



*HUNTINGTON  
LOCAL SCHOOL DISTRICT*

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**ROSS COUNTY**

**SINGLE AUDIT**

**For the Fiscal Year Ended June 30, 2013**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Education  
Huntington Local School District  
188 Huntsman Road  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Huntington Local School District, Ross County, prepared by J. L. Uhrig and Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Huntington Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 11, 2014

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*For the Fiscal Year Ended June 30, 2013*

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## Independent Auditor's Report

Board of Education  
Huntington Local School District  
188 Huntsman Road  
Chillicothe, Ohio 45601

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Huntington Local School District (District), Ross County as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplemental and Other Information*

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The schedule of expenditures of federal awards is required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The schedule of expenditures of federal awards is presented for purpose of additional analysis and is not a required part of the basic financial statements.

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



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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

December 18, 2013

## **HUNTINGTON LOCAL SCHOOL DISTRICT**

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013 (Unaudited)*

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The discussion and analysis of the Huntington Local School District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

#### **Financial Highlights**

- ▶ The assets of Huntington Local School District exceeded its liabilities at June 30, 2013 by \$13,288,952. Of this amount, \$10,480,206 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining \$2,808,746 represents unrestricted net position.
- ▶ In total, net position of governmental activities decreased by \$1,146,211 which represents a 7.94 percent decrease from 2012.
- ▶ General revenues accounted for \$9,416,076, or 71.86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,687,804 or 28.14 percent of total revenues of \$13,103,880.
- ▶ The District had \$14,250,091 in expenses related to governmental activities; only \$3,687,804 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$9,416,076 along with net position from the prior year were used to provide for the remainder of these programs.
- ▶ The District recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$11,124,381 in revenues and \$12,626,973 in expenditures in fiscal year 2013.

#### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Huntington Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

## **HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*(Unaudited)*

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### **Reporting the District as a Whole**

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

### **Reporting the District's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the District's major fund begins on page 15. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the General Fund.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*(Unaudited)*

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

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Fiduciary Funds**

The District's fiduciary funds consist of a private purpose trust and an agency fund. The District's fiduciary funds are reported in separate financial statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**Notes to the Basic Financial Statements**

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

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

**Government-Wide Financial Analysis**

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2013 compared to fiscal year 2012:

Table 1

**Net Position at Year End**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b><u>Assets:</u></b>		
Current and Other Assets	\$7,008,855	\$7,363,713
Capital Assets, net	11,300,963	11,261,367
<i>Total Assets</i>	<u>18,309,818</u>	<u>18,625,080</u>
<b><u>Liabilities:</u></b>		
Long-Term Liabilities	1,760,551	1,303,781
Other Liabilities	1,986,692	1,521,932
<i>Total Liabilities</i>	<u>3,747,243</u>	<u>2,825,713</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>1,273,623</u>	<u>1,364,204</u>
<b><u>Net Position:</u></b>		
Net Investment in Capital Assets	10,149,302	10,615,160
Restricted	330,904	276,065
Unrestricted	2,808,746	3,543,938
<i>Total Net Position</i>	<u>\$13,288,952</u>	<u>\$14,435,163</u>

Current and other assets decreased \$354,858 from fiscal year 2012 due to a decrease in property taxes receivable and intergovernmental receivable. Capital assets increased by \$39,596, due to current year additions exceeding depreciation expense.

Current (other) liabilities increased by \$464,760 or 30.54 percent.

Long-term liabilities decreased by \$456,770 or 35.03 percent.

The largest portion of net position is related to the District's net investment in capital assets. This accounts for 76.37 percent of net position. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

The District's next largest portion of net position is unrestricted net position. This accounts for 21.14 percent of net position. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$330,904 or 2.49 percent is restricted. Restricted net position is subject to external restrictions on how it may be used.

Table 2 shows the changes in net position for fiscal year 2013 and provides a comparison to fiscal year 2012.

