



Mary Taylor, CPA
Auditor of State

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mohawk Local School District, Wyandot County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mohawk Local School District, Wyandot County, Ohio, as of June 30, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Classroom Facilities Maintenance Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipts and expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

December 31, 2008

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

The management's discussion and analysis of the Mohawk Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2008, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The total net cash assets of the District decreased \$142,778 or 8.25% from fiscal year 2007.
- General cash receipts accounted for \$7,994,643 or 77.29% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,348,585 or 22.71% of total governmental activities cash receipts.
- The District had \$10,486,006 in cash disbursements related to governmental activities; \$2,348,585 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$7,994,643 were not adequate to provide for these programs.
- The District's major funds are the General Fund, Classroom Facilities Maintenance special revenue fund, Debt Service fund and Classroom Facilities capital projects fund. The General Fund, the District's largest major fund, had cash receipts and transfers in of \$8,678,943 in 2008. The cash disbursements of the General Fund, totaled \$8,445,912 in 2008. The General Fund's cash balance increased \$233,031 or 411.69% from 2007 to 2008.
- The Classroom Facilities Maintenance special revenue fund, a District major fund, had cash receipts of \$74,699 and cash disbursements of \$96,488 in 2008. The Classroom Facilities Maintenance special revenue fund cash balance decreased \$21,789 or 11.37% from 2007 to 2008.
- The Debt Service fund, a District major fund, had cash receipts of \$512,888 in 2008. The Debt Service fund had cash disbursements of \$514,517 in 2008. The Debt Service fund cash balance decreased \$1,629 or 0.79% from 2007 to 2008.
- The Classroom Facilities capital projects fund, a District major fund, had cash receipts of \$63,403 in 2008. The Classroom Facilities capital projects fund had cash disbursements of \$367,268 in 2008. The Classroom Facilities capital projects fund cash balance decreased \$303,865 or 29.50% from 2007 to 2008.

Using the Basic Financial Statements (BFS)

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Reporting the District as a Whole

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

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis answer the question, "How did we do financially during 2008?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net cash assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Classroom Facilities Maintenance special revenue fund, Debt Service fund and Classroom Facilities capital projects fund. The analysis of the District's major governmental funds begins on page 10.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash assets and fund cash balances or changes in net cash assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 17-20 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General Fund and Classroom Facilities Maintenance special revenue fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on pages 21-22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a private-purpose trust fund and an agency fund. Only the cash held at year end for these funds is reported on page 23-24.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-43 of this report.

Government-Wide Financial Analysis

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

The table below provides a summary of the District's net cash assets for 2008 and 2007.

	Net Cash Assets	
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 1,588,421	\$ 1,731,199
Total assets	<u>1,588,421</u>	<u>1,731,199</u>
<u>Net Cash Assets</u>		
Restricted	1,261,528	1,667,195
Unrestricted	<u>326,893</u>	<u>64,004</u>
Total net cash assets	<u>\$ 1,588,421</u>	<u>\$ 1,731,199</u>

The total net cash assets of the District decreased \$142,778 which represents an 8.25% decrease from fiscal year 2007.

The balance of government-wide unrestricted net cash assets of \$326,893 may be used to meet the District's ongoing obligations to citizens and creditors.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

The table below shows the changes in net cash assets for fiscal year 2008 and 2007.

	Change in Net Cash Assets	
	Governmental Activities	Governmental Activities
	<u>2008</u>	<u>2007</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,212,159	\$ 1,055,128
Operating grants and contributions	1,120,642	939,435
Capital grants and contributions	<u>15,784</u>	<u>2,528,912</u>
Total program cash receipts	<u>2,348,585</u>	<u>4,523,475</u>
General cash receipts:		
Property and other taxes	3,590,235	3,526,464
Unrestricted grants:		
Operating	4,266,702	4,368,781
Proceeds of loan	60,002	-
Investment earnings	69,449	216,926
Other	<u>8,255</u>	<u>31,873</u>
Total general cash receipts	<u>7,994,643</u>	<u>8,144,044</u>
Special item	-	89,415
Total cash receipts	<u>\$ 10,343,228</u>	<u>\$ 12,756,934</u>

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

	Change in Net Cash Assets	
	Governmental	Governmental
	Activities 2008	Activities 2007
Cash Disbursements:		
Instruction:		
Regular	\$ 4,372,726	\$ 4,450,932
Special	999,171	1,073,832
Vocational	93,760	81,752
Adult	789	642
Other	17,090	16,133
Support services:		
Pupil	375,930	429,843
Instructional staff	404,648	359,535
Board of education	40,264	22,825
Administration	641,789	716,453
Fiscal	290,877	284,518
Business	28,495	37,586
Operations and maintenance	910,539	731,307
Pupil transportation	503,355	438,859
Central	35,558	41,455
Operation of non instruction	250	489
Food service operations	353,235	378,098
Extracurricular	459,742	459,335
Facilities acquisition and construction	455,603	7,979,102
Debt service:		
Principal retirement	205,000	230,001
Interest and fiscal charges	<u>297,185</u>	<u>301,339</u>
Total cash disbursements	10,486,006	18,034,036
Change in net cash assets	(142,778)	(5,277,102)
Net cash assets at beginning of year	<u>1,731,199</u>	<u>7,008,301</u>
Net cash assets at end of year	<u>\$ 1,588,421</u>	<u>\$ 1,731,199</u>

