



Dave Yost • Auditor of State



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

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# Dave Yost • 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, 2012, 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, 2012, and the respective changes in financial position, thereof and the budgetary comparison for the General fund 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 September 18, 2012, 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities, governmental funds and long-term debt. The federal awards receipts and expenditures schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

September 18, 2012

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
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, 2012, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- The total net cash assets of the District increased \$123,119 or 6.98% from fiscal year 2011.
- General cash receipts accounted for \$8,278,197 or 78.75% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,233,639 or 21.25% of total governmental activities cash receipts.
- The District had \$10,388,717 in cash disbursements related to governmental activities; \$2,233,639 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of \$8,278,197 were adequate to provide for these programs.
- The District's major funds are the General Fund and Classroom Facilities Capital Projects Fund. The General Fund, the District's largest major fund, had cash receipts of \$8,796,426 in 2012. The cash disbursements of the General Fund, totaled \$8,635,434 in 2012. The General Fund's cash balance increased \$160,992 or 20.54% from 2011 to 2012.
- The Classroom Facilities Capital Projects fund, a District major fund, had cash receipts of \$1,037 in 2012 and no cash disbursements. The Classroom Facilities Capital Projects Fund cash balance increased \$1,037 or 0.23% from 2011 to 2012.

**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 two 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, 2012  
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 2012?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net cash 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, facilities 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 and classroom facilities capital projects fund. The analysis of the District's major governmental funds begins on page 11.



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
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 principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash 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 17-18 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on page 19 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. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets cash basis and changes in fiduciary net assets cash basis on pages 20-21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-42 of this report.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Government-Wide Financial Analysis**

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

The table below provides a summary of the District's net cash assets at June 30, 2012 and June 30, 2011.

	<b>Net Cash Assets</b>	
	Governmental Activities 2012	Governmental Activities 2011
	<u>                    </u>	<u>                    </u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 1,886,408	\$ 1,763,289
	<u>                    </u>	<u>                    </u>
Total assets	1,886,408	1,763,289
	<u>                    </u>	<u>                    </u>
<u>Net Cash Assets</u>		
Restricted	902,216	979,554
Unrestricted	984,192	783,735
	<u>                    </u>	<u>                    </u>
Total net cash assets	<u>\$ 1,886,408</u>	<u>\$ 1,763,289</u>

The total net cash assets of the District increased \$123,119 which represents a 6.98% increase from fiscal year 2011. The balance of government-wide unrestricted net cash assets of \$984,192 may be used to meet the government'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, 2012  
UNAUDITED  
(Continued)**

The table below shows the changes in net cash assets for fiscal year 2012 and 2011. The 2011 balance of operating grants and contributions and general revenues – unrestricted grants have been restated to conform to 2012's presentation of BRIDGE funding from the State of Ohio which is reported as an operating grant and contribution rather than as general revenue.

	<b>Change in Net Cash Assets</b>	
	Governmental Activities	Restated Governmental Activities
	2012	2011
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 1,196,478	\$ 1,218,842
Operating grants and contributions	1,037,161	1,114,822
Capital grants and contributions	-	20,477
	<hr/>	<hr/>
Total program cash receipts	2,233,639	2,354,141
	<hr/>	<hr/>
General cash receipts:		
Property and other taxes	3,888,395	3,695,186
Unrestricted grants:		
Operating	4,317,196	4,206,135
Investment earnings	4,308	7,160
Other	68,298	69,678
	<hr/>	<hr/>
Total general cash receipts	8,278,197	7,978,159
	<hr/>	<hr/>
Total cash receipts	<u><u>\$ 10,511,836</u></u>	<u><u>\$ 10,332,300</u></u>

