



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Mohawk Local School District  
Wyandot County  
295 State Highway 231  
Sycamore, Ohio 44882

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Mohawk Local School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mohawk Local School District, Wyandot County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**JIM PETRO**  
Auditor of State of Ohio

November 21, 2000

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MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Assets and Other Debits:</u>									
<u>Assets:</u>									
Equity in Pooled Cash and Cash Equivalents	\$742,382	\$324,690	\$0	\$18,853	\$10,875	\$85,411	\$0	\$0	\$1,182,211
Receivables:									
Property Taxes	1,521,841	0	83,643	0	0	0	0	0	1,605,484
Income Taxes	341,249	0	0	0	0	0	0	0	341,249
Accounts	7,059	1,151	0	0	2,890	0	0	0	11,100
Intergovernmental	8,975	37,132	0	8,506	0	0	0	0	54,613
Accrued Interest	32,330	13	0	0	0	43	0	0	32,386
Interfund	11,670	0	0	0	0	0	0	0	11,670
Prepaid Items	64,672	1,228	0	0	1,578	0	0	0	67,478
Inventory Held for Resale	0	0	0	0	7,968	0	0	0	7,968
Materials and Supplies Inventory	19,159	0	0	0	1,134	0	0	0	20,293
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	137,410	0	0	0	0	0	0	0	137,410
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0	34,155	0	7,201,602	0	7,235,757
<u>Other Debits:</u>									
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	0	858,622	858,622
<b>Total Assets and Other Debits</b>	<b>\$2,886,747</b>	<b>\$364,214</b>	<b>\$83,643</b>	<b>\$27,359</b>	<b>\$58,600</b>	<b>\$85,454</b>	<b>\$7,201,602</b>	<b>\$858,622</b>	<b>\$11,566,241</b>

(continued)



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000  
(Continued)**

	<u>Governmental Fund Types</u>				<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Fund Type</u>  <u>Enterprise</u>	<u>Fund Types</u>  <u>Trust and</u> <u>Agency</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	
<u>Liabilities, Fund Equity, and Other Credits:</u>									
<u>Liabilities:</u>									
Accounts Payable	\$6,716	\$3,618	\$0	\$0	\$0	\$0	\$0	\$0	\$10,334
Accrued Wages and Benefits	691,971	25,639	0	0	26,577	0	0	0	744,187
Compensated Absences Payable	11,684	45	0	0	21,019	0	0	465,253	498,001
Intergovernmental Payable	122,001	3,177	0	0	13,843	0	0	67,190	206,211
Interfund Payable	0	11,670	0	0	0	0	0	0	11,670
Deferred Revenue	1,389,093	0	83,643	0	3,576	0	0	0	1,476,312
Due to Students	0	0	0	0	0	65,821	0	0	65,821
Special Termination Benefit Payable	0	0	0	0	8,268	0	0	19,094	27,362
Energy Conservation Notes Payable	0	0	0	0	0	0	0	25,884	25,884
General Obligation Bonds Payable	0	0	0	0	0	0	0	281,201	281,201
<b>Total Liabilities</b>	<b>2,221,465</b>	<b>44,149</b>	<b>83,643</b>	<b>0</b>	<b>73,283</b>	<b>65,821</b>	<b>0</b>	<b>858,622</b>	<b>3,346,983</b>
<u>Fund Equity and Other Credits:</u>									
Investment in General Fixed Assets	0	0	0	0	0	0	7,201,602	0	7,201,602
Contributed Capital	0	0	0	0	3,366	0	0	0	3,366
Retained Earnings:									
Unreserved (Deficit)	0	0	0	0	(18,049)	0	0	0	(18,049)
Fund Balance:									
Reserved for Property Taxes	127,960	0	0	0	0	0	0	0	127,960
Reserved for Inventory	19,159	0	0	0	0	0	0	0	19,159
Reserved for Budget Stabilization	103,347	0	0	0	0	0	0	0	103,347
Reserved for Bus Purchase	1,335	0	0	0	0	0	0	0	1,335
Reserved for Principal	0	0	0	0	0	16,000	0	0	16,000
Reserved for Encumbrances	223,121	7,369	0	0	0	0	0	0	230,490
Designated for Budget Stabilization	32,728	0	0	0	0	0	0	0	32,728
Unreserved	157,632	312,696	0	27,359	0	3,633	0	0	501,320
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>665,282</b>	<b>320,065</b>	<b>0</b>	<b>27,359</b>	<b>(14,683)</b>	<b>19,633</b>	<b>7,201,602</b>	<b>0</b>	<b>8,219,258</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$2,886,747</b>	<b>\$364,214</b>	<b>\$83,643</b>	<b>\$27,359</b>	<b>\$58,600</b>	<b>\$85,454</b>	<b>\$7,201,602</b>	<b>\$858,622</b>	<b>\$11,566,241</b>