Governmental Activities

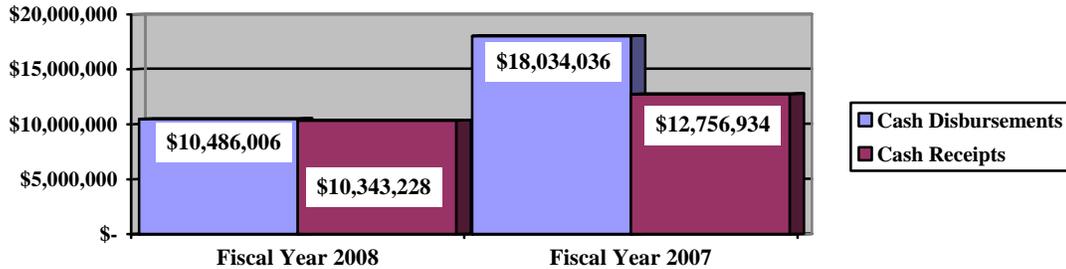
Governmental cash assets decreased by \$142,778 in 2008 from 2007. Total governmental disbursements of \$10,486,006 were offset by program receipts of \$2,348,585 and general receipts of \$7,994,643. Program receipts supported 22.40% of the total governmental disbursements. The largest governmental disbursements were instructional expenditures which totaled \$5,483,536 or 52.29% of total governmental expenditures. Facilities acquisition and construction expenditures decreased from \$7,979,102 in 2007 to \$455,603 in 2008 due to the completion on the OSFC project during 2007.

The primary sources of receipts for governmental activities are derived from property taxes, and grants and entitlements. These receipt sources represent 75.96% of total governmental receipts. Real estate property is reappraised every six years.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



Governmental Activities

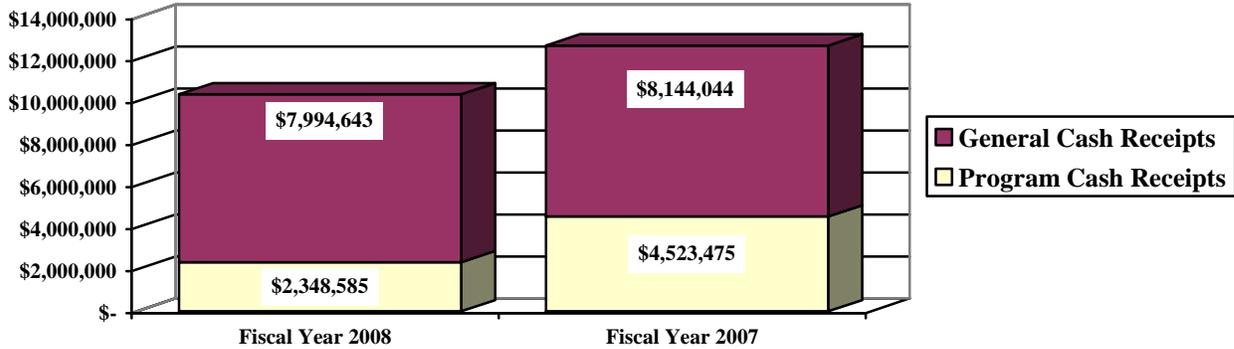
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Cash disbursements:				
Instruction:				
Regular	\$ 4,372,726	\$ 3,738,299	\$ 4,450,932	\$ 3,830,893
Special	999,171	324,021	1,073,832	383,277
Vocational	93,760	71,258	81,752	61,833
Adult	789	789	642	642
Other	17,090	17,090	16,133	16,133
Support services:				
Pupil	375,930	327,438	429,843	359,603
Instructional staff	404,648	379,893	359,535	329,821
Board of education	40,264	33,405	22,825	11,080
Administration	641,789	641,519	716,453	716,166
Fiscal	290,877	290,877	284,518	284,518
Business	28,495	22,495	37,586	25,586
Operations and maintenance	910,539	902,787	731,307	728,585
Pupil transportation	503,355	242,428	438,859	407,665
Central	35,558	30,558	41,455	36,455
Operation of non instruction	250	22	489	(49)
Food service operations	353,235	(29,858)	378,098	19,832
Extracurricular	459,742	196,691	459,335	307,733
Facilities acquisition and construction	455,603	445,524	7,979,102	5,459,448
Debt service:				
Principal retirement	205,000	205,000	230,001	230,001
Interest and fiscal charges	297,185	297,185	301,339	301,339
Total	\$ 10,486,006	\$ 8,137,421	\$ 18,034,036	\$13,510,561