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

	<b>Change in Net Cash Assets</b>	
	Governmental Activities	Governmental Activities
	2012	2011
<b>Cash Disbursements:</b>		
Instruction:		
Regular	\$ 4,297,492	\$ 4,535,279
Special	1,136,907	1,119,907
Vocational	108,152	106,186
Adult	-	1,156
Other	27,195	24,302
Support services:		
Pupil	457,062	437,248
Instructional staff	441,433	468,939
Board of education	27,610	29,666
Administration	606,131	645,043
Fiscal	244,504	247,924
Business	29,945	30,296
Operations and maintenance	1,045,903	997,357
Pupil transportation	596,132	476,925
Central	27,035	40,995
Operation of non instructional services:		
Other non-instructional services	11,500	-
Food service operations	403,887	380,583
Extracurricular	424,526	419,279
Facilities acquisition and construction	-	111,189
Debt service:		
Principal retirement	230,000	225,000
Interest and fiscal charges	273,303	280,358
	<u>10,388,717</u>	<u>10,577,632</u>
 Total cash disbursements		
	123,119	(245,332)
Change in net cash assets	1,763,289	2,008,621
Net cash assets at beginning of year	<u>\$ 1,886,408</u>	<u>\$ 1,763,289</u>
Net cash assets at end of year		

**Governmental Activities**

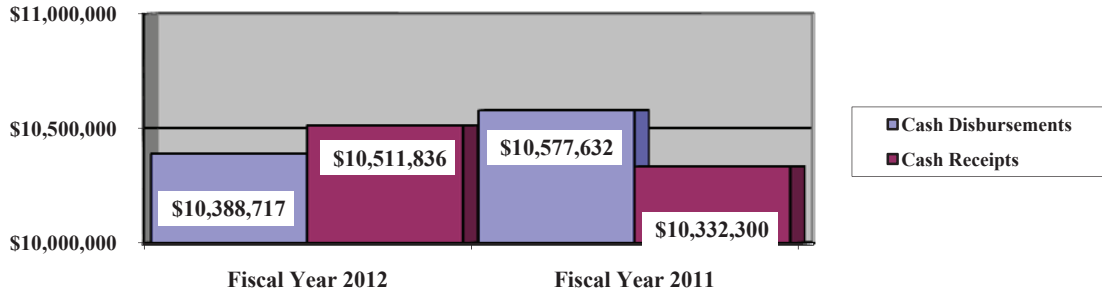
Governmental cash assets increased by \$123,119 in 2012 from 2011. Total governmental disbursements of \$10,388,717 were offset by program receipts of \$2,233,639 and general receipts of \$8,278,197. Program receipts supported 21.50% of the total governmental disbursements. The largest governmental disbursements were instructional expenditures which totaled \$5,569,746 or 53.61% of total governmental expenditures.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

The primary sources of receipts for governmental activities are derived from taxes, and unrestricted grants and entitlements. These receipt sources represent 81.00% of total governmental receipts. Real estate property is reappraised every six years.

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

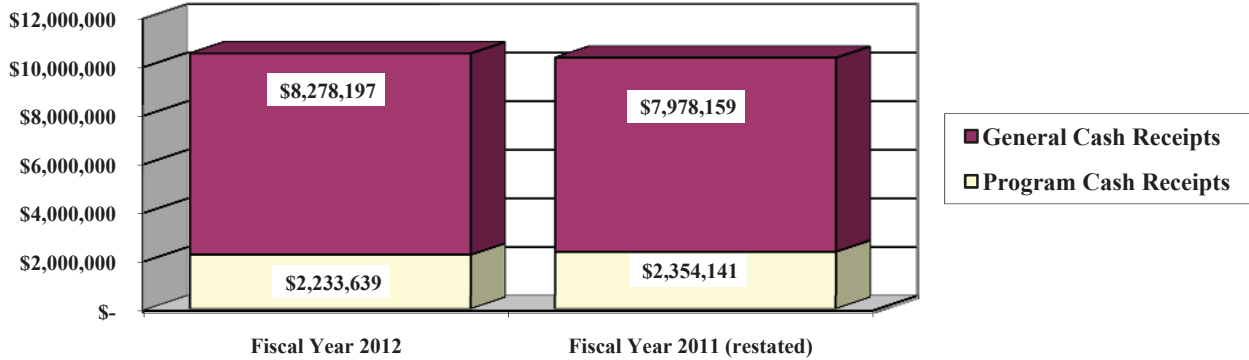
	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Restated Net Cost of Services
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
<b>Cash disbursements:</b>				
Instruction:				
Regular	\$ 4,297,492	\$ 3,340,840	\$ 4,535,279	\$ 3,769,824
Special	1,136,907	503,935	1,119,907	523,707
Vocational	108,152	88,270	106,186	86,304
Adult	-	-	1,156	1,156
Other	27,195	27,195	24,302	24,302
Support services:				
Pupil	457,062	457,062	437,248	437,248
Instructional staff	441,433	431,798	468,939	451,560
Board of education	27,610	27,610	29,666	29,666
Administration	606,131	606,131	645,043	645,043
Fiscal	244,504	244,504	247,924	247,924
Business	29,945	26,345	30,296	25,746
Operations and maintenance	1,045,903	1,043,880	997,357	726,688
Pupil transportation	596,132	592,343	476,925	397,729
Central	27,035	27,035	40,995	35,995
Operation of non instructional services:				
Other non-instructional services	11,500	1,350	-	-
Food service operations	403,887	(16,396)	380,583	(2,399)
Extracurricular	424,526	249,873	419,279	226,928
Facilities acquisition and construction	-	-	111,189	90,712
Debt service:				
Principal retirement	230,000	230,000	225,000	225,000
Interest and fiscal charges	273,303	273,303	280,358	280,358
<b>Total</b>	<b><u>\$ 10,388,717</u></b>	<b><u>\$ 8,155,078</u></b>	<b><u>\$ 10,577,632</u></b>	<b><u>\$ 8,223,491</u></b>