Table 2  
**Changes in Net Position**

	<b><u>Governmental Activities</u></b>	
	<u>2013</u>	<u>2012</u>
<b><u>Revenues:</u></b>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$1,296,527	\$1,292,743
Operating Grants and Contributions	2,391,277	2,722,660
<i>General Revenues:</i>		
Property Taxes	1,234,060	1,137,081
Unrestricted Grants and Entitlements	8,126,678	8,229,020
Investment Earnings	2,528	2,644
Insurance Recoveries	23,732	0
Miscellaneous	29,078	69,099
<i>Total Revenues</i>	<u>13,103,880</u>	<u>13,453,247</u>

(Continued)

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

Table 2  
**Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	6,838,368	7,839,837
Special	1,350,111	1,292,690
Other	827,940	319,244
<i>Support Services:</i>		
Pupils	551,387	347,249
Instructional Staff	269,430	152,837
Board of Education	28,198	25,752
Administration	994,408	901,479
Fiscal	275,889	247,314
Operation and Maintenance of Plant	1,204,547	1,113,877
Pupil Transportation	916,362	857,972
Central	2,538	0
<i>Operation of Non-Instructional Services:</i>		
Food Service	626,838	590,633
Community Service	1,968	0
Extracurricular Activities	324,908	295,906
Interest and Fiscal Charges	37,199	37,353
<i>Total Expenses</i>	<u>14,250,091</u>	<u>14,022,143</u>
<i>Change in Net Position</i>	(1,146,211)	(568,896)
Net Position - Beginning of Year	<u>14,435,163</u>	<u>15,004,059</u>
Net Position - End of Year	<u><u>\$13,288,952</u></u>	<u><u>\$14,435,163</u></u>

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

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The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration and Pupil Transportation. These programs account for 79.32 percent of the total governmental activities. Regular Instruction, which accounts for 47.99 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 9.47 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 8.45 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 6.98 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupil Transportation, which represents 6.43 percent of the total, represents costs associated with providing transportation services for student between home and school and to school activities.

As noted previously, the net position for the governmental activities decreased \$1,146,211 or 7.94 percent. This is a change from last year when net position decreased \$568,896 or 3.79 percent. Total revenues decreased \$349,367 or 2.60 percent from last year and expenses increased \$227,948 or 1.63 percent from last year.

The District had a program revenue decrease of \$327,599, and a decrease in general revenue of \$21,768. The decrease in program revenue and the decrease in general revenue is due to a decrease in grants revenue.

The total expenses for governmental activities increased primarily from an increase in other instruction expenses.

**Governmental Activities**

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 9.42 percent and intergovernmental revenue made up 80.27 percent of the total revenue for the governmental activities in fiscal year 2013.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental revenue consists primarily of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2013, the District received \$8,609,642 through the State's foundation program, which represents 65.70 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.



**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

Instruction accounts for 63.27 percent of governmental activities program expenses. Support services expenses make up 29.77 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2013 compared with fiscal year 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
<i>Program Expenses:</i>				
Instruction	\$9,016,419	\$6,234,111	\$9,451,771	\$6,196,994
Support Services	4,242,759	4,119,034	3,646,480	3,593,373
Operation of Non-Instructional Services	628,806	(44,642)	590,633	9,827
Extracurricular Activities	324,908	216,585	295,906	169,193
Interest and Fiscal Charges	37,199	37,199	37,353	37,353
Total Expenses	<u>\$14,250,091</u>	<u>\$10,562,287</u>	<u>\$14,022,143</u>	<u>\$10,006,740</u>

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$13,679,567 and expenditures of \$14,416,531.

The fund balances of the total governmental funds decreased by \$736,964 or 16.74 percent. The decrease in fund balance for the year was most significant in the General Fund, which is primarily the result of increased expenditures that exceeded the increase in revenues and other financing sources.

The District should remain stable in fiscal years 2014 and 2015. However, projections beyond fiscal year 2015 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**Budget Highlights - General Fund**

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

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

During the course of fiscal year 2013, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$11,050,258, representing a decrease of \$89,680 or 0.81 percent from the original budget estimate of \$11,139,938. The final budget basis expenditures were \$12,560,983 representing an increase of \$1,966,029 or 18.56 percent from the original budget basis expenditures of \$10,594,954.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2013, the District had \$27,705,238 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of \$16,404,275. Table 4 shows fiscal year 2013 balances compared to fiscal year 2012.