The dependence upon general cash receipts for governmental activities is apparent; with 77.60% of cash disbursements supported through taxes and other general cash receipts during 2008.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the District's Funds

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

Governmental Funds

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

The District's governmental funds reported a combined fund cash balance of \$1,588,421, which is \$142,778 below last year's total of \$1,731,199. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2008 and June 30, 2007, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2008</u>	Fund Cash Balance <u>June 30, 2007</u>	Increase (Decrease)
General	\$ 289,634	\$ 56,603	\$ 233,031
Classroom facilities maintenance	169,914	191,703	(21,789)
Debt service	204,630	206,259	(1,629)
Classroom facilities	726,357	1,030,222	(303,865)
Other nonmajor governmental funds	<u>197,886</u>	<u>246,412</u>	<u>(48,526)</u>
Total	<u>\$ 1,588,421</u>	<u>\$ 1,731,199</u>	<u>\$ (142,778)</u>

General Fund

The District's major funds are the General Fund, Classroom Facilities Maintenance special revenue fund, Debt Service fund and Classroom Facilities capital projects fund. The General Fund, the District's largest major fund, had cash receipts and transfers in of \$8,678,943 in 2008. The cash disbursements of the general fund, totaled \$8,445,912 in 2008. The general fund's cash balance increased \$233,031 or 411.69% from 2007 to 2008.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

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

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 3,108,861	\$ 3,008,379	3.34 %
Tuition	599,517	519,191	15.47 %
Earnings on investments	19,946	30,099	(33.73) %
Other local revenues	154,259	105,586	46.10 %
Intergovernmental	<u>4,766,359</u>	<u>4,694,878</u>	1.52 %
Total	<u>\$ 8,648,942</u>	<u>\$ 8,358,133</u>	3.48 %

The District completed the OSFC project during 2007 resulting in a drastic decrease in investments between 2007 and 2008. All other revenue remained comparable to 2007.

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

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 5,160,229	\$ 5,313,525	(2.89) %
Support services	3,022,196	2,920,657	3.48 %
Extracurricular	263,487	294,394	(10.50) %
Facilities acquisition and construction	<u>-</u>	<u>10,503</u>	(100.00) %
Total	<u>\$ 8,445,912</u>	<u>\$ 8,539,079</u>	(1.09) %

Cash disbursements remained comparable to 2007. Overall, cash disbursements decreased \$93,167 from 2007.

Classroom Facilities Maintenance Fund

The Classroom Facilities Maintenance special revenue fund, a District major fund, had cash receipts of \$74,699 and cash disbursements of \$96,488 in 2008. The Classroom Facilities Maintenance special revenue fund cash balance decreased \$21,789 or 11.37% from 2007 to 2008.

Debt Service Fund

The Debt Service fund, a District major fund, had cash receipts of \$512,888 in 2008. The Debt Service fund had cash disbursements of \$514,517 in 2008. The Debt Service fund cash balance decreased \$1,629 or 0.79% from 2007 to 2008.

Classroom Facilities Fund

The Classroom Facilities capital projects fund, a District major fund, had cash receipts of \$63,403 in 2008. The Classroom Facilities capital projects fund had cash disbursements of \$367,268 in 2008. The Classroom Facilities capital projects fund cash balance decreased \$303,865 or 29.50% from 2007 to 2008.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Budgeting Highlights - General Fund

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

For the General Fund, final budget basis receipts and other financing sources were \$100,000 higher than original budget estimates of \$8,561,717. Actual cash receipts and other financing sources of \$8,678,942 were more than final budget estimates by \$17,226. The final budgetary basis disbursements of \$8,570,040 were less than original budget estimates of \$8,590,985. The actual budgetary basis disbursements of \$8,453,862 were \$118,178 less than the final budget estimates.

Budgeting Highlights – Classroom Facilities Maintenance Fund

The Classroom Facilities Fund is another significant budgeted fund. For the Classroom Facilities Fund, Final budget basis receipts of \$73,900 were the same as original budget estimates. Actual cash receipts of \$74,699 were more than final budget estimates by \$799. The final budgetary basis disbursements of \$150,000 were the same as original budget estimates. The actual budgetary basis disbursements of \$96,488 were \$53,512 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$455,603 during fiscal year 2008.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2008 and 2007:

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
General obligation bonds	<u>\$ 7,113,150</u>	<u>\$ 7,304,044</u>
Total long-term obligations	<u>\$ 7,113,150</u>	<u>\$ 7,304,044</u>

Current Financial Related Activities

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. The District has carefully managed its General Fund budgets in order to optimize the dollars available for educating the students it serves. The District has a 1% income tax that the community passed in 1995. This income tax issue has been successfully renewed twice since its passage and generates approximately \$1,000,000. New dollars were requested and passed for the construction of a new PreK-12 school building through the Ohio School Facilities Commission (OSFC).

