,536                 | 11.12             |
| FHLB                       | 829,935                    | 12.88             |
| FFCB                       | 509,180                    | 7.90              |
| FNMA                       | 197,250                    | 3.06              |
| FHLMC                      | 635,499                    | 9.86              |
| US Treasury Note           | 1,472,266                  | 22.86             |
| Commercial Paper           | 1,759,211                  | 27.30             |
| US Government Money Market | 323,317                    | 5.02              |
| Total                      | <u>\$ 6,443,194</u>        | <u>100.00</u>     |

**C. 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, 2024:

|                                               |                      |
|-----------------------------------------------|----------------------|
| <u>Cash per note</u>                          |                      |
| Carrying amount of deposits                   | \$ 6,637,314         |
| Investments                                   | <u>6,443,194</u>     |
| Total                                         | <u>\$ 13,080,508</u> |
| <br><u>Cash per statement of net position</u> |                      |
| Governmental activities                       | \$ 13,064,711        |
| Custodial funds                               | <u>15,797</u>        |
| Total                                         | <u>\$ 13,080,508</u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2024, consisted of the following, as reported on the fund statements:

|                                            |                     |
|--------------------------------------------|---------------------|
| <u>Transfers from the General fund to:</u> | <u>Amount</u>       |
| Permanent Improvement Fund                 | <u>\$ 1,699,427</u> |

Transfers are used to move receipts 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 receipts 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. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**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.

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Property taxes include amounts levied against all real property and public utility property. Real property tax receipts received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 receipts received in calendar year 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, 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, 2024, are available to finance fiscal year 2024 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 2024 taxes were collected are:

|                                                   | 2023 Second<br>Half Collections |                | 2024 First<br>Half Collections |                |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                                   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 146,618,070                  | 59.41          | \$ 178,124,530                 | 64.41          |
| Public utility personal                           | <u>100,154,430</u>              | <u>40.59</u>   | <u>98,408,410</u>              | <u>35.59</u>   |
| Total                                             | <u>\$ 246,772,500</u>           | <u>100.00</u>  | <u>\$ 276,532,940</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$38.50                         |                | \$38.35                        |                |

**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 receipts are credited to the General fund.

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**NOTE 8 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2024, the following activity occurred in governmental activities long-term obligations:

|                                                         | Balance<br>Outstanding<br>06/30/23 | Additions   | Reductions          | Balance<br>Outstanding<br>06/30/24 | Amounts<br>Due in<br>One Year |
|---------------------------------------------------------|------------------------------------|-------------|---------------------|------------------------------------|-------------------------------|
| <b>Governmental activities:</b>                         |                                    |             |                     |                                    |                               |
| General obligation bonds:                               |                                    |             |                     |                                    |                               |
| Series 2012 refunding bonds:                            |                                    |             |                     |                                    |                               |
| Current interest bonds                                  | \$ 3,695,000                       | \$ -        | \$ (380,000)        | \$ 3,315,000                       | \$ 380,000                    |
| 2015 certificates of participation                      | 345,000                            | -           | (170,000)           | 175,000                            | 175,000                       |
| Total long-term obligations,<br>governmental activities | <u>\$ 4,040,000</u>                | <u>\$ -</u> | <u>\$ (550,000)</u> | <u>\$ 3,490,000</u>                | <u>\$ 555,000</u>             |

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, 2024, is \$3,315,000.

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, 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 was \$360,000 with \$271,480 representing interest that accreted over the term of the bonds.

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

| Year Ended  | Current Interest Bonds |                   |                     |
|-------------|------------------------|-------------------|---------------------|
|             | Principal              | Interest          | Total               |
| 2025        | \$ 380,000             | \$ 71,206         | \$ 451,206          |
| 2026        | 395,000                | 63,456            | 458,456             |
| 2027        | 400,000                | 55,506            | 455,506             |
| 2028        | 410,000                | 47,150            | 457,150             |
| 2029        | 420,000                | 38,069            | 458,069             |
| 2030 - 2032 | 1,310,000              | 52,298            | 1,362,298           |
| Total       | <u>\$ 3,315,000</u>    | <u>\$ 327,685</u> | <u>\$ 3,642,685</u> |

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. The debt was issued in accordance with the American Recovery and Reinvestment Act of 2009, which provides for federal tax credits for the holders of debt in lieu of interest payments. This reduces the issuers cost of borrowing. 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 capital project fund.