See Accompanying Notes to the General Purpose Financial Statements

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<u>Revenues:</u>						
Property Taxes	\$1,368,499	\$0	\$83,653	\$0	\$0	\$1,452,152
Income Taxes	981,554	0	0	0	0	981,554
Intergovernmental	3,743,708	351,349	0	45,687	0	4,140,744
Interest	75,503	1,440	0	459	69	77,471
Tuition and Fees	142,859	0	0	0	0	142,859
Rent	10,065	0	0	0	0	10,065
Extracurricular Activities	0	123,121	0	0	0	123,121
Gifts and Donations	4,001	11,932	0	0	405	16,338
Miscellaneous	56,267	459	0	0	0	56,726
<b>Total Revenues</b>	<b>6,382,456</b>	<b>488,301</b>	<b>83,653</b>	<b>46,146</b>	<b>474</b>	<b>7,001,030</b>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	2,957,935	64,643	0	15,482	0	3,038,060
Special	451,491	143,090	0	0	0	594,581
Vocational	44,368	0	0	0	0	44,368
Adult/Continuing	1,990	0	0	0	130	2,120
Other	59,256	0	0	0	0	59,256
Support Services:						
Pupils	247,886	11,007	0	0	0	258,893
Instructional Staff	338,193	99,123	0	0	0	437,316
Board of Education	32,698	0	0	0	0	32,698
Administration	603,619	430	0	0	0	604,049
Fiscal	203,674	0	0	0	0	203,674
Business	49,552	10,848	0	11,792	0	72,192
Operation and Maintenance of Plant	530,378	0	0	0	0	530,378
Pupil Transportation	388,226	5,332	0	0	0	393,558
Central	16,509	5,346	0	0	0	21,855
Non-Instructional Services	0	124	0	0	0	124
Extracurricular Activities	186,569	114,862	0	0	0	301,431
Capital Outlay	177,619	0	0	38,925	0	216,544
Debt Service:						
Principal Retirement	0	0	63,623	0	0	63,623
Interest and Fiscal Charges	0	0	20,030	0	0	20,030
<b>Total Expenditures</b>	<b>6,289,963</b>	<b>454,805</b>	<b>83,653</b>	<b>66,199</b>	<b>130</b>	<b>6,894,750</b>
Excess of Revenues Over (Under) Expenditures	92,493	33,496	0	(20,053)	344	106,280
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	4,570	0	0	0	0	4,570
Operating Transfers In	0	233,600	0	0	0	233,600
Operating Transfers Out	(214,650)	0	0	0	0	(214,650)
<b>Total Other Financing Sources (Uses)</b>	<b>(210,080)</b>	<b>233,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,520</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(117,587)	267,096	0	(20,053)	344	129,800
Fund Balances at Beginning of Year	776,738	52,969	0	47,412	1,275	878,394
Increase in Reserve for Inventory	6,131	0	0	0	0	6,131
<b>Fund Balances at End of Year</b>	<b>\$665,282</b>	<b>\$320,065</b>	<b>\$0</b>	<b>\$27,359</b>	<b>\$1,619</b>	<b>\$1,014,325</b>