	<u>2013</u>	<u>2012</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$769,307	\$769,307
Construction in Progress	588,770	0
<i>Depreciable Capital Assets:</i>		
Land Improvements	1,161,269	1,161,269
Buildings and Improvements	20,831,232	20,831,232
Furniture, Fixtures and Equipment	3,099,206	3,021,222
Vehicles	1,255,454	1,255,454
<i>Total Capital Assets</i>	<u>27,705,238</u>	<u>27,038,484</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements	1,006,942	977,020
Buildings and Improvements	11,682,329	11,222,611
Furniture, Fixtures and Equipment	2,654,058	2,571,490
Vehicles	1,060,946	1,005,996
<i>Total Accumulated Depreciation</i>	<u>16,404,275</u>	<u>15,777,117</u>
Capital Assets, Net	<u>\$11,300,963</u>	<u>\$11,261,367</u>

More detailed information pertaining to the District's capital asset activity can be found in the notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)*

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**Debt Administration**

At June 30, 2013, the District had \$1,118,770 in general obligation debt outstanding with \$111,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2013 compared to fiscal year 2012.

Table 5  
**Outstanding Debt, Governmental Activities at Year End**

<u>Purpose</u>	<u>2013</u>	<u>2012</u>
1998 School Improvement Bonds	\$530,000	\$580,000
2013 Energy Conservation Bonds	588,770	0
Total	<u>\$1,118,770</u>	<u>\$580,000</u>

More detailed information pertaining to the District's long-term debt activity can be found in the notes to the basic financial statements.

**Current Issues**

Externally, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. Huntington Local School District has benefited drastically.

Although considered one of the lowest wealth districts, as the District is rated 610 out of 612 districts in property valuation per pupil in the State of Ohio, the District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the State of Ohio provides the majority of the funding received by the District. Careful financial planning has permitted the District to provide a quality education for our students along with new and renovated facilities for the future, despite our low wealth status.

The future of the District is hard to predict. The financial situation is stable at the present time; however, the District is unable to predict what effect the budget problems of the State of Ohio may have on its financial operations. The District is very concerned with the State budget decisions because the District receives such a substantial amount of funding from the State of Ohio.

During the last several years the District's enrollment has shown a slight decrease. However, with the uncertainty in State funding it is hard to build a forecast, but the District continues to utilize and demonstrate fiscal responsibility by adopting balanced budgets and not over spending the budgets.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Becki Peden, Treasurer at Huntington Local School District, 188 Huntsmen Road, Chillicothe, Ohio 45601 or email at [becki.peden@huntsmen.org](mailto:becki.peden@huntsmen.org).

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Statement of Net Position*

*June 30, 2013*

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	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$5,363,741
Property Taxes Receivable	1,473,349
Accounts Receivable	4,927
Intergovernmental Receivable	104,839
Prepaid Items	14,539
Materials and Supplies Inventory	47,460
Nondepreciable Capital Assets	1,358,077
Depreciable Capital Assets, Net	9,942,886
	<hr/>
<i>Total Assets</i>	18,309,818
	<hr/>
<b><u>Liabilities:</u></b>	
Accounts Payable	40,826
Accrued Wages and Benefits	1,168,923
Contracts Payable	540,511
Intergovernmental Payable	219,728
Accrued Interest Payable	7,281
Matured Compensated Absences Payable	9,423
<i>Long-Term Liabilities:</i>	
Due within One Year	218,257
Due in More Than One Year	1,542,294
	<hr/>
<i>Total Liabilities</i>	3,747,243
	<hr/>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	1,273,623
	<hr/>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	10,149,302
<i>Restricted for:</i>	
Debt Service	144,812
Other Purposes	186,092
Unrestricted	2,808,746
	<hr/>
<i>Total Net Position</i>	\$13,288,952
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2013*

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
			Governmental Activities	
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$6,838,368	\$1,057,111	\$667,069	(\$5,114,188)
Special	1,350,111	0	1,057,930	(292,181)
Other	827,940	0	198	(827,742)
<i>Support Services:</i>				
Pupils	551,387	0	0	(551,387)
Instructional Staff	269,430	0	58,770	(210,660)
Board of Education	28,198	0	0	(28,198)
Administration	994,408	9,137	8,395	(976,876)
Fiscal	275,889	0	0	(275,889)
Operation and Maintenance of Plant	1,204,547	0	0	(1,204,547)
Pupil Transportation	916,362	0	47,423	(868,939)
Central	2,538	0	0	(2,538)
<i>Operation of Non-Instructional Services:</i>				
Food Service	626,838	135,762	537,686	46,610
Community Service	1,968	0	0	(1,968)
Extracurricular Activities	324,908	94,517	13,806	(216,585)
Interest and Fiscal Charges	37,199	0	0	(37,199)
<b><i>Total Governmental Activities</i></b>	<b>\$14,250,091</b>	<b>\$1,296,527</b>	<b>\$2,391,277</b>	<b>(10,562,287)</b>
<b><u>General Revenues:</u></b>				
<i>Property Taxes Levied for:</i>				
General Purposes				1,142,649
Debt Service				70,655
Capital Maintenance				20,756
Grants and Entitlements not Restricted to Specific Programs				8,126,678
Investment Earnings				2,528
Insurance Recoveries				23,732
Miscellaneous				29,078
<b><i>Total General Revenues</i></b>				<b>9,416,076</b>
Change in Net Position				(1,146,211)
<i>Net Position at Beginning of Year</i>				14,435,163
<i>Net Position at End of Year</i>				<b>\$13,288,952</b>