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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<br><u>Ending June 30,</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|---------------------------------------|-------------------|-----------------|-------------------|
| 2025                                  | <u>\$ 175,000</u> | <u>\$ 2,056</u> | <u>\$ 177,056</u> |

**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 used 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, 2024, are a voted debt margin of \$22,623,670 (including available funds of \$1,050,705) and an unvoted debt margin of \$276,533.

**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 2024, the District contracted for the following insurance coverage:

| <u>Description</u>                                            | <u>Amount</u> |
|---------------------------------------------------------------|---------------|
| Insurance provided by Liberty Mutual Insurance Company        |               |
| Building and Contents - replacement cost (\$2,500 deductible) | \$70,179,815  |
| Insurance provided by Liberty Mutual Insurance Company        |               |
| Automotive Liability                                          | 1,000,000     |
| Uninsured motorists                                           | 1,000,000     |
| General liability                                             |               |
| Per occurrence                                                | 3,000,000     |
| Aggregate                                                     | 3,000,000     |
| Cyber Insurance provided by Axis Pro                          |               |
| General liability                                             | 1,000,000     |
| System disruption and data recovery disbursement              | 1,000,000     |

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.

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**B. North Central Ohio Joint Insurance Association**

The District participates in the North Central Ohio Joint Insurance Association (the Association), a public entity shared risk pool consisting of six local school districts (See Note 2.A.). Each participating member pays premiums to the Association for employee medical, dental, life and vision coverage. The Association is responsible for the management and operation of the program. Upon withdrawal, the District is responsible for the payment of all Association liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of the Association, all member's claims are paid without regard to the members account balance. The Association Board of Directors has the right to return or not return monies to an existing participating member subsequent to the settlement of all disbursements and claims.

**C. Workers' Compensation**

For fiscal year 2024, the District participated in the OASBO/OSBA Workers' Compensation Group Retrospective-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 Sedgwick, Inc. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability/(Asset)***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pension/OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 pensions/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District's 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                              | Eligible to<br>Retire after<br>August 1, 2017                                        |
|------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Full benefits                | Any age with 30 years of service credit                                             | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

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Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$237,671 for fiscal year 2024.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers participate in STRS, 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% 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.

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The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% 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 and after termination of employment.

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. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$680,580 for fiscal year 2024.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2023, 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:

|                                                                  | <u>SERS</u>          | <u>STRS</u>          | <u>Total</u> |
|------------------------------------------------------------------|----------------------|----------------------|--------------|
| Proportion of the net pension liability prior measurement date   | 0.046311800%         | 0.035900930%         |              |
| Proportion of the net pension liability current measurement date | <u>0.041206000%</u>  | <u>0.034814480%</u>  |              |
| Change in proportionate share                                    | <u>-0.005105800%</u> | <u>-0.001086450%</u> |              |
| Proportionate share of the net pension liability                 | \$ 2,276,842         | \$ 7,497,276         | \$ 9,774,118 |

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***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 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. Future benefits for all current plan members were projected through 2137.

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, 2023 and June 30, 2022, are presented below:

|                                               |                                             |
|-----------------------------------------------|---------------------------------------------|
| Wage inflation:                               |                                             |
| Current measurement date                      | 2.40%                                       |
| Prior measurement date                        | 2.40%                                       |
| Future salary increases, including inflation: |                                             |
| Current measurement date                      | 3.25% to 13.58%                             |
| Prior measurement date                        | 3.25% to 13.58%                             |
| COLA or ad hoc COLA:                          |                                             |
| Current measurement date                      | 2.00%                                       |
| Prior measurement date                        | 2.00%                                       |
| Investment rate of return:                    |                                             |
| Current measurement date                      | 7.00% net of system expenses                |
| Prior measurement date                        | 7.00% net of system expenses                |
| Discount rate:                                |                                             |
| Current measurement date                      | 7.00%                                       |
| Prior measurement date                        | 7.00%                                       |
| Actuarial cost method                         | Entry age normal (level percent of payroll) |

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by 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 average 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 asset class are summarized in the following table:

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------------|----------------------|-------------------------------------------|
| Cash                        | 2.00 %               | 0.75 %                                    |
| US Equity                   | 24.75                | 4.82                                      |
| Non-US Equity Developed     | 13.50                | 5.19                                      |
| Non-US Equity Emerging      | 6.75                 | 5.98                                      |
| Fixed Income/Global Bonds   | 19.00                | 2.24                                      |
| Private Equity              | 12.00                | 7.49                                      |
| Real Estate/Real Assets     | 17.00                | 3.70                                      |
| Private Debt/Private Credit | 5.00                 | 5.64                                      |
| Total                       | <u>100.00 %</u>      |                                           |