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

In June of 2003, the District was notified it qualified for assistance in building a new PreK-12 facility. The OSFC would contribute 75% of the cost of construction. Total cost for the new facility is \$25,887,140, with the OSFC share \$19,415,140 and local share \$6,472,000. In November 2003, the community voted 59% to pass a 4.51 mill Bond issue to cover its share of the project coupled with a .98 mill Local Initiative Bond to construct an auditorium and an all-weather track, and a .5 mill Classroom Facilities Maintenance levy. The local initiative bond for \$1,400,000 for use to construct an auditorium (\$975,330) and an all-weather track (\$274,670.) The cost of the track was \$415,591 with the local Athletic Boosters donating \$110,000 of the total.

The Board opened the new facility on January 8, 2007. By combining four facilities into one, the District is maximizing its resources and attempting to keep expenditures within its revenues. This is an ongoing challenge since the District relies on 60% of its operating revenues from the State of Ohio.

The new biennium budget provides no new revenues for the District. The District will remain at the 2005 guarantee for the next two years. Six teaching positions were eliminated for the 2008 school year, and the 2007 salary schedules were adopted by the board and the teachers' union for 2008 and 2009 to avoid a cash deficit at the end of 2008. The District went to the ballot on November 6, 2007, asking voters for an additional .50% income tax for three years to avoid operating deficits at the end of 2009, 2010 and 2011. This levy attempt failed.

In response to the levy failure, five teaching positions were eliminated for the 2009 school year and the pay to participate fee was increased by \$50 per student to avoid a deficit balance at June 30, 2009. The District returned to the ballot on March 4, 2008, again requesting an additional .50% income tax for five years. This attempt also failed.

Late in May 2008, the District was informed the health insurance premiums that were projected to increase by 25% June 1, 2008, would not be increased for the next year. This is a significant savings to the District. Income Tax collection received in April 2008, included delinquent tax collections. With the reduction in staff, unexpected revenues, and no increase in health premiums, the District ended 2008 with a comfortable balance. The elimination of five teaching positions, stable health premiums, and increased pay to participate fees, the District anticipates a positive balance at the end of 2009. As a result the District decided not to place a tax levy on the November 4, 2008 ballot.

The District will continue to call upon all of its financial abilities to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

Contacting the District's Financial Management

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

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**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2008**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,588,421
 Total assets.	 1,588,421
 Net Cash Assets:	
Restricted for:	
Capital projects	791,410
Perpetual care:	
Expendable.	850
Nonexpendable.	10,101
Debt service	204,630
Classroom facilities maintenance.	169,914
Locally funded programs	2,880
Student activities.	52,175
Public school support.	29,568
Unrestricted.	326,893
 Total net cash assets.	 \$ 1,588,421

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, 2008**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 4,372,726	\$ 621,773	\$ 12,654	\$ -	\$ (3,738,299)
Special	999,171	44,581	630,569	-	(324,021)
Vocational	93,760	600	21,902	-	(71,258)
Adult	789	-	-	-	(789)
Other	17,090	-	-	-	(17,090)
Support services:					
Pupil	375,930	-	48,492	-	(327,438)
Instructional staff	404,648	-	24,755	-	(379,893)
Board of education	40,264	6,859	-	-	(33,405)
Administration	641,789	-	270	-	(641,519)
Fiscal	290,877	-	-	-	(290,877)
Business	28,495	-	6,000	-	(22,495)
Operations and maintenance	910,539	6,554	1,198	-	(902,787)
Pupil transportation	503,355	504	254,718	5,705	(242,428)
Central	35,558	-	5,000	-	(30,558)
Operation of non-instructional services	250	-	228	-	(22)
Food service operations	353,235	285,272	97,821	-	29,858
Extracurricular	459,742	246,016	17,035	-	(196,691)
Facilities acquisition and construction	455,603	-	-	10,079	(445,524)
Debt service:					
Principal retirement	205,000	-	-	-	(205,000)
Interest and fiscal charges	297,185	-	-	-	(297,185)
Totals	\$ 10,486,006	\$ 1,212,159	\$ 1,120,642	\$ 15,784	(8,137,421)

General Cash Receipts:

Taxes levied for:	
General purposes	3,108,861
Debt Service	441,085
Special revenue	40,289
Grants and entitlements not restricted to specific programs	4,266,702
Proceeds of loan	60,002
Investment receipts	69,449
Miscellaneous	8,255
Total general cash receipts	7,994,643
Change in net cash assets	(142,778)
Net cash assets at beginning of year	1,731,199
Net cash assets at end of year	\$ 1,588,421