The dependence upon general cash receipts for governmental activities is apparent; with 78.50% of cash disbursements supported through taxes and other general cash receipts during 2012.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The District's governmental funds reported a combined fund cash balance of \$1,886,408, which is \$123,119 above last year's total of \$1,763,289. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2012 and June 30, 2011, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2012</u>	Fund Cash Balance <u>June 30, 2011</u>	Increase (Decrease)
General	\$ 944,727	\$ 783,735	\$ 160,992
Classroom facilities	453,689	452,652	1,037
Other nonmajor governmental funds	<u>487,992</u>	<u>526,902</u>	<u>(38,910)</u>
Total	<u>\$ 1,886,408</u>	<u>\$ 1,763,289</u>	<u>\$ 123,119</u>

**General Fund**

The general fund, the District's largest major fund, had cash receipts of \$8,796,426 in 2012. The cash disbursements of the general fund, totaled \$8,635,434 in 2012. The general fund's cash balance increased \$160,992 or 20.54% from 2011 to 2012.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

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

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 3,367,117	\$ 3,197,001	5.32 %
Tuition	711,431	695,297	2.32 %
Earnings on investments	2,900	4,519	(35.83) %
Other local revenues	169,961	196,356	(13.44) %
Intergovernmental	<u>4,545,017</u>	<u>4,452,963</u>	2.07 %
Total	<u>\$ 8,796,426</u>	<u>\$ 8,546,136</u>	2.93 %

Other local revenue receipts decreased \$26,395 as a result of decreased rental income as well as contributions and donations. Earnings on investments decreased 35.83% primarily due to a decrease in interest rates on investments. All other revenue remained comparable to fiscal year 2011.

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
Instruction	\$ 4,932,106	\$ 5,385,960	(8.43) %
Support services	3,397,572	2,910,551	16.73 %
Extracurricular	<u>305,756</u>	<u>265,683</u>	15.08 %
Total	<u>\$ 8,635,434</u>	<u>\$ 8,562,194</u>	0.86 %

Overall, cash disbursements only increased \$73,240 or 0.86% which is comparable to overall disbursements in fiscal year 2011. The increase in support services can be attributed to an increase in the rising costs of salaries and wages.

***Classroom Facilities Fund***

The classroom facilities capital projects fund, a District major fund, had cash receipts of \$1,037 in 2012 and no cash disbursements. The classroom facilities capital projects fund cash balance increased \$1,037 or 0.23% from 2011 to 2012.

***Budgeting Highlights - General Fund***

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

For the general fund, final budgetary basis receipts of \$8,793,579 were greater than the original budget estimates of \$8,603,453. Actual cash receipts of \$8,734,617 were less than final budget estimates by \$58,962. The final budgetary basis disbursements of \$8,904,610 were more than the original budget estimates of \$8,857,129. The actual budgetary basis disbursements of \$8,744,579 were \$160,031 less than the final budget estimates.