**Discount Rate** - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

**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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

|                                                                | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|----------------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 3,360,505 | \$ 2,276,842             | \$ 1,364,066 |

**MOHAWK LOCAL SCHOOL DISTRICT  
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***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

|                                   | June 30, 2023                                          | June 30, 2022                                          |
|-----------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Inflation                         | 2.50%                                                  | 2.50%                                                  |
| Projected salary increases        | Varies by service from 2.50% to 8.50%                  | Varies by service from 2.50% to 8.50%                  |
| Investment rate of return         | 7.00%, net of investment expenses, including inflation | 7.00%, net of investment expenses, including inflation |
| Discount rate of return           | 7.00%                                                  | 7.00%                                                  |
| Payroll increases                 | 3.00%                                                  | 3.00%                                                  |
| Cost-of-living adjustments (COLA) | 0.00%                                                  | 0.00%                                                  |

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|----------------------------------------------|
| Domestic Equity      | 26.00 %               | 6.60 %                                       |
| International Equity | 22.00                 | 6.80                                         |
| Alternatives         | 19.00                 | 7.38                                         |
| Fixed Income         | 22.00                 | 1.75                                         |
| Real Estate          | 10.00                 | 5.75                                         |
| Liquidity Reserves   | 1.00                  | 1.00                                         |
| Total                | <u>100.00 %</u>       |                                              |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment disbursements. 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

|                                                                | 1% Decrease   | Current<br>Discount Rate | 1% Increase  |
|----------------------------------------------------------------|---------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 11,529,152 | \$ 7,497,276             | \$ 4,087,413 |

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/(Asset)**

See Note 10 for a description of the net OPEB liability (asset).

**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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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. 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$29,137.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$29,137 for fiscal year 2024.

***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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability/(Asset)***

The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/(asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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Following is information related to the proportionate share:

|                                                                       | <u>SERS</u>          | <u>STRS</u>          | <u>Total</u> |
|-----------------------------------------------------------------------|----------------------|----------------------|--------------|
| Proportion of the net OPEB liability/(asset) prior measurement date   | 0.047026500%         | 0.035900930%         |              |
| Proportion of the net OPEB liability/(asset) current measurement date | <u>0.042097700%</u>  | <u>0.034814480%</u>  |              |
| Change in proportionate share                                         | <u>-0.004928800%</u> | <u>-0.001086450%</u> |              |
| Proportionate share of the net OPEB liability                         | \$ 693,536           | \$ -                 | \$ 693,536   |
| Proportionate share of the net OPEB (asset)                           | \$ -                 | \$ (677,094)         | \$ (677,094) |

***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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

|                                                                                                |                                                         |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Wage inflation:                                                                                |                                                         |
| Current measurement date                                                                       | 2.40%                                                   |
| Prior measurement date                                                                         | 2.40%                                                   |
| Future salary increases, including inflation:                                                  |                                                         |
| Current measurement date                                                                       | 3.25% to 13.58%                                         |
| Prior measurement date                                                                         | 3.25% to 13.58%                                         |
| Investment rate of return:                                                                     |                                                         |
| Current measurement date                                                                       | 7.00% net of investment<br>expense, including inflation |
| Prior measurement date                                                                         | 7.00% net of investment<br>expense, including inflation |
| Municipal bond index rate:                                                                     |                                                         |
| Current measurement date                                                                       | 3.86%                                                   |
| Prior measurement date                                                                         | 3.69%                                                   |
| Single equivalent interest rate, net of plan investment expense,<br>including price inflation: |                                                         |
| Current measurement date                                                                       | 4.27%                                                   |
| Prior measurement date                                                                         | 4.08%                                                   |
| Medical trend assumption:                                                                      |                                                         |
| Current measurement date                                                                       | 6.75 to 4.40%                                           |
| Prior measurement date                                                                         | 7.00 to 4.40%                                           |