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Balance Sheet*

*Governmental Funds*

*June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$4,641,483	\$722,258	\$5,363,741
Property Taxes Receivable	1,363,461	109,888	1,473,349
Accounts Receivable	4,927	0	4,927
Intergovernmental Receivable	0	104,839	104,839
Prepaid Items	14,539	0	14,539
Materials and Supplies Inventory	42,842	4,618	47,460
<i>Total Assets</i>	<u>\$6,067,252</u>	<u>\$941,603</u>	<u>\$7,008,855</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	\$27,922	\$12,904	\$40,826
Accrued Wages and Benefits	1,018,162	150,761	1,168,923
Contracts Payable	540,511	0	540,511
Intergovernmental Payable	203,264	16,464	219,728
Matured Compensated Absences Payable	9,423	0	9,423
<i>Total Liabilities</i>	<u>1,799,282</u>	<u>180,129</u>	<u>1,979,411</u>
<b><u>Deferred Inflows of Resources:</u></b>			
Property Taxes	<u>1,263,246</u>	<u>101,644</u>	<u>1,364,890</u>
<b><u>Fund Balances:</u></b>			
Nonspendable	57,381	4,618	61,999
Restricted	0	656,553	656,553
Assigned	763,615	0	763,615
Unassigned	2,183,728	(1,341)	2,182,387
<i>Total Fund Balances</i>	<u>3,004,724</u>	<u>659,830</u>	<u>3,664,554</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,067,252</u>	<u>\$941,603</u>	<u>\$7,008,855</u>

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2013*

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<b>Total Governmental Funds Balances</b>	\$3,664,554
 <i>Amounts reported for governmental activities in the statement of net position is different because:</i>	
Capital assets used in governmental activities are not financial resources and and therefore are not reported in the funds.	11,300,963
Some of the District's receivables will be collected after fiscal year-end, but not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property taxes	91,267
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
General obligation bonds	(1,118,770)
Accrued interest on bonds	(7,281)
Capital leases	(32,891)
Compensated absences	<u>(608,890)</u>
Total liabilities not reported in funds	<u>(1,767,832)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$13,288,952</u></u>

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes	\$1,130,633	\$90,344	\$1,220,977
Intergovernmental	8,884,501	1,604,661	10,489,162
Interest	2,528	0	2,528
Tuition and Fees	1,034,069	0	1,034,069
Rent	8,910	0	8,910
Extracurricular Activities	9,137	94,517	103,654
Charges for Services	23,042	135,762	158,804
Contributions and Donations	14,987	13,806	28,793
Miscellaneous	16,574	3,594	20,168
<i>Total Revenues</i>	<u>11,124,381</u>	<u>1,942,684</u>	<u>13,067,065</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	5,970,797	622,139	6,592,936
Special	1,080,317	221,048	1,301,365
Other	827,940	0	827,940
<i>Support Services:</i>			
Pupils	535,676	0	535,676
Instructional Staff	207,745	51,490	259,235
Board of Education	28,198	0	28,198
Administration	974,863	4,560	979,423
Fiscal	264,326	2,808	267,134
Operation and Maintenance of Plant	1,058,696	40,571	1,099,267
Pupil Transportation	841,662	0	841,662
Central	2,538	0	2,538
Operation of Non-Instructional Services	0	645,050	645,050
Extracurricular Activities	174,547	123,629	298,176
Capital Outlay	622,572	0	622,572
<i>Debt Service:</i>			
Principal Retirement	33,316	50,000	83,316
Interest and Fiscal Charges	3,780	28,263	32,043
<i>Total Expenditures</i>	<u>12,626,973</u>	<u>1,789,558</u>	<u>14,416,531</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,502,592)</u>	<u>153,126</u>	<u>(1,349,466)</u>
<b><u>Other Financing Sources:</u></b>			
Bonds Issued	588,770	0	588,770
Insurance Recoveries	23,732	0	23,732
<i>Total Other Financing Sources</i>	<u>612,502</u>	<u>0</u>	<u>612,502</u>
<i>Net Change in Fund Balances</i>	(890,090)	153,126	(736,964)
<i>Fund Balances at Beginning of Year</i>	<u>3,894,814</u>	<u>506,704</u>	<u>4,401,518</u>
<i>Fund Balances at End of Year</i>	<u>\$3,004,724</u>	<u>\$659,830</u>	<u>\$3,664,554</u>