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, 2008

	General	Classroom Facilities Maintenance	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and cash equivalents . . .	\$ 289,634	\$ 169,914	\$ 204,630	\$ 726,357	\$ 197,886	\$ 1,588,421
Total assets	<u>\$ 289,634</u>	<u>\$ 169,914</u>	<u>\$ 204,630</u>	<u>\$ 726,357</u>	<u>\$ 197,886</u>	<u>\$ 1,588,421</u>
Fund Cash Balances:						
Reserved for encumbrances.	\$ 7,950	\$ -	\$ -	\$ 62,933	\$ 1,693	\$ 72,576
Reserved for debt service	-	-	204,630	-	-	204,630
Unreserved, undesignated, reported in:						
General fund.	281,684	-	-	-	-	281,684
Special revenue funds	-	169,914	-	-	121,882	291,796
Capital projects funds	-	-	-	663,424	63,360	726,784
Permanent funds	-	-	-	-	10,951	10,951
Total fund cash balances	<u>\$ 289,634</u>	<u>\$ 169,914</u>	<u>\$ 204,630</u>	<u>\$ 726,357</u>	<u>\$ 197,886</u>	<u>\$ 1,588,421</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General	Classroom Facilities Maintenance	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Cash receipts:						
From local sources:						
Taxes	\$ 3,108,861	\$ 40,289	\$ 441,085	\$ -	\$ -	\$ 3,590,235
Tuition	599,517	-	-	-	-	599,517
Earnings on investments	19,946	5,122	7,054	32,548	5,239	69,909
Charges for services	-	-	-	-	283,308	283,308
Extracurricular	64,650	-	-	-	181,366	246,016
Classroom materials and fees	42,128	-	-	-	-	42,128
Other local revenues	47,481	-	-	-	28,742	76,223
Intergovernmental - intermediate.	-	-	-	-	5,777	5,777
Intergovernmental - state	4,740,451	29,288	64,749	30,855	22,013	4,887,356
Intergovernmental - federal	25,908	-	-	-	456,849	482,757
Total cash receipts	<u>8,648,942</u>	<u>74,699</u>	<u>512,888</u>	<u>63,403</u>	<u>983,294</u>	<u>10,283,226</u>
Cash disbursements:						
Instruction:						
Regular	4,362,583	-	-	-	10,143	4,372,726
Special	686,007	-	-	-	313,164	999,171
Vocational	93,760	-	-	-	-	93,760
Adult	789	-	-	-	-	789
Other	17,090	-	-	-	-	17,090
Support services:						
Pupil	322,405	-	-	-	53,525	375,930
Instructional staff	377,298	-	-	-	27,350	404,648
Board of education	40,264	-	-	-	-	40,264
Administration	641,489	-	-	-	300	641,789
Fiscal	277,411	1,134	12,332	-	-	290,877
Business	22,495	-	-	-	6,000	28,495
Operations and maintenance	813,987	95,354	-	-	1,198	910,539
Pupil transportation	496,289	-	-	-	7,066	503,355
Central	30,558	-	-	-	5,000	35,558
Operation of non-instructional services	-	-	-	-	250	250
Food service operations	-	-	-	-	353,235	353,235
Extracurricular	263,487	-	-	-	196,255	459,742
Facilities acquisition and construction	-	-	-	367,268	88,335	455,603
Debt service:						
Principal retirement	-	-	205,000	-	-	205,000
Interest and fiscal charges	-	-	297,185	-	-	297,185
Total cash disbursements	<u>8,445,912</u>	<u>96,488</u>	<u>514,517</u>	<u>367,268</u>	<u>1,061,821</u>	<u>10,486,006</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>203,030</u>	<u>(21,789)</u>	<u>(1,629)</u>	<u>(303,865)</u>	<u>(78,527)</u>	<u>(202,780)</u>
Other financing sources (uses):						
Proceeds of loan	-	-	-	-	60,002	60,002
Transfers in	30,001	-	-	-	-	30,001
Transfers out	-	-	-	-	(30,001)	(30,001)
Total other financing sources (uses).	<u>30,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,001</u>	<u>60,002</u>
Net change in fund cash balances	233,031	(21,789)	(1,629)	(303,865)	(48,526)	(142,778)
Fund cash balances at beginning of year	<u>56,603</u>	<u>191,703</u>	<u>206,259</u>	<u>1,030,222</u>	<u>246,412</u>	<u>1,731,199</u>
Fund cash balances at end of year	<u>\$ 289,634</u>	<u>\$ 169,914</u>	<u>\$ 204,630</u>	<u>\$ 726,357</u>	<u>\$ 197,886</u>	<u>\$ 1,588,421</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
From local sources:				
Taxes	\$ 3,111,581	\$ 3,111,581	\$ 3,108,861	\$ (2,720)
Tuition	518,000	518,000	599,517	81,517
Earnings on investments	27,000	27,000	19,946	(7,054)
Extracurricular	81,500	81,500	64,650	(16,850)
Classroom materials and fees	48,054	48,054	42,128	(5,926)
Other local revenues	46,300	46,300	35,339	(10,961)
Intergovernmental - state	4,699,782	4,799,782	4,740,451	(59,331)
Total budgetary basis receipts	<u>8,532,217</u>	<u>8,632,217</u>	<u>8,610,892</u>	<u>(21,325)</u>
Budgetary basis disbursements:				
Instruction:				
Regular	4,322,025	4,403,700	4,362,833	40,867
Special	770,945	687,935	686,007	1,928
Vocational	84,080	94,115	93,760	355
Adult	870	870	789	81
Other	18,405	18,405	17,090	1,315
Support services:				
Pupil	364,185	347,463	329,905	17,558
Instructional staff	361,180	383,137	377,298	5,839
Board of education	36,550	43,800	40,264	3,536
Administration	675,691	649,941	641,589	8,352
Fiscal	273,670	279,520	277,411	2,109
Business	31,200	29,500	22,495	7,005
Operations and maintenance	840,724	823,924	813,987	9,937
Pupil transportation	478,840	504,090	496,389	7,701
Central	34,490	34,490	30,558	3,932
Extracurricular	279,185	271,150	263,487	7,663
Total budgetary basis expenditures	<u>8,572,040</u>	<u>8,572,040</u>	<u>8,453,862</u>	<u>118,178</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(39,823)</u>	<u>60,177</u>	<u>157,030</u>	<u>96,853</u>
Other financing sources:				
Sale of capital assets	7,000	7,000	4,359	(2,641)
Refund of prior year expenditures	22,500	22,500	33,691	11,191
Transfers in	-	-	30,001	30,001
Total other financing sources	<u>29,500</u>	<u>29,500</u>	<u>68,051</u>	<u>38,551</u>
Net change in fund cash balance	(10,323)	89,677	225,081	135,404
Fund cash balance at beginning of year	55,313	55,313	55,313	-
Prior year encumbrances appropriated	<u>1,290</u>	<u>1,290</u>	<u>1,290</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 46,280</u>	<u>\$ 146,280</u>	<u>\$ 281,684</u>	<u>\$ 135,404</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
From local sources:				
Taxes	\$ 41,650	\$ 41,650	\$ 40,289	\$ (1,361)
Earnings on investments	4,000	4,000	5,122	1,122
Intergovernmental - state	28,250	28,250	29,288	1,038
Total budgetary basis receipts	<u>73,900</u>	<u>73,900</u>	<u>74,699</u>	<u>799</u>
Budgetary basis disbursements:				
Support services:				
Fiscal	4,000	4,000	1,134	2,866
Operations and maintenance	146,000	146,000	95,354	50,646
Total budgetary basis expenditures	<u>150,000</u>	<u>150,000</u>	<u>96,488</u>	<u>53,512</u>
Net change in fund cash balance	(76,100)	(76,100)	(21,789)	54,311
Fund cash balance at beginning of year	191,703	191,703	191,703	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 115,603</u>	<u>\$ 115,603</u>	<u>\$ 169,914</u>	<u>\$ 54,311</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2008**