See Accompanying Notes to the General Purpose Financial Statements

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$1,342,053	\$1,437,240	\$95,187	\$0	\$0	\$0
Income Taxes	999,110	949,250	(49,860)	0	0	0
Intergovernmental	3,829,193	3,791,995	(37,198)	341,916	314,217	(27,699)
Interest	78,000	67,809	(10,191)	980	1,427	447
Tuition and Fees	60,750	150,067	89,317	0	0	0
Rent	11,550	10,065	(1,485)	0	0	0
Extracurricular Activities	0	0	0	138,650	122,951	(15,699)
Gifts and Donations	1,400	4,001	2,601	18,585	11,932	(6,653)
Miscellaneous	8,800	49,639	40,839	0	428	428
Total Revenues	<u>6,330,856</u>	<u>6,460,066</u>	<u>129,210</u>	<u>500,131</u>	<u>450,955</u>	<u>(49,176)</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	3,052,512	3,047,286	5,226	88,661	64,035	24,626
Special	466,080	465,073	1,007	138,555	140,838	(2,283)
Vocational	53,340	46,546	6,794	0	0	0
Adult/Continuing	2,000	1,990	10	0	0	0
Other	59,370	59,256	114	0	0	0
Support Services:						
Pupils	257,607	257,411	196	11,887	11,886	1
Instructional Staff	339,993	339,109	884	105,998	94,121	11,877
Board of Education	42,449	41,044	1,405	0	0	0
Administration	626,674	623,553	3,121	570	430	140
Fiscal	208,120	207,312	808	0	0	0
Business	50,644	49,854	790	0	10,848	(10,848)
Operation and Maintenance of Plant	569,440	562,499	6,941	0	0	0
Pupil Transportation	417,091	411,940	5,151	5,313	5,313	0
Central	16,410	18,154	(1,744)	5,879	5,484	395
Non-Instructional Service	3,640	3,634	6	1,890	1,890	0
Extracurricular Activities	197,019	190,700	6,319	167,680	126,629	41,051
Capital Outlay	430,040	430,029	11	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>6,792,429</u>	<u>6,755,390</u>	<u>37,039</u>	<u>526,433</u>	<u>461,474</u>	<u>64,959</u>
Excess of Revenues Over (Under) Expenditures	<u>(461,573)</u>	<u>(295,324)</u>	<u>166,249</u>	<u>(26,302)</u>	<u>(10,519)</u>	<u>15,783</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	2,500	4,570	2,070	0	0	0
Refund of Prior Year Expenditures	4,500	5,950	1,450	1,215	91	(1,124)
Refund of Prior Year Receipts	(1,320)	(1,320)	0	0	0	0
Other Financing Uses	(136,036)	0	136,036	0	0	0
Advances In	16,354	16,354	0	7,500	11,670	4,170
Advances Out	(11,900)	(11,670)	230	0	0	0
Operating Transfers In	0	0	0	0	233,600	233,600
Operating Transfers Out	(214,650)	(214,650)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(340,552)</u>	<u>(200,766)</u>	<u>139,786</u>	<u>8,715</u>	<u>245,361</u>	<u>236,646</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(802,125)</u>	<u>(496,090)</u>	<u>306,035</u>	<u>(17,587)</u>	<u>234,842</u>	<u>252,429</u>
Fund Balances at Beginning of Year	788,199	788,199	0	57,993	57,993	0
Prior Year Encumbrances Appropriated	362,244	362,244	0	20,868	20,868	0
Fund Balances at End of Year	<u>\$348,318</u>	<u>\$654,353</u>	<u>\$306,035</u>	<u>\$61,274</u>	<u>\$313,703</u>	<u>\$252,429</u>

(continued)

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$83,653	\$83,653	\$0	\$0	\$0	\$0
Income Taxes	0	0	0	0	0	0
Intergovernmental	0	0	0	92,880	37,181	(55,699)
Interest	0	0	0	1	459	458
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<b>Total Revenues</b>	<b>83,653</b>	<b>83,653</b>	<b>0</b>	<b>92,881</b>	<b>37,640</b>	<b>(55,241)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	0	46,776	44,147	2,629
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Support Services:</b>						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	0	0	0
Business	0	0	0	11,795	11,792	3
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Service	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	111,004	39,592	71,412
<b>Debt Service:</b>						
Principal Retirement	63,623	63,623	0	0	0	0
Interest and Fiscal Charges	20,030	20,030	0	0	0	0
<b>Total Expenditures</b>	<b>83,653</b>	<b>83,653</b>	<b>0</b>	<b>169,575</b>	<b>95,531</b>	<b>74,044</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(76,694)</b>	<b>(57,891)</b>	<b>18,803</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	(16,354)	(16,354)	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,354)</b>	<b>(16,354)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(93,048)</b>	<b>(74,245)</b>	<b>18,803</b>
Fund Balances at Beginning of Year	0	0	0	54,619	54,619	0
Prior Year Encumbrances Appropriated	0	0	0	38,479	38,479	0
<b>Fund Balances at End of Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50</b>	<b>\$18,853</b>	<b>\$18,803</b>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,425,706	\$1,520,893	\$95,187
0	0	0	999,110	949,250	(49,860)
0	0	0	4,263,989	4,143,393	(120,596)
50	53	3	79,031	69,748	(9,283)
0	0	0	60,750	150,067	89,317
0	0	0	11,550	10,065	(1,485)
0	0	0	138,650	122,951	(15,699)
0	405	405	19,985	16,338	(3,647)
0	0	0	8,800	50,067	41,267
<u>50</u>	<u>458</u>	<u>408</u>	<u>7,007,571</u>	<u>7,032,772</u>	<u>25,201</u>
0	0	0	3,187,949	3,155,468	32,481
0	0	0	604,635	605,911	(1,276)
0	0	0	53,340	46,546	6,794
140	130	10	2,140	2,120	20
0	0	0	59,370	59,256	114
0	0	0	269,494	269,297	197
0	0	0	445,991	433,230	12,761
0	0	0	42,449	41,044	1,405
0	0	0	627,244	623,983	3,261
0	0	0	208,120	207,312	808
0	0	0	62,439	72,494	(10,055)
0	0	0	569,440	562,499	6,941
0	0	0	422,404	417,253	5,151
0	0	0	22,289	23,638	(1,349)
0	0	0	5,530	5,524	6
0	0	0	364,699	317,329	47,370
0	0	0	541,044	469,621	71,423
0	0	0	63,623	63,623	0
0	0	0	20,030	20,030	0
<u>140</u>	<u>130</u>	<u>10</u>	<u>7,572,230</u>	<u>7,396,178</u>	<u>176,052</u>
<u>(90)</u>	<u>328</u>	<u>418</u>	<u>(564,659)</u>	<u>(363,406)</u>	<u>201,253</u>
0	0	0	2,500	4,570	2,070
0	0	0	5,715	6,041	326
0	0	0	(1,320)	(1,320)	0
0	0	0	(136,036)	0	136,036
0	0	0	23,854	28,024	4,170
0	0	0	(28,254)	(28,024)	230
0	0	0	0	233,600	233,600
0	0	0	(214,650)	(214,650)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(348,191)</u>	<u>28,241</u>	<u>376,432</u>
(90)	328	418	(912,850)	(335,165)	577,685
1,275	1,275	0	902,086	902,086	0
0	0	0	421,591	421,591	0
<u>\$1,185</u>	<u>\$1,603</u>	<u>\$418</u>	<u>\$410,827</u>	<u>\$988,512</u>	<u>\$577,685</u>