See accompanying notes to the basic financial statements.



**HUNTINGTON LOCAL SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

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**Net Change in Fund Balances - Total Governmental Funds** (\$736,964)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	41,278
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(1,682)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of: Property taxes	13,083
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	83,316
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(5,156)
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.	(588,770)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: Compensated absences	48,684
<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$1,146,211)</u></u>

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$1,133,167	\$1,119,303	\$1,119,303	\$0
Intergovernmental	8,954,963	8,884,501	8,884,501	0
Interest	2,698	2,347	2,527	180
Tuition and Fees	979,341	1,025,070	1,025,070	0
Rent	8,700	8,910	8,910	0
Contributions and Donations	0	6,592	6,592	0
Miscellaneous	61,069	3,535	3,535	0
<i>Total Revenues</i>	11,139,938	11,050,258	11,050,438	180
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,566,325	5,933,703	5,933,703	0
Special	897,657	1,068,588	1,068,588	0
Other	1,074,211	830,362	830,362	0
<i>Support Services:</i>				
Pupils	319,792	536,453	536,453	0
Instructional Staff	94,000	191,299	191,299	0
Board of Education	29,662	28,859	28,859	0
Administration	674,771	956,491	956,491	0
Fiscal	256,321	264,567	264,567	0
Operation and Maintenance of Plant	898,327	1,088,136	1,088,136	0
Pupil Transportation	623,774	865,587	865,587	0
Extracurricular Activities	160,114	174,366	174,366	0
Capital Outlay	0	622,572	622,572	0
<i>Total Expenditures</i>	10,594,954	12,560,983	12,560,983	0
<i>Excess of Revenues Over (Under) Expenditures</i>	544,984	(1,510,725)	(1,510,545)	180
<b><u>Other Financing Sources (Uses):</u></b>				
Bonds Issued	0	588,770	588,770	0
Insurance Recoveries	0	23,732	23,732	0
Transfers Out	(4,189)	(7,750)	(7,750)	0
<i>Total Other Financing Sources (Uses)</i>	(4,189)	604,752	604,752	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	540,795	(905,973)	(905,793)	180
<i>Fund Balance at Beginning of Year</i>	4,618,537	4,618,537	4,618,537	0
Prior Year Encumbrances Appropriated	58,828	58,828	58,828	0
<i>Fund Balance at End of Year</i>	\$5,218,160	\$3,771,392	\$3,771,572	\$180

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2013*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$293	\$16,984
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	16,984
<i>Total Liabilities</i>	0	\$16,984
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	293	
<i>Total Net Position</i>	\$293	

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended 6/30/2013*

	Private Purpose Trust
<b><u>Additions:</u></b>	
Miscellaneous	\$0
<b><u>Deductions:</u></b>	
Payment in Accordance with Trust Agreement	0
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	293
<i>Net Position at End of Year</i>	\$293

See accompanying notes to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

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

The District was established in 1931 through the consolidation of existing land areas and school districts. The District serves an area of approximately 52 square miles. It is located in Ross County, and includes Huntington Township. It is staffed by 36 non-certificated employees, 85 certificated full-time teaching personnel, and 6 administrative employees who provide services to 1,307 students and other community members. The District currently operates three instructional buildings, a bus garage, and an athletic complex.

**Reporting Entity**

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

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

The Parent Teacher Organizations and Booster Clubs perform activities within the District's boundaries for the benefit of its residents but are excluded from the accompanying financial statements because the District is not financially accountable for them nor are they fiscally dependent on the District.

The District is associated with eight organizations, five of which are defined as jointly governed organizations, two as insurance purchasing pools and one as a claims servicing pool. These organizations are the South Central Ohio Computer Association, the Pickaway-Ross Career and Technology Center, the Great Seal Education Network of Tomorrow, the Coalition of Rural and Appalachian Schools, the Pilasco-Ross Special Education Regional Resource Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan and the Ross County School Employees Insurance Consortium. These organizations are presented in Notes 19 and 20 to the basic financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Huntington 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 more significant of the District's accounting policies are described below.