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 13,386	\$ 52,372
	<hr/>	<hr/>
Total assets	<u>\$ 13,386</u>	<u>\$ 52,372</u>
 Net cash assets:		
Held in trust for scholarships	\$ 13,386	\$ -
Held for student activities	-	52,372
	<hr/>	<hr/>
Total net cash assets	<u>\$ 13,386</u>	<u>\$ 52,372</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET CASH ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 238
Gifts and contributions.	500
	738
Deductions:	
Scholarships awarded	7,879
Change in net cash assets	(7,141)
Net cash assets at beginning of year	20,527
Net cash assets at end of year.	\$ 13,386

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, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1957 through the consolidation of existing land areas and school districts. The District serves an area of approximately one hundred twenty-five square miles. It is located in Wyandot, Seneca, and Crawford Counties. The District is the 495th largest in the State of Ohio (among 896 school districts and community schools) in terms of enrollment. It is staffed by 52 classified employees, 71 certified teaching personnel, and 6 administrative employees who provide services to 958 students and other community members. The District currently operates one building that houses all students, staff and administrative personnel.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

A. Reporting Entity (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Vanguard-Sentinel Joint Vocational School

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

Tri-Rivers Educational Computer Association

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

North Central Regional Professional Development Center

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

Northwestern Ohio Educational Research Council, Inc.

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

A. Reporting Entity (Continued)

INSURANCE PURCHASING POOLS

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

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

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

North Central Ohio Joint Insurance Association

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

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

RELATED ORGANIZATION

Mohawk Community Library

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

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.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

B. Basis of Accounting (Continued)

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

C. Fund Accounting (Continued)

FIDUCIARY FUNDS

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

D. Basis of Presentation

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

The government-wide Statement of Activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2008 is as follows:

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

E. Budgets (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate of Estimated Resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of control is the fund level, the District presents budgetary statements at the fund/function levels of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

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 2008, investments were limited to certificates of deposit and a money market mutual fund. Investments are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required or authorized by Board resolution to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$19,946, which includes \$12,609 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 3.

G. Capital Assets

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

H. Unpaid Vacation and Sick Leave

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

I. Long-Term Obligations

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

J. Fund Cash Balance Reserves

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

K. Net Cash Assets

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

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

L. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted assets at June 30, 2008.

M. Interfund Activity

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

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 2008.

NOTE 3 - 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 moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the District had no undeposited cash on hand.

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$1,055,273. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$1,046,381 of the District's bank balance of \$1,148,541 was exposed to custodial risk as discussed below, while \$102,1600 was covered by the Federal Deposit Insurance Corporation.