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<u>Operating Revenues:</u>			
Sales	\$267,709	\$0	\$267,709
Interest	0	838	838
Other Operating Revenues	274	0	274
Total Operating Revenues	<u>267,983</u>	<u>838</u>	<u>268,821</u>
<u>Operating Expenses:</u>			
Salaries	140,862	0	140,862
Fringe Benefits	37,966	0	37,966
Purchased Services	1,181	0	1,181
Materials and Supplies	6,008	634	6,642
Cost of Sales	195,569	0	195,569
Depreciation	4,601	0	4,601
Other Operating Expenses	1,628	150	1,778
Total Operating Expenses	<u>387,815</u>	<u>784</u>	<u>388,599</u>
Operating Income (Loss)	<u>(119,832)</u>	<u>54</u>	<u>(119,778)</u>
<u>Non-Operating Revenues:</u>			
Interest	895	0	895
Federal Donated Commodities	35,947	0	35,947
Operating Grants	66,087	0	66,087
Total Non-Operating Revenues	<u>102,929</u>	<u>0</u>	<u>102,929</u>
Income (Loss) before Operating Transfers	(16,903)	54	(16,849)
Operating Transfers Out	<u>(18,950)</u>	<u>0</u>	<u>(18,950)</u>
Net Income (Loss)	(35,853)	54	(35,799)
Retained Earnings/Fund Balance at Beginning of Year	<u>17,804</u>	<u>17,960</u>	<u>35,764</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(18,049)	18,014	(35)
Contributed Capital at Beginning and End of Year	<u>3,366</u>	<u>0</u>	<u>3,366</u>
Total Fund Equity (Deficit) at End of Year	<u>(\$14,683)</u>	<u>\$18,014</u>	<u>\$3,331</u>

See Accompanying Notes to the General Purpose Financial Statements

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**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRETIARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Enterprise Funds</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<u>Revenues:</u>			
Sales	\$270,100	\$267,014	(\$3,086)
Interest	1,000	895	(105)
Other Revenues	300	320	20
Operating Grants	71,400	66,087	(5,313)
Total Revenues	342,800	334,316	(8,484)
<u>Expenses:</u>			
Salaries	132,950	131,181	1,769
Fringe Benefits	38,290	38,167	123
Purchased Services	5,010	1,181	3,829
Materials and Supplies	166,398	165,416	982
Capital Outlay	15,000	12,062	2,938
Other Expenses	1,800	1,626	174
Total Expenses	359,448	349,633	9,815
Excess of Revenues Over (Under) Expenses	(16,648)	(15,317)	1,331
Operating Transfers Out	(18,950)	(18,950)	0
Excess of Revenues Over (Under) Expenses and Transfers	(35,598)	(34,267)	1,331
Fund Balances at Beginning of Year	45,142	45,142	0
Fund Balances at End of Year	\$9,544	\$10,875	\$1,331

See Accompanying Notes to the General Purpose Financial Statements

**(Continued)**



Non-Expendable Trust Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$270,100	\$267,014	(\$3,086)
730	811	81	1,730	1,706	(24)
0	0	0	300	320	20
0	0	0	71,400	66,087	(5,313)
<u>730</u>	<u>811</u>	<u>81</u>	<u>343,530</u>	<u>335,127</u>	<u>(8,403)</u>
0	0	0	132,950	131,181	1,769
0	0	0	38,290	38,167	123
0	0	0	5,010	1,181	3,829
850	634	216	167,248	166,050	1,198
0	0	0	15,000	12,062	2,938
150	150	0	1,950	1,776	174
<u>1,000</u>	<u>784</u>	<u>216</u>	<u>360,448</u>	<u>350,417</u>	<u>10,031</u>
(270)	27	297	(16,918)	(15,290)	(1,628)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,950)</u>	<u>(18,950)</u>	<u>0</u>
(270)	27	297	(35,868)	(34,240)	1,628
17,960	17,960	0	63,102	63,102	0
<u>\$17,690</u>	<u>\$17,987</u>	<u>\$297</u>	<u>\$27,234</u>	<u>\$28,862</u>	<u>\$1,628</u>