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2012 and 2011:

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
General obligation bonds	\$ 6,304,845	\$ 6,512,042
Total long-term obligations	\$ <u>6,304,845</u>	\$ <u>6,512,042</u>

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

**Current Financial Related Activities**

The District has continued to maintain the highest standards of service to our students, parents and community. It has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves. The District prides itself in the fact that it has operated within its allotted budget since the community passed a 1% income tax in 1995. This income tax issue has been successfully renewed three times since its passage and generates approximately \$1,238,000 annually. The only new dollars that the District has received has been for the construction of a new PreK-12 school building through the Ohio School Facilities Commission (OSFC).

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 disbursements within its receipts. This is an ongoing challenge since the District relies on 53% of its operating receipts from the State of Ohio.

After four straight years of cuts totaling in excess of 10%, the State's funding for the District increased by over 4% in fiscal year 2012. Projected State funding is expected to be flat. Eighteen teaching positions and one secretarial position has been eliminated since the 2008 school year.

The District maintained fiscal stability in fiscal year 2012 ending the year with an unencumbered general fund balance of \$742,180. The District will need to keep a close eye on receipts versus disbursements in future years in order to stay fiscally sound. The District has recently made further cuts and changes to avoid deficit spending in fiscal year 2013. The greatest concern for the District is aging facilities and having resources that are too small to meet the inevitable increase in upkeep costs. In November 2012, the District will request voters to approve of a 1.5 mill levy to help meet these needs. We have made and will continue to make the financial decisions necessary to meet the challenges the future will bring. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the students' desired needs over the next several years.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Roy B. Swartz, Treasurer, Mohawk Local School District, 605 St. Highway 231, Sycamore, OH 44882-9434, or phone at 419-927-6222 x1111.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2012**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 1,886,408
Total assets. . . . .	1,886,408
<b>Net Cash Assets:</b>	
Restricted for:	
Capital projects . . . . .	453,689
Perpetual care:	
Expendable . . . . .	794
Nonexpendable . . . . .	10,000
Classroom facilities maintenance . . . . .	177,525
Debt service. . . . .	175,934
Locally funded programs . . . . .	47
State funded programs. . . . .	2,326
Federally funded programs . . . . .	11,219
Student activities . . . . .	28,424
Other purposes . . . . .	42,258
Unrestricted . . . . .	984,192
Total net cash assets . . . . .	\$ 1,886,408

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, 2012**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>(Disbursements) Receipts and Changes in Net Cash Assets</u>
				<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,297,492	\$ 756,541	\$ 200,111	\$ (3,340,840)
Special . . . . .	1,136,907	-	632,972	(503,935)
Vocational . . . . .	108,152	-	19,882	(88,270)
Other . . . . .	27,195	-	-	(27,195)
Support services:				
Pupil . . . . .	457,062	-	-	(457,062)
Instructional staff . . . . .	441,433	-	9,635	(431,798)
Board of education . . . . .	27,610	-	-	(27,610)
Administration . . . . .	606,131	-	-	(606,131)
Fiscal . . . . .	244,504	-	-	(244,504)
Business . . . . .	29,945	-	3,600	(26,345)
Operations and maintenance . . . . .	1,045,903	2,023	-	(1,043,880)
Pupil transportation . . . . .	596,132	-	3,789	(592,343)
Central . . . . .	27,035	-	-	(27,035)
Operation of non-instructional services:				
Other non-instructional services . . . . .	11,500	-	10,150	(1,350)
Food service operations . . . . .	403,887	274,087	146,196	16,396
Extracurricular activities . . . . .	424,526	163,827	10,826	(249,873)
Debt service:				
Principal retirement . . . . .	230,000	-	-	(230,000)
Interest and fiscal charges . . . . .	273,303	-	-	(273,303)
<b>Totals . . . . .</b>	<b>\$ 10,388,717</b>	<b>\$ 1,196,478</b>	<b>\$ 1,037,161</b>	<b>(8,155,078)</b>

**General Cash Receipts:**

Property taxes levied for:	
General purposes . . . . .	2,128,833
Debt service . . . . .	479,616
Special revenue . . . . .	41,662
Income taxes levied for:	
General purposes . . . . .	1,238,284
Grants and entitlements not restricted	
to specific programs . . . . .	4,317,196
Investment earnings . . . . .	4,308
Miscellaneous . . . . .	68,298
<b>Total general cash receipts . . . . .</b>	<b>8,278,197</b>
Change in net cash assets . . . . .	123,119
<b>Net cash assets at beginning of year . . . . .</b>	<b>1,763,289</b>
<b>Net cash assets at end of year . . . . .</b>	<b>\$ 1,886,408</b>