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

C. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Cost</u>	<u>Investment Maturities 6 months or less</u>
U.S. Government money market	\$ 598,906	\$ 598,906
	\$ 598,906	\$ 598,906

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

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 1,055,273
Investments	598,906
	\$ 1,654,179
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,588,421
Private - purpose trust funds	13,386
Agency funds	52,372
	\$ 1,654,179

NOTE 4 - INTERFUND TRANSACTIONS

Transfer to General Fund from:	
Nonmajor governmental fund - Building Fund	\$ 30,001

The above transfer was made to repay the General Fund for a transfer made in a previous year for principal payments on a loan. The payment was never made and the money has been returned to the General Fund.

Transfers are used to move cash receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash 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; therefore, no transfers are reported on the Statement of Activities.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 5 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008, on the value as of December 31, 2007. For 2008, tangible personal property is assessed at 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Wyandot, Seneca and Crawford Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date tax bills are sent.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 91,822,470	94.12	\$ 97,479,200	95.06
Public utility personal	893,400	0.95	546,131	0.53
Tangible personal property	<u>4,841,910</u>	<u>4.93</u>	<u>4,517,570</u>	<u>4.41</u>
Total	<u>\$ 97,557,780</u>	<u>100.00</u>	<u>\$ 102,542,901</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$44.49		\$44.49	

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 6 - INCOME TAXES

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

NOTE 7 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2008, the following activity occurred in governmental activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/08</u>	<u>Amount Due in One Year</u>
Governmental Activities:						
<u>General Obligation Bonds:</u>						
School improvement bonds	2-4.75%	\$ 7,195,000	\$ -	\$ (205,000)	\$ 6,990,000	\$ 210,000
Capital appreciation bonds	12.88%	<u>109,044</u>	<u>14,106</u>	<u>-</u>	<u>123,150</u>	<u>-</u>
Total governmental activities		<u>\$ 7,304,044</u>	<u>\$ 14,106</u>	<u>\$ (205,000)</u>	<u>\$ 7,113,150</u>	<u>\$ 210,000</u>

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

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2008, the total cost of the Construction Project is \$25,887,140, of which OSFC will pay \$19,415,140.

This issue is comprised of both current interest bonds, par value \$7,795,000, and capital appreciation bonds, par value \$74,994. The interest rates on the current interest bonds range from 2.00% to 4.75%. The capital appreciation bonds mature on December 1, 2022 (effective interest 12.880%), at an redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value at June 30, 2008, was \$123,150.

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 210,000	\$ 295,033	\$ 505,033	\$ -	\$ -	\$ -
2010	220,000	289,783	509,783	-	-	-
2011	225,000	283,733	508,733	-	-	-
2012	230,000	276,983	506,983	-	-	-
2013	235,000	269,623	504,623	-	-	-
2014 - 2018	1,320,000	1,214,048	2,534,048	-	-	-
2019 - 2023	920,000	596,270	1,516,270	74,994	595,006	670,000
2024 - 2028	1,825,000	696,589	2,521,589	-	-	-
2029 - 2033	1,805,000	219,452	2,024,452	-	-	-
Total	<u>\$ 6,990,000</u>	<u>\$ 4,141,514</u>	<u>\$ 11,131,514</u>	<u>\$ 74,994</u>	<u>\$ 595,006</u>	<u>\$ 670,000</u>

- D. During fiscal year 2006, the District was approved for a \$300,010 hardship loan promissory note to the Ohio School Facilities Commission (OSFC), to provide funds for the OSFC construction project that was started in 2004. This note has no interest rate as long as the note is paid in a timely manner. OSFC has paid \$60,002 towards the District's local share of the project. The remaining loan amount has not been disbursed.

The District has made two principal payments totaling \$60,002. At June 30, 2008, there is no outstanding loan balance. However, the District can draw the loan if necessary.

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$2,389,215 (including available funds of \$204,630) and an unvoted debt margin of \$101,940.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2008, the District contracted for the following insurance coverage:

<u>Description</u>	<u>Amount</u>
Insurance provided by Stolly Insurance Company Building and Contents - replacement cost (\$1,000 deductible)	\$36,847,662
Insurance provided by Stolly Insurance Company Automotive Liability Uninsured motorists	1,000,000
General liability Per occurrence	1,000,000
Aggregate	2,000,000

B. North Central Ohio Joint Insurance Association

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

C. Workers' Compensation

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

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.82 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligation for the fiscal years ended June 30, 2008, 2007, and 2006 were \$116,528, \$125,453 and \$123,657 respectively; 43.89% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006. \$65,380 represents the unpaid contribution for fiscal year 2008.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 9 - PENSION PLANS - (Continued)

B. State Teachers Retirement System (Continued)

This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board of Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$490,192, \$512,935, and \$515,062, respectively; 83.82% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006. \$79,326 represents the unpaid contribution for fiscal year 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System Ohio have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System of Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2008, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$37,707 for fiscal year 2008.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available), the balance in the Health Care Stabilization Fund was \$4.1 billion. For the fiscal year ended June 30, 2007 (the latest information available), net health care costs paid by STRS Ohio were \$265.558 million and STRS Ohio had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2008, employer contributions to fund health care benefits were 4.18 percent of covered payroll, an increase of .86 percent from fiscal year 2007. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2008, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2008 fiscal year, District paid \$53,610 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2007 (the latest information available) were \$127.616 million. At June 30, 2007 (the latest information available), SERS had net assets available for payment of health care benefits of \$386.355 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. At June 30, 2007 (the latest information available), SERS had 55,818 participants currently receiving health care benefits.