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Non-Expendable Trust</b>	<b>(Memorandum Only)</b>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$267,014	\$0	\$267,014
Cash Received from Other Revenues	320	0	320
Cash Payments for Salaries	(131,181)	0	(131,181)
Cash Payments for Fringe Benefits	(38,167)	0	(38,167)
Cash Payments to Suppliers for Goods and Services	(166,697)	(634)	(167,331)
Cash Payments for Other Expenses	(1,626)	(150)	(1,776)
Net Cash Used for Operating Activities	(70,337)	(784)	(71,121)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	66,087	0	66,087
Cash Payments for Operating Transfers Out	(18,950)	0	(18,950)
Net Cash Provided by Noncapital Financing Activities	47,137	0	47,137
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Payments for Fixed Assets	(11,962)	0	(11,962)
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	895	811	1,706
Net Increase (Decrease) in Cash and Cash Equivalents	(34,267)	27	(34,240)
Cash and Cash Equivalents at Beginning of Year	45,142	17,960	63,102
Cash and Cash Equivalents at End of Year	\$10,875	\$17,987	\$28,862
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	(\$119,832)	\$54	(\$119,778)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	4,601	0	4,601
Donated Commodities Used During Year	35,947	0	35,947
Interest Reported as Operating Income	0	(838)	(838)
<u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(649)	0	(649)
Increase in Prepaid Items	(231)	0	(231)
Decrease in Inventory Held for Resale	386	0	386
Increase in Materials and Supplies Inventory	(272)	0	(272)
Increase in Accrued Wages and Benefits	2,702	0	2,702
Decrease in Compensated Absences Payable	(778)	0	(778)
Decrease in Intergovernmental Payable	(479)	0	(479)
Increase in Special Termination Benefit Payable	8,268	0	8,268
Net Cash Used for Operating Activities	(\$70,337)	(\$784)	(\$71,121)
<u>Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:</u>			
All Fiduciary Fund Types		\$85,411	
Less Agency Funds		(65,821)	
Less Expendable Trust Funds		(1,603)	
Cash and Cash Equivalents - Non-Expendable Trust Fund		\$17,987	

See Accompanying Notes to the General Purpose Financial Statements

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1957 through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred twenty-five square miles. It is located in Wyandot, Seneca, and Crawford Counties. The School District is the 455<sup>th</sup> largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by fifty-six classified employees, seventy-nine certified teaching personnel, and five administrative employees who provide services to 1,168 students and other community members. The School District currently operates two elementary schools, an elementary/junior high school, a high school, and an administration building.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mohawk Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of Mohawk Local School District.

The School District is associated with two jointly governed organizations, an insurance pool, and a related organization. These organizations are the Vanguard-Sentinel Joint Vocational School, the Tri-Rivers Educational Computer Association (TRECA), the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Mohawk Community Library. These organizations are presented in Notes 18, 19, and 20 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Mohawk Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**General Fund**

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

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting (Continued)**

**Governmental Fund Types: (Continued)**

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

**Enterprise Funds**

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund type and the non-expendable trust fund are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, grants, interest, tuition, student fees, and rent.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and the non-expendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level in the General fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. Budgetary modifications at the object level in the General fund, and the function and object level within all other funds are made by the School District Treasurer.

The Eisenhower special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

**Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wyandot County Budget Commission for rate determination.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2000.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures in the General fund and at the fund level of expenditures for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, 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 at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust fund.



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2000 was \$75,503, which included \$7,239 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**F. Inventory**

Inventory of governmental funds is stated at cost while inventory of proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the proprietary funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Restricted Assets**

Restricted assets in the General fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of six to twenty years.

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables".

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences (Continued)**

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and the special termination benefit that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term notes and bonds are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate fund.

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**M. Fund Balance Reserves and Designations**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, budget stabilization, bus purchase, contributions to the non-expendable trust fund, and encumbrances.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Balance Reserves and Designations (Continued)**

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for principal signifies legal restrictions on the use of principal in the non-expendable trust fund. The designation for budget stabilization represent revenues set aside that exceed statutorily required amounts.

**N. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

**Entitlements:**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

**Non-Reimbursable Grants:**

**Special Revenue Funds**

- Professional Development
- Education Management Information Systems
- Data Communications
- SchoolNet Professional Development
- Ohio Reads
- Safe School Help Line
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- Preschool Handicapped
- Title VI-R
- Continuous Improvement
- Resource Sharing

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Intergovernmental Revenues (Continued)**

**Non-Reimbursable Grants:**

**Capital Projects Funds**

- Disability Access
- SchoolNet Plus
- Technology Equity
- Textbook/Instructional Materials
- Power Up
- Emergency Building Repair

**Reimbursable Grants**

**General Fund**

- Driver Education

**Capital Projects Fund**

- E-Rate

**Proprietary Funds**

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 59 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

**O. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Q. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The following funds had deficit fund balances/retained earnings at June 30, 2000.