In 2023, Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 long-term expected nominal rate of return has been determined by calculating a weighted average 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------------|----------------------|-------------------------------------------|
| Cash                        | 2.00 %               | 0.75 %                                    |
| US Equity                   | 24.75                | 4.82                                      |
| Non-US Equity Developed     | 13.50                | 5.19                                      |
| Non-US Equity Emerging      | 6.75                 | 5.98                                      |
| Fixed Income/Global Bonds   | 19.00                | 2.24                                      |
| Private Equity              | 12.00                | 7.49                                      |
| Real Estate/Real Assets     | 17.00                | 3.70                                      |
| Private Debt/Private Credit | 5.00                 | 5.64                                      |
| Total                       | <u>100.00 %</u>      |                                           |

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

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(Continued)

|                                                             | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|-------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 886,538         | \$ 693,536                       | \$ 541,347         |

|                                                             | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|-------------------------------------------------------------|--------------------|-------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 509,517         | \$ 693,536                    | \$ 937,387         |

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

|                                   | June 30, 2023                                          |          | June 30, 2022                                          |          |
|-----------------------------------|--------------------------------------------------------|----------|--------------------------------------------------------|----------|
| Inflation                         | 2.50%                                                  |          | 2.50%                                                  |          |
| Projected salary increases        | Varies by service from 2.50% to 8.50%                  |          | Varies by service from 2.50% to 8.50%                  |          |
| Investment rate of return         | 7.00%, net of investment expenses, including inflation |          | 7.00%, net of investment expenses, including inflation |          |
| Payroll increases                 | 3.00%                                                  |          | 3.00%                                                  |          |
| Cost-of-living adjustments (COLA) | 0.00%                                                  |          | 0.00%                                                  |          |
| Discount rate of return           | 7.00%                                                  |          | 7.00%                                                  |          |
| Blended discount rate of return   | N/A                                                    |          | N/A                                                    |          |
| Health care cost trends           |                                                        |          |                                                        |          |
|                                   | Initial                                                | Ultimate | Initial                                                | Ultimate |
| Medical                           |                                                        |          |                                                        |          |
| Pre-Medicare                      | 7.50%                                                  | 4.14%    | 7.50%                                                  | 3.94%    |
| Medicare                          | -10.94%                                                | 4.14%    | -68.78%                                                | 3.94%    |
| Prescription Drug                 |                                                        |          |                                                        |          |
| Pre-Medicare                      | -11.95%                                                | 4.14%    | 9.00%                                                  | 3.94%    |
| Medicare                          | 1.33%                                                  | 4.14%    | -5.47%                                                 | 3.94%    |

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

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**Assumption Changes Since the Prior Measurement Date** - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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:

| <u>Asset Class</u>   | <u>Target<br/>Allocation*</u> | <u>Long-Term Expected<br/>Real Rate of Return **</u> |
|----------------------|-------------------------------|------------------------------------------------------|
| Domestic Equity      | 26.00 %                       | 6.60 %                                               |
| International Equity | 22.00                         | 6.80                                                 |
| Alternatives         | 19.00                         | 7.38                                                 |
| Fixed Income         | 22.00                         | 1.75                                                 |
| Real Estate          | 10.00                         | 5.75                                                 |
| Liquidity Reserves   | 1.00                          | 1.00                                                 |
| Total                | <u>100.00 %</u>               |                                                      |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment disbursements. 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 OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB (asset) as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB (asset) 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.

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|                                                           | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|-----------------------------------------------------------|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB (asset) | \$ (573,071)       | \$ (677,094)                     | \$ (767,686)       |

|                                                           | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|-----------------------------------------------------------|--------------------|-------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB (asset) | \$ (771,890)       | \$ (677,094)                  | \$ (562,913)       |

**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**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (DEW) 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 a result of the final fiscal year 2024 FTE reviews, an immaterial intergovernmental payable is due to DEW from the District.

**NOTE 13 - STATUTORY RESERVES**

The District is required by State law to annually set-aside certain General fund receipt 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. Disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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.

|                                             | <u>Capital<br/>Improvements</u> |
|---------------------------------------------|---------------------------------|
| Set-aside balance June 30, 2023             | \$ -                            |
| Current year set-aside requirement          | 168,351                         |
| Current year qualifying disbursements       | (71,094)                        |
| Current year offsets                        | <u>(97,257)</u>                 |
| Total                                       | <u>\$ -</u>                     |
| Balance carried forward to fiscal year 2025 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2024             | <u>\$ -</u>                     |