**A. Basis of Presentation**

The District's basic financial statement consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District fall within two categories: governmental and fiduciary.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

**Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following is the District's only major governmental fund:

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

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose, for financial resources to be used for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds; and for the accumulation of resources for and the replacement of general long-term debt principal, interest and related costs.

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenditures) in total net position.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

The private purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: property taxes available for advance, accounts receivable, grants and interest.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.



**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

In addition to the liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

**E. Cash and Cash Equivalents**

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

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 2013 amounted to \$2,528, which includes \$325 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

**F. Inventory**

On government-wide financial statements and the fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable materials and supplies held for consumption and donated and purchased food. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed or used.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Capital Assets**

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Any interest incurred during the construction of capital assets is also capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	5 -7 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	3 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net position.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The 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 District has identified as probable of receiving payments 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 District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 10 years of service with the District.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid. The District reported a liability of \$9,423 as of June 30, 2013.

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

All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

**L. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes include federal and state grants restricted to expenditures for specified purposes.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. No assets are restricted by enabling legislation.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

**M. Fund Balance Reserves**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

**N. Interfund Transactions**

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

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

**O. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level. Any revisions that alter the total of any object appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year, including all supplemental appropriations.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2013, the District implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". The implementation of GASB Statement No. 60, 61, 62, 63 and 65 had no effect on the prior period fund balances of the District.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis), is presented for the General Fund 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
Budget Basis	(\$905,793)
<i>Adjustments:</i>	
Revenue Accruals	12,496
Expenditure Accruals	(549,516)
Encumbrances	570,413
<i>Prospective Difference:</i>	
Activity of Funds Reclassified For	
GAAP Reporting Purposes	<u>(17,690)</u>
GAAP Basis	<u><u>(\$890,090)</u></u>

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 5 - ACCOUNTABILITY**

Fund balances at June 30, 2013 included the following individual fund deficits:

*Nonmajor Special Revenue Funds:*

Title VI-B	\$15,612
Chapter I	52,821
Title VI-R	12,413
Drug Free Grant	1,538
Intervention Grant	3,810

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

**NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 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 money deposited with the institution.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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

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

Investments in stripped principal or interest obligation reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures."



**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (Continued)

**Deposits with Financial Institutions**

At June 30, 2013, the carrying amounts of all the District deposits were \$5,381,018. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$4,888,748 of the District's bank balance of \$5,388,748 was exposed to custodial risk as discussed below, while \$500,000 was covered by Federal Deposit Insurance Corporation.

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

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property are required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Ross County. The Ross County Auditor periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by Ross County by June 30, 2013 are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2013. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2013 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as an advance at June 30, 2013 were \$100,215 for the General Fund, \$1,835 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund and \$6,409 for the Bond Retirement Nonmajor Debt Service Fund.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

**NOTE 7 - PROPERTY TAXES** - (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second - Half Collections		2013 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$57,364,620	93.19%	\$57,606,860	93.23%
Public Utility Personal	4,190,900	6.81%	4,182,580	6.77%
Total Assessed Value	<u>\$61,555,520</u>	<u>100.00%</u>	<u>\$61,789,440</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$30.30		\$30.30	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2013, consisted of property taxes, intergovernmental grants, accounts (student fees), accrued interest and interfund. The District believes that all receivables are considered fully collectible within one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<u><i>Governmental Activities</i></u>	
<i>Nonmajor Special Revenue Funds:</i>	
Food Service	\$170
Title VI-B	38,887
Chapter I	52,898
Title VI-R	9,612
Intervention Grant	3,272
Total Intergovernmental Receivables	<u>\$104,839</u>