Fund Type/Fund	Deficit
Special Revenue Funds	
Education Management Information Systems	\$35
Ohio Reads	1,949
Preschool Handicapped	62
Enterprise Fund	
Food Service	24,622

The deficits in the special revenue funds were created by the application of generally accepted accounting principles. The General fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings as a result of accumulated operating losses from prior years.

**B. Compliance**

The General fund/support services/ central function had expenditures in excess of appropriations, in the amount of \$1,744, for the fiscal year ended June 30, 2000.

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust fund (GAAP basis).
4. For the enterprise funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Eisenhower special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Expendable Trust Funds

	Governmental Fund Types			Expendable Trust
	General	Special Revenue	Capital Projects	
GAAP Basis	(\$117,587)	\$267,096	(\$20,053)	\$344
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued FY 1999, Received in Cash FY 2000	605,921	1,041	0	0
Accrued FY 2000, Not Yet Received in Cash	(522,361)	(38,296)	(8,506)	(16)
Expenditure Accruals:				
Accrued FY 1999, Paid in Cash FY 2000	(1,061,982)	(29,706)	(29,332)	0
Accrued FY 2000, Not Yet Paid in Cash	832,372	32,479	0	0
Prepaid Items	(11,698)	(845)	0	0
Advances In	16,354	11,670	0	0
Advances Out	(11,670)	0	(16,354)	0
Excess of Revenues Under Expenditures for Nonbudgeted Funds	0	2,390	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(225,439)	(10,987)	0	0
Budget Basis	<u>(\$496,090)</u>	<u>\$234,842</u>	<u>(\$74,245)</u>	<u>\$328</u>

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Income (Loss)/Excess of Revenues  
Over (Under) Expenses  
Proprietary Fund Type and Non-expendable Trust Fund

	Proprietary Fund Type	
	Enterprise	Non- expendable Trust
GAAP Basis	(\$35,853)	\$54
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 1999, Received in Cash FY 2000	2,241	0
Accrued FY 2000, Not Yet Received in Cash	(2,890)	(27)
Expense Accruals:		
Accrued FY 1999, Paid in Cash FY 2000	(59,994)	0
Accrued FY 2000, Not Yet Paid in Cash	69,707	0
Prepaid Items	(231)	0
Inventory Held for Resale	386	0
Materials and Supplies Inventory	(272)	0
Acquisition of Fixed Assets	(11,962)	0
Depreciation Expense	4,601	0
Budget Basis	(\$34,267)	\$27

**5. DEPOSITS AND INVESTMENTS**

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



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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.

Protection of the School 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.

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

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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 School 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$1,100 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the School District's deposits was \$1,318,521 and the bank balance was \$1,463,397. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,263,397 was secured by collateral in the School District's name held by the First National Bank.

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes for 2000 were levied after April 1, 2000, on the assessed values as of January 1, 2000, 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 real and tangible personal property taxes for 2000 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes for 2000 were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Wyandot, Seneca, and Crawford Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$127,960 in the General fund. The amount available as an advance at June 30, 1999, was \$201,489 in the General fund.

Accrued property taxes receivable also includes amounts for any late tax settlements made by the Counties. For fiscal year 2000, this amount was \$4,788 in the General fund.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$60,678,260	88.06%	\$71,651,170	90.33%
Public Utility	20,060	.03	24,490	.03
Tangible Personal	8,210,186	11.91	7,644,022	9.64
Total Assessed Value	<u>\$68,908,506</u>	<u>100.00%</u>	<u>\$79,319,682</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.90		\$36.90	

**7. INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and will continue for five years. 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund.

**8. RECEIVABLES**

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$11,100. A summary of the principal items of intergovernmental receivables follows:

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**8. RECEIVABLES (Continued)**

	Amounts
General Fund	
Carey EVSD	\$5,625
Driver Education	3,350
Total General Fund	8,975
Special Revenue Funds	
Title VI-B	20,339
Title I	16,289
Drug Free	504
Total Special Revenue Funds	37,132
Capital Projects Funds	
E-Rate	8,506
Total Intergovernmental Receivables	\$54,613

**9. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$109,222
Less Accumulated Depreciation	(75,067)
Net Fixed Assets	\$34,155

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Land and Improvements	\$281,440	\$0	\$0	\$281,440
Buildings and Improvements	3,543,302	426,709	0	3,970,011
Furniture, Fixtures, and Equipment	1,346,248	227,554	54,939	1,518,863
Books	552,341	47,192	84,898	514,635
Vehicles	971,404	59,045	113,796	916,653
Construction in Progress	276,284	16,418	292,702	0
Total	\$6,971,019	\$776,918	\$546,335	\$7,201,602

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**10. INTERFUND ASSETS/LIABILITIES**

At June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$11,670	\$0
Special Revenue Funds		
Ohio Reads	0	1,950
Title VI-B	0	8,340
Title I	0	876
Drug Free	0	504
Total Special Revenue Funds	0	11,670
Total	<u>\$11,670</u>	<u>\$11,670</u>

**11. RISK MANAGEMENT**

The School 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 2000, the School District contracted for the following insurance coverages.