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, 2012**

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 944,727	\$ 453,689	\$ 487,992	\$ 1,886,408
<b>Total assets . . . . .</b>	<b>\$ 944,727</b>	<b>\$ 453,689</b>	<b>\$ 487,992</b>	<b>\$ 1,886,408</b>
<b>Fund Cash Balances:</b>				
Nonspendable:				
Permanent fund . . . . .	\$ -	\$ -	\$ 10,000	\$ 10,000
Restricted:				
Debt service . . . . .	-	-	175,934	175,934
Capital improvements . . . . .	-	453,689	-	453,689
Classroom facilities maintenance . . . . .	-	-	177,525	177,525
Food service operations . . . . .	-	-	42,258	42,258
Special education . . . . .	-	-	7,076	7,076
Targeted academic assistance . . . . .	-	-	4,143	4,143
Other purposes. . . . .	-	-	2,373	2,373
Extracurricular. . . . .	-	-	28,424	28,424
Permanent fund . . . . .	-	-	794	794
Committed:				
Capital improvements . . . . .	-	-	40,815	40,815
Assigned:				
Student instruction . . . . .	1,851	-	-	1,851
Student and staff support. . . . .	169,565	-	-	169,565
Public school support . . . . .	31,131	-	-	31,131
Unassigned (deficit) . . . . .	742,180	-	(1,350)	740,830
<b>Total fund cash balances . . . . .</b>	<b>\$ 944,727</b>	<b>\$ 453,689</b>	<b>\$ 487,992</b>	<b>\$ 1,886,408</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,128,833	\$ -	\$ 521,278	\$ 2,650,111
Income taxes . . . . .	1,238,284	-	-	1,238,284
Tuition . . . . .	711,431	-	-	711,431
Earnings on investments . . . . .	2,900	1,037	547	4,484
Charges for services . . . . .	-	-	274,087	274,087
Extracurricular . . . . .	54,530	-	109,297	163,827
Classroom materials and fees . . . . .	45,110	-	-	45,110
Rental income . . . . .	2,023	-	-	2,023
Contributions and donations . . . . .	21,007	-	10,742	31,749
Other local revenues . . . . .	47,291	-	5,833	53,124
Intergovernmental - state . . . . .	4,527,905	-	91,385	4,619,290
Intergovernmental - federal . . . . .	17,112	-	701,204	718,316
Total cash receipts . . . . .	<u>8,796,426</u>	<u>1,037</u>	<u>1,714,373</u>	<u>10,511,836</u>
<b>Cash disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	4,095,153	-	202,339	4,297,492
Special . . . . .	701,606	-	435,301	1,136,907
Vocational . . . . .	108,152	-	-	108,152
Other . . . . .	27,195	-	-	27,195
Support services:				
Pupil . . . . .	450,118	-	6,944	457,062
Instructional staff . . . . .	432,757	-	8,676	441,433
Board of education . . . . .	27,610	-	-	27,610
Administration . . . . .	606,131	-	-	606,131
Fiscal . . . . .	230,589	-	13,915	244,504
Business . . . . .	26,345	-	3,600	29,945
Operations and maintenance . . . . .	1,003,314	-	42,589	1,045,903
Pupil transportation . . . . .	596,132	-	-	596,132
Central . . . . .	24,576	-	2,459	27,035
Operation of non-instructional services:				
Operation of non-instructional . . . . .	-	-	11,500	11,500
Food service operations . . . . .	-	-	403,887	403,887
Extracurricular activities . . . . .	305,756	-	118,770	424,526
Debt service:				
Principal retirement . . . . .	-	-	230,000	230,000
Interest and fiscal charges . . . . .	-	-	273,303	273,303
Total expenditures . . . . .	<u>8,635,434</u>	<u>-</u>	<u>1,753,283</u>	<u>10,388,717</u>
Net change in fund cash balances . . . . .	160,992	1,037	(38,910)	123,119
<b>Fund cash balances at beginning of year . . . . .</b>	<b>783,735</b>	<b>452,652</b>	<b>526,902</b>	<b>1,763,289</b>
<b>Fund cash balances at end of year . . . . .</b>	<b><u>\$ 944,727</u></b>	<b><u>\$ 453,689</u></b>	<b><u>\$ 487,992</u></b>	<b><u>\$ 1,886,408</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,085,758	\$ 2,130,930	\$ 2,128,833	\$ (2,097)
Income taxes . . . . .	1,239,508	1,268,960	1,238,284	(30,676)
Tuition . . . . .	692,626	725,299	711,431	(13,868)
Earnings on investments . . . . .	5,000	3,000	2,900	(100)
Classroom materials and fees . . . . .	41,847	50,025	45,110	(4,915)
Rental income . . . . .	8,426	2,802	300	(2,502)
Contributions and donations . . . . .	6,606	15,451	15,451	-
Contract services . . . . .	7,372	1,386	-	(1,386)
Other local revenues . . . . .	34,985	48,709	47,291	(1,418)
Intergovernmental - state . . . . .	4,464,213	4,529,905	4,527,905	(2,000)
Intergovernmental - federal . . . . .	17,112	17,112	17,112	-
<b>Total budgetary basis receipts . . . . .</b>	<b>8,603,453</b>	<b>8,793,579</b>	<b>8,734,617</b>	<b>(58,962)</b>
<b>Budgetary basis disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	4,132,068	4,120,522	4,095,769	24,753
Special . . . . .	707,720	716,783	701,837	14,946
Vocational . . . . .	108,026	116,811	108,252	8,559
Other . . . . .	27,312	27,218	27,195	23
Support services:				
Pupil . . . . .	461,935	461,445	454,578	6,867
Instructional staff . . . . .	447,238	445,966	434,780	11,186
Board of education . . . . .	31,700	31,590	31,582	8
Administration . . . . .	651,693	654,777	610,350	44,427
Fiscal . . . . .	238,212	239,052	233,611	5,441
Business . . . . .	33,672	35,040	27,231	7,809
Operations and maintenance . . . . .	1,048,872	1,086,072	1,075,766	10,306
Pupil transportation . . . . .	679,999	681,587	674,223	7,364
Central . . . . .	25,576	25,491	24,576	915
Extracurricular activities . . . . .	263,106	262,256	244,829	17,427
<b>Total budgetary basis disbursements . . . . .</b>	<b>8,857,129</b>	<b>8,904,610</b>	<b>8,744,579</b>	<b>160,031</b>
<b>Net change in fund cash balance . . . . .</b>	<b>(253,676)</b>	<b>(111,031)</b>	<b>(9,962)</b>	<b>101,069</b>
<b>Fund cash balance at beginning of year . . . . .</b>	<b>674,298</b>	<b>674,298</b>	<b>674,298</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>77,844</b>	<b>77,844</b>	<b>77,844</b>	<b>-</b>
<b>Fund cash balance at end of year . . . . .</b>	<b>\$ 498,466</b>	<b>\$ 641,111</b>	<b>\$ 742,180</b>	<b>\$ 101,069</b>