**NOTE 14 - COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported 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:

| <u>Fund</u>                 | <u>Year-End<br/>Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund                | \$ 151,841                       |
| Permanent improvement fund  | 419,784                          |
| Other nonmajor governmental | <u>86,011</u>                    |
| Total                       | <u>\$ 657,636</u>                |

**NOTE 15 - SUBSEQUENT EVENTS**

On August 26, 2025 the District entered into a lease-purchase agreement in the amount of \$2,551,000 for District capital projects.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|                                             | <b>Budgeted Amounts</b> |                     |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---------------------------------------------|-------------------------|---------------------|---------------------|-------------------------------------------------------------------|
|                                             | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>       |                                                                   |
| Receipts and other financing sources        | \$ 13,590,595           | \$ 14,103,260       | \$ 14,032,230       | \$ (71,030)                                                       |
| Disbursements and other financing uses      | 14,261,287              | 14,677,544          | 13,609,069          | 1,068,475                                                         |
| Net change in fund balance                  | (670,692)               | (574,284)           | 423,161             | 997,445                                                           |
| <b>Fund balance at beginning of year</b>    | 7,884,615               | 7,884,615           | 7,884,615           | -                                                                 |
| <b>Prior year encumbrances appropriated</b> | 135,346                 | 135,346             | 135,346             | -                                                                 |
| <b>Fund balance at end of year</b>          | <u>\$ 7,349,269</u>     | <u>\$ 7,445,677</u> | <u>\$ 8,443,122</u> | <u>\$ 997,445</u>                                                 |

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BUDGETARY PROCESS**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the General fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

**Net Change in Fund Cash Balance**

|                            | <u>General</u>           |
|----------------------------|--------------------------|
| Budgetary basis            | \$ 423,161               |
| Funds budgeted elsewhere** | (22,106)                 |
| Encumbrances               | <u>151,841</u>           |
| Cash basis                 | <u><u>\$ 552,896</u></u> |

\*\*As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund. This includes the Public School Support fund, the Unclaimed Money fund, and the Termination Benefits fund.

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65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2026, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

***Report on Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-002 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

### ***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### ***Purpose of this Report***

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

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

March 24, 2026

**MOHWAK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2025 AND 2024**

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

**FINDING NUMBER 2025-001**

**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)** requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting 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 presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined 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 costs 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.

**FINDING NUMBER 2025-002**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Unassigned General fund balance in the amount of \$858,794 was improperly classified as subsequent year's appropriations on the Statement of Assets and Fund Balances – Cash Basis for the year ended June 30, 2025.

**FINDING NUMBER 2025-002**  
**(Continued)**

This error was the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The failure to prepare complete and accurate financial statements and notes to the financial statements could lead to the financial statements user making misinformed decisions about the District's financial position. The accompanying financial statements have been adjusted to correct this error.

The District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Treasurer and Board of Education to help identify and correct errors and omissions.

**Officials' Response:**

The reported over appropriation resulted from the use of an internal Budget Summary (BUD SUM) report that included preliminary, non-Board-approved planning figures rather than the Board-approved temporary appropriations in effect at fiscal year-end. The internal working budget reflected appropriations that temporarily exceeded anticipated revenues by \$858,794; however, these figures were never legally adopted. Final appropriations were formally reduced and approved by the Board in September, eliminating the overage and ensuring compliance with Ohio law. Management has since implemented procedures to clearly distinguish internal planning documents from legally adopted appropriations and to ensure temporary appropriations do not exceed anticipated revenues in the future.



# Mohawk Local School District



605 State Highway 231  
Sycamore, Ohio 44882

## Administration

Andrew Sprang, Superintendent  
Jenny Culbertson, Treasurer  
Brooke Bowlin, Elem. Principal  
Robert Chevalier, JH/HS Principal  
Amy Kozel, Asst. Principal/AD

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

## Board of Education

Dr. Lori Arnold  
Danielle Clouse  
Shawn Detterman  
Carl Long  
Joshua Messersmith

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2025 AND 2024

| Finding Number | Finding Summary                                                                                                                                                                                                    | Status                                                         | Additional Information                                                                                                                                                                                                                                                                                                                                                       |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2023-001       | Finding was first reported in 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 and reissued as Finding 2025-001 in this report. | 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 years ended June 30, 2025 and 2024 and made the decision that the significant dollars saved outweighed the benefit received. |

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# OHIO AUDITOR OF STATE KEITH FABER



**MOHAWK LOCAL SCHOOL DISTRICT**

**WYANDOT COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/7/2026**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)