Coverages provided by Nationwide Insurance are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$16,952,900
Inland Marine Coverage (\$100 deductible)	600,000
Boiler and Machinery - limit per accident (\$1,000 deductible)	6,627,200
Food Spoilage	100,000
Automobile Liability	2,000,000
Comprehensive (no deductible)	
Collision (\$100 deductible)	
Uninsured Motorists	20,000/100,000
Medical Payments - per person	5,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. 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 the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**12. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$185,301, \$177,960, and \$304,293, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$31,226, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**MOHAWK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$51,339, \$69,834, and \$76,559, respectively; 39 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$31,173, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2000, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**13. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$247,068 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**13. POSTEMPLOYMENT BENEFITS (Continued)**

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$103,570 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**14. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred five days for school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave.

**B. Health Care Benefits**

The School District offers health insurance to most employees through Medical Mutual of Ohio, dental insurance through Medical Benefits Mutual, and vision insurance through Vision Plus. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

**C. Special Termination Benefit**

The special termination benefit is available for fiscal year 2000 for certified employees and for fiscal years 2000 and 2001 for classified employees. The employee must provide written notice of their intent to retire, to the Treasurer, by April 1<sup>st</sup> during the fiscal year the employee first becomes eligible to retire and must actually retire at the conclusion of the fiscal year. The special termination benefit will be paid by the end of January of the following fiscal year. Failure to retire immediately following the fiscal year in which the employee first becomes eligible shall make the employee ineligible to receive the benefit during any subsequent year. This termination benefit is in addition to any severance pay to which the employee may be eligible. Special termination benefits are paid according to the following schedule:



**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**14. OTHER EMPLOYEE BENEFITS (Continued)**

**C. Special Termination Benefit (Continued)**

Number of Service Years	Age at Retirement	Benefit
20-24 years	60	100% of severance pay to which the employee is entitled
25-29 years	55	95% of severance pay to which the employee is entitled
30 years	Any age	75% of severance pay to which the employee is entitled

**15. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
1991 Energy Conservation Notes 6.5%	\$50,167	\$0	\$24,283	\$25,884
1996 Energy Conservation Bonds 5.5%	320,541	0	39,340	281,201
<b>Total General Obligation Debt</b>	<b>370,708</b>	<b>0</b>	<b>63,623</b>	<b>307,085</b>
Compensated Absences Payable	\$441,755	\$23,498	\$0	\$465,253
Intergovernmental Payable	59,120	67,190	59,120	67,190
Special Termination Benefit Payable	0	19,094	0	19,094
<b>Total General Long-Term Obligations</b>	<b>\$871,583</b>	<b>\$109,782</b>	<b>\$122,743</b>	<b>\$858,622</b>

**1991 Energy Conservation Notes** - On May 31, 1991, the School District issued \$203,110 in unvoted general obligation notes for providing energy conservation measures for the School District. The notes were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for an eleven year period, with final maturity in fiscal year 2002. The notes are being retired through the debt service fund.

**1996 Energy Conservation Bonds** - On May 1, 1996, the School District issued \$432,000 in unvoted general obligation bonds for providing energy conservation measures for the School District. The bonds were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with final maturity in fiscal year 2006. The bonds are being retired through the debt service fund.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

Compensated absences, intergovernmental payables, representing the School District's contractually required pension contributions, and the special termination benefit will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$7,138,771 with an unvoted debt margin of \$79,320 at June 30, 2000.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$67,464	\$16,188	\$83,652
2002	43,897	12,590	56,487
2003	46,344	10,143	56,487
2004	48,910	7,577	56,487
2005	51,655	4,832	56,487
2006	48,815	1,971	50,786
	<u>\$307,085</u>	<u>\$53,301</u>	<u>\$360,386</u>

**16. RESERVATIONS OF FUND BALANCE**

The School District is required by State statute to annually set aside, in the General fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount 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 year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 1999	\$0	\$0	\$83,021
Current Year Set Aside Requirement	159,101	159,101	20,326
Qualifying Expenditures	(194,526)	(159,101)	0
Amount Carried Forward to Fiscal Year 2001	<u>(\$35,425)</u>	<u>\$0</u>	<u>\$103,347</u>
Set Aside Reserve Balance June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$103,347</u>