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, 2012**

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 12,982	\$ 65,710
Total assets. . . . .	\$ 12,982	\$ 65,710
<b>Net cash assets:</b>		
Held in trust for scholarships . . . . .	\$ 12,982	\$ -
Held for student activities . . . . .	-	65,710
Total net cash assets . . . . .	\$ 12,982	\$ 65,710

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 179
Gifts and contributions. . . . .	861
Total additions. . . . .	1,040
<b>Deductions:</b>	
Scholarships awarded . . . . .	901
Change in net cash assets. . . . .	139
<b>Net cash assets at beginning of year . . . . .</b>	<b>12,843</b>
<b>Net cash assets at end of year. . . . .</b>	<b>\$ 12,982</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 504<sup>th</sup> largest in the State of Ohio (among 934 school districts and community schools) in terms of enrollment. It is staffed by 45 noncertified employees, 63 certified teaching personnel and 4 administrative employees who provide services to 963 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. 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 organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**A. Reporting Entity (Continued)**

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

*JOINTLY GOVERNED ORGANIZATIONS*

Vanguard-Sentinel Joint Vocational School

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

*INSURANCE PURCHASING POOLS*

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

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

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

North Central Ohio Joint Insurance Association

The District participates in the North Central Ohio Joint Insurance Association (the "Association"), a public entity shared risk pool consisting of six local school districts. 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**A. Reporting Entity (Continued)**

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, 200 South Sycamore Avenue, P.O. Box 9, Sycamore, Ohio 44882.