NOTE 11 - CONTINGENCIES

A. Grants

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

B. Litigation

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

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

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

	<u>Net Change in Fund Cash Balance</u>	
	<u>General Fund</u>	<u>Classroom Facilities Maintenance Fund</u>
Cash Basis	\$ 233,031	\$ (21,789)
Adjustment for Encumbrances	<u>(7,950)</u>	<u>-</u>
Budget Basis	<u>\$ 225,081</u>	<u>\$ (21,789)</u>

NOTE 13 - STATUTORY RESERVES

The District is required by state law to set-aside certain General Fund receipts, as defined by statute, into two reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2007	\$ (580,897)	\$ -
Current year set-aside requirement	158,360	158,360
Current year offsets	-	(481,375)
Qualifying disbursements	<u>(151,465)</u>	<u>(54,748)</u>
Total	<u>\$ (574,002)</u>	<u>\$ (377,763)</u>
Cash balance carried forward to FY 2009	<u>\$ (574,002)</u>	<u>\$ -</u>

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

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**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Food Donation	N/A	10.550	\$ -	\$ 44,702	\$ -	\$ 44,702
National School Lunch Program	050740-LLP4-2008	10.555	95,341	-	95,341	-
Total U.S. Department of Agriculture			<u>95,341</u>	<u>44,702</u>	<u>95,341</u>	<u>44,702</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education - Grants to States	050740-6BSF-2008	84.027	217,509	-	217,509	-
	050740-6BSF-2007		4,417	-	29,254	-
<i>Passed Through Putnam County Educational Service Center</i>						
Special Education - Grants to States	049304-6BII-2007	84.027	2,900	-	2,900	-
Total Special Education Grants to States			<u>224,826</u>	<u>-</u>	<u>249,663</u>	<u>-</u>
<i>Passed Through Ohio Department of Education</i>						
Special Education - Preschool Grants	050740-PGS1-2008	84.173	13,071	-	13,071	-
	050740-PGS1-2007		1,489	-	3,101	-
Total Special Education - Preschool Grants			<u>14,560</u>	<u>-</u>	<u>16,172</u>	<u>-</u>
Total Special Education Cluster			<u>239,386</u>	<u>-</u>	<u>265,835</u>	<u>-</u>
Title I Grants to Local Educational Agencies	050740-C1S1-2008	84.010	82,281	-	82,281	-
	050740-C1S1-2007		6,611	-	15,593	-
Total Title I Grants to Local Educational Agencies			<u>88,892</u>	<u>-</u>	<u>97,874</u>	<u>-</u>
State Grants for Innovative Programs	050740-C2S1-2008	84.298	2,163	-	2,163	-
Safe and Drug Free Schools and Communities - State Grants	050740-DRS1-2008	84.186	3,097	-	3,097	-
Improving Teacher Quality State Grants	050740-TRS1-2008	84.367	26,964	-	26,964	-
	050740-TRS1-2007		-	-	2,502	-
Total Improving Teacher Quality State Grants			<u>26,964</u>	<u>-</u>	<u>29,466</u>	<u>-</u>
Education Technology State Grants	050740-TJS1-2008	84.318	1,007	-	1,007	-
Total U.S. Department of Education			<u>361,509</u>	<u>-</u>	<u>399,442</u>	<u>-</u>
Total			<u>\$ 456,850</u>	<u>\$ 44,702</u>	<u>\$ 494,783</u>	<u>\$ 44,702</u>

The accompanying notes are an integral part of this schedule.

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mohawk Local School District, Wyandot County, Ohio (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2008 wherein we noted the District presented financial statements on the cash basis of accounting rather in accordance with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

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

We noted a certain matter that we reported to the District's management in a separate letter dated December 31, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2008-001.

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

We intend this report solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 31, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Mohawk Local School District, Wyandot County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the finance committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 31, 2008

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster CFDA#84.027 – Special Education Grants to States CFDA#84.173 – Special Education Preschool Grant
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008
(Continued)**

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

Finding Number	2008-001
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**Noncompliance Finding
GAAP Reporting**

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

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For fiscal year 2008, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures, that while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

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

Officials' Response

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

MOHAWK LOCAL SCHOOL DISTRICT
WYANDOT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Reporting Financial Statements on GAAP basis	No	Not corrected, repeated as finding 2008-001.



Mary Taylor, CPA
Auditor of State

MOHAWK LOCAL SCHOOL DISTRICT

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 3, 2009**