The total reserve balance for the set asides at the end of the fiscal year was \$103,347.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Mohawk Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$229,416	\$38,567	\$267,983
Depreciation Expense	4,601	0	4,601
Operating Income (Loss)	(121,139)	1,307	(119,832)
Federal Donated Commodities	35,947	0	35,947
Operating Grants	66,087	0	66,087
Operating Transfers Out	18,950	0	18,950
Net Income (Loss)	(37,160)	1,307	(35,853)
Fixed Asset Additions	11,962	0	11,962
Fixed Asset Disposals	(3,796)	0	(3,796)
Net Working Capital	(37,541)	6,573	(30,968)
Total Assets	52,027	6,573	58,600
Total Equity	(21,256)	6,573	(14,683)

**18. JOINTLY GOVERNED ORGANIZATIONS**

**A. Vanguard-Sentinel Joint Vocational School**

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

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. Tri-Rivers Educational Computer Association**

The School 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, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**19. INSURANCE POOL**

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

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

**20. RELATED ORGANIZATION**

**Mohawk Community Library** - The Mohawk Community 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 Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Mohawk Community Library, Sue Schafer, Clerk/Treasurer, 101 East Seventh Street, Sycamore, Ohio 44882.

**21. SCHOOL FOUNDATION PROGRAM**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,571,595 of school foundation support for its General fund.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**21. SCHOOL FOUNDATION PROGRAM (Continued)**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant further attention, study, and development by the Ohio General Assembly...", including the State's reliance on local property tax funding; the State's basic aid formula; the school foundation program, as discussed above; the mechanism for, and adequacy of, funding for school facilities; and the existence of the State's School Solvency Assistance Fund, which the Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**22. CONTINGENT LIABILITIES**

**A. Grants**

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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

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**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS & EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	050740-04-PU-99/00	10.550	\$0	\$34,031	\$0	\$35,947
National School Lunch Program	050740-04-PU-99/00	10.555	63,666	0	63,666	0
Total Department of Agriculture - Nutrition Cluster			<b>63,666</b>	<b>34,031</b>	<b>63,666</b>	<b>35,947</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	050740-6B-SF-99/00	84.027	60,146	0	73,922	0
Special Education - Preschool Grants	050740-PG-S1-99/00	84.173	12,942	0	12,889	0
Total Special Education Cluster			73,088	0	86,811	0
Safe and Drug Free Schools & Communities State Grants	050740-DR-S1-99/00	84.186	4,502	0	6,063	0
Title I Grants to Local Educational Agencies	050740-C1-S1-99/00	84.010	69,443	0	76,329	0
Innovative Educational Program Strategies	050740-C2-S1-99/00	84.298	6,454	0	8,289	0
Eisenhower Professional Development State Grants	050740-MS-S1-99/00	84.281	3,694	0	3,705	0
Class-Size Reduction Program	050740-CR-S1-00	84.340	10,932	0	10,507	0
Goals 2000 - State and Local Education Systemic Improvement	050740-G2-S2-00	84.276	60,000	0	39,427	0
Total Department of Education			<b>228,113</b>	<b>0</b>	<b>231,131</b>	<b>0</b>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						
<i>Passed Through State Library of Ohio Agency:</i>						
State Library Program	34-6407662	45.310	24,202	0	36,609	0
Total Institute of Museum and Library Services			<b>24,202</b>	<b>0</b>	<b>36,609</b>	<b>0</b>
<b>Totals</b>			<b>\$315,981</b>	<b>\$34,031</b>	<b>\$331,406</b>	<b>\$35,947</b>

The accompanying notes to this schedule are an integral part of this schedule.

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND  
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2000, the District had food commodities valued at \$3,576 in inventory.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mohawk Local School District  
Wyandot County  
295 State Highway 231  
Sycamore, Ohio 44882

To the Board of Education:

We have audited the general purpose financial statements of the Mohawk Local School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2000 and have issued our report thereon dated November 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated November 21, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Mohawk Local School District  
Wyandot County  
Report of Independent Accountants on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

This report is intended for the information and use of the finance committee, the Board of Education, management, and federal awarding agencies and pass-through entities, and is not limited to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State of Ohio

November 21, 2000



STATE OF OHIO  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mohawk Local School District  
Wyandot County  
295 State Highway 231  
Sycamore, Ohio 44882

To the Board of Education:

**Compliance**

We have audited the compliance of the 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 are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the finance committee, the Board of Education, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State of Ohio

November 21, 2000

**MOHAWK LOCAL SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

**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 weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions 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?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 10.550 - Food Distribution; CFDA # 10.555 - National School Lunch Program; CFDA # 84.027 - Special Education Grants to States; CFDA # 84.173 - Special Education Preschool Grants; CFDA # 84.010 - Title 1 Grants to Local Educational Agencies
<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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MOHAWK LOCAL SCHOOL DISTRICT**

**WYANDOT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 02, 2001**