**B. Basis of Accounting**

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

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

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

**C. Fund Accounting**

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

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**C. Fund Accounting (Continued)**

*GOVERNMENTAL FUNDS*

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities fund - The classroom facilities fund is used to account for financial resources that are restricted for the acquisition or construction of major capital facilities.

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net cash 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.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**D. Basis of Presentation (Continued)**

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 2012 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.
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 2012.
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.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**E. Budgets (Continued)**

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2012. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2012, investments were limited to certificates of deposit. Investments are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$2,900, which includes \$897 assigned from other funds.

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

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

**G. Capital Assets**

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



**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**H. Unpaid Vacation and Sick Leave**

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

**I. Long-Term Obligations**

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

**J. Fund Balance**

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

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

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

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

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

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**J. Fund Balance (Continued)**

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

**K. Net Cash 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, 2012.

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Deficit Fund Cash Balance**

Fund balance at June 30, 2012 included the following individual fund deficit:

<u>Nonmajor funds</u>	<u>Deficit</u>
Nutrition education and training program	\$ 1,350

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$1,965,100. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$1,489,650 of the District's bank balance of \$1,994,006 was exposed to custodial risk as discussed below, while \$504,356 was covered by the FDIC.

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Reconciliation of Cash and Investments to the Statement of Net Cash Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,965,100
Total	<u>\$ 1,965,100</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,886,408
Private - purpose trust funds	12,982
Agency funds	<u>65,710</u>
Total	<u>\$ 1,965,100</u>

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2012 (other than public utility property) generally represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on the value as of December 31, 2010. Amounts paid by multi-county taxpayers were due September 20, 2011. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2011, with the remainder payable by September 20, 2011.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 5 - PROPERTY TAXES - (Continued)**

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, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 107,987,240	95.59	\$ 112,056,280	95.26
Public utility personal	4,975,540	4.40	5,548,309	4.73
Tangible personal property	<u>3</u>	<u>0.01</u>	<u>1</u>	<u>0.01</u>
Total	<u>\$ 112,962,783</u>	<u>100.00</u>	<u>\$ 117,604,590</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$42.89		\$42.89	

**NOTE 6 - INCOME TAXES**

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 7 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2012, the following activity occurred in governmental activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance 06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/12</u>	<u>Amount Due in One Year</u>
<b>Governmental activities:</b>						
<u>General Obligation Bonds:</u>						
School improvement bonds	2-4.75%	\$ 6,335,000	\$ -	\$ (230,000)	\$ 6,105,000	\$ 235,000
Capital appreciation bonds	12.88%	<u>177,042</u>	<u>22,803</u>	-	<u>199,845</u>	-
Total governmental activities		<u>\$ 6,512,042</u>	<u>\$ 22,803</u>	<u>\$ (230,000)</u>	<u>\$ 6,304,845</u>	<u>\$ 235,000</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 an expenditure in the debt service fund (a major governmental fund). The source of payment is derived from a current 5.99 mil bonded debt tax levy for the Construction Project. The Construction Project was completed during fiscal year 2008.

This issue is comprised of both current interest bonds, par value \$7,795,000, and capital appreciation bonds, par value \$74,994. The interest rates on the current interest bonds range from 2.00% to 4.75%. The capital appreciation bonds mature on December 1, 2022 (effective interest 12.880%), at an redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value at June 30, 2012, was \$199,845.

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

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 235,000	\$ 265,628	\$ 500,628	\$ -	\$ -	\$ -
2014	245,000	257,284	502,284	-	-	-
2015	255,000	248,217	503,217	-	-	-
2016	260,000	238,495	498,495	-	-	-
2017	275,000	227,990	502,990	-	-	-
2018 - 2022	1,205,000	793,728	1,998,728	39,765	295,235	335,000
2023 - 2027	1,425,000	558,005	1,983,005	35,229	299,771	335,000
2028 - 2032	<u>2,205,000</u>	<u>271,818</u>	<u>2,476,818</u>	-	-	-
Total	<u>\$6,105,000</u>	<u>\$2,861,165</u>	<u>\$ 8,966,165</u>	<u>\$ 74,994</u>	<u>\$ 595,006</u>	<u>\$ 670,000</u>

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

**D. 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, 2012, are a voted debt margin of \$4,655,347 (including available funds of \$175,934) and an unvoted debt margin of \$117,605.

**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 2012, the District contracted for the following insurance coverage:

<u>Description</u>	<u>Amount</u>
Insurance provided by GUA Insurance Company	
Building and Contents - replacement cost (\$1,000 deductible)	\$40,891,761
Insurance provided by GUA Insurance Company	
Automotive Liability	1,000,000
Uninsured motorists	1,000,000
General liability	
Per occurrence	1,000,000
Aggregate	3,000,000

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

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

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



**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 2012, the District participated in the OASBO/OSBA/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**NOTE 9 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the 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 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$151,725, \$138,973 and \$150,347, respectively; 65.13 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$489,770, \$484,093 and \$468,740, respectively; 83.59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$21,919, \$34,451 and \$5,412, respectively; 65.13 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

**A. School Employees Retirement System (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$8,960, \$8,943 and \$8,941, respectively; 65.13 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$37,675, \$37,238 and \$36,057, respectively; 83.59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 11 - CONTINGENCIES**

**A. Grants**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

**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, 2012  
(Continued)**

**NOTE 11 – CONTINGENCIES (Continued)**

**C. Classroom Facilities Project**

The District substantially completed its classroom facilities construction project prior to fiscal year 2012. The District is currently working with the Ohio Schools Facilities Commission (OSFC) to close out the project and determine the amount of unspent project funds to be returned to the state which is currently being reported the Classroom Facilities Capital Projects Fund.

**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:

<b>Net Change in Fund Balance</b>	
	<u>General fund</u>
Cash basis	\$ 160,992
Funds budgeted elsewhere **	462
Adjustment for encumbrances	<u>(171,416)</u>
Budget basis	<u>\$ (9,962)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

**NOTE 13 - STATUTORY RESERVES**

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

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**NOTE 13 - STATUTORY RESERVES (Continued)**

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

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2011	\$ -
Current year set-aside requirement	162,874
Current year qualifying expenditures	<u>(175,494)</u>
Total	<u>\$ (12,620)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

**NOTE 14 - COMMITMENTS**

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 171,905
Other nonmajor governmental	<u>5,096</u>
Total	<u>\$ 177,001</u>

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 19,786	\$ 19,786
Cash Assistance:			
School Breakfast Program	10.553	18,163	18,163
National School Lunch Program	10.555	125,109	125,109
Total Child Nutrition Cluster		<u>163,058</u>	<u>163,058</u>
Team Nutrition Grants	10.574	<u>10,150</u>	<u>11,500</u>
Total U.S. Department of Agriculture		<u><b>173,208</b></u>	<u><b>174,558</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	235,954	234,752
Special Education - Preschool Grants	84.173	9,635	8,677
Total Special Education Cluster		<u>245,589</u>	<u>243,429</u>
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	81,794	82,103
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	7,443	7,443
Total Title I Cluster		<u>89,237</u>	<u>89,546</u>
Improving Teacher Quality State Grants	84.367	26,038	27,053
Educational Technology State Grants	84.318	185	185
Education Jobs Fund	84.410	<u>186,733</u>	<u>184,408</u>
Total U.S. Department of Education		<u><b>547,782</b></u>	<u><b>544,621</b></u>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>		<u><b>\$ 720,990</b></u>	<u><b>\$ 719,179</b></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  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Mohawk Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.





# Dave Yost • 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 18, 2012, wherein we noted the District presented financial statements on the cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 18, 2012.

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 management, the audit committee, the Board of Education, federal awarding agencies, pass-through entities, and others within the District. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

September 18, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these 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 these requirements.

In our opinion, the Mohawk Local School District, Wyandot County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### 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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

September 18, 2012

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #84.410 – Education Jobs Fund  <u>Special Education Cluster:</u> CFDA #84.027 – Special Education Grants to States CFDA #84.173 – Special Education Preschool Grants
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2012-001</b>
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**Material Noncompliance  
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 2012, 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 costs, but audit cost as well. The financial statements were prepared in a GAAP look-alike format. The District does not intend to take any further corrective action and will pay the small fine that is levied.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(b)  
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Administrative Code § 117-2-03(B) – GAAP Reporting	No	Not corrected, repeated as finding 2012-001.

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# Dave Yost • 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  
OCTOBER 9, 2012