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

**NOTE 9 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
<i>Nondepreciable Capital Assets:</i>				
Land	\$769,307	\$0	\$0	\$769,307
Construction in Progress	0	588,770	0	588,770
Total Nondepreciable Capital Assets	769,307	588,770	0	1,358,077
<i>Depreciable Capital Assets:</i>				
Land Improvements	1,161,269	0	0	1,161,269
Buildings and Improvements	20,831,232	0	0	20,831,232
Furniture, Fixtures and Equipment	3,021,222	132,490	(54,506)	3,099,206
Vehicles	1,255,454	0	0	1,255,454
Total Depreciable Capital Assets	26,269,177	132,490	(54,506)	26,347,161
Total Capital Assets	27,038,484	721,260	(54,506)	27,705,238
<i>Accumulated Depreciation:</i>				
Land Improvements	(977,020)	(29,922)	0	(1,006,942)
Buildings and Improvements	(11,222,611)	(459,718)	0	(11,682,329)
Furniture, Fixtures and Equipment	(2,571,490)	(135,392)	52,824	(2,654,058)
Vehicles	(1,005,996)	(54,950)	0	(1,060,946)
Total Accumulated Depreciation	(15,777,117)	(679,982)	52,824	(16,404,275)
Total Net Capital Assets	\$11,261,367	\$41,278	(\$1,682)	\$11,300,963

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 9 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$407,339
Special	33,710
<i>Support Services:</i>	
Pupils	14,229
Instructional Staff	10,561
Administration	37,928
Fiscal	4,496
Operation and Maintenance of Plant	83,585
Pupil Transportation	69,143
<i>Operation of Non-Instructional Services:</i>	
Food Service	<u>18,991</u>
Total Depreciation Expense	<u><u>\$679,982</u></u>

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the District contracted with Neil Coleman Insurance Agency for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverage's provided are as follows:

Building and Contents - replacement cost (\$2,500 deductible)	\$46,951,728
Inland Marine Coverage (\$500 deductible)	293,141
Musical Instruments (\$500 deductible)	77,333
Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 10 - RISK MANAGEMENT** - (Continued)

During fiscal year 2013, the District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that is selects. The District pays this annual premium to the OSP. (See Note 20).

General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit	\$1,000,000
Personal and Advertising Injury - Each Offense Limit	1,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
Medical Expense - Each Accident Limit	10,000
General Aggregate Limit	3,000,000
Products - Completed Operations Limit	1,000,000
Employee Benefits Liability Endorsement:	
Employee Benefits Injury - Each Offense Limit	1,000,000
Employee Benefits Injury - Aggregate Limit	3,000,000
Employer's Liability and Stop Gap Endorsement:	
Bodily Injury by Accident - Each Accident Limit	1,000,000
Bodily Injury by Disease - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee Limit	1,000,000
Educational Legal Liability Coverage (\$2,500 deductible):	
Errors and Omissions Injury Limit	1,000,000
Errors and Omissions Injury Aggregate Limit	3,000,000
Employment Practices Injury Limit	1,000,000
Employment Practices Injury Aggregate Limit	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year, except in buildings and contents coverage, and inland marine coverage.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 10 - RISK MANAGEMENT** - (Continued)

For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 20). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan. Each year the District pays an enrollment fee to the Plan to cover costs of administering the program.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System.

For the fiscal years ending June 30, 2013, the allocation to pension and death benefits is 13 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$233,468, \$223,299, and \$203,844, respectively; 72.01 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal year 2012 and 2011.

**State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Plan Options** - New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money amount various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to healthcare coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10% of covered payroll for members and 14% for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$846,496, \$792,543, and \$775,602, respectively; 85.84% has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2012 Comprehensive Annual Financial Report are available.

Additional information or copies of STRS Ohio's 2012 Comprehensive Annual Financial Report can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7787, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, one member of the District's Board has elected Social Security. The Board's liability is 6.2 percent of wages paid.



**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

**Postemployment Benefits** – In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**Medicare Part B Plan** - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For 2013, this actuarially required allocation is 0.74. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$12,507, \$13,055 and \$13,006, respectively; 100 percent for the fiscal years 2013, 2012 and 2011.

**Health Care Plan** – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 0.16 percent. An addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$34,774, \$44,007 and \$60,211, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** - (Continued)

**State Teachers Retirement System**

**Plan Description** – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefits Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefits Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$65,115, \$60,965 and \$59,662, respectively; 100 percent for the fiscal years 2013, 2012 and 2011.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are 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 upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-half days per month. Sick leave may be accumulated without limitation for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for classified employees and 57 days for certified employees.

**Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to most employees through U.S. Life Insurance.

**Special Termination Benefit**

The Board of Education approved a Special Termination Benefit program. All individuals with 30 years of STRS Ohio retirement credit are eligible for a one-time \$10,000 severance bonus. For the bonus to be collected, an individual's retirement must be completed no later than August 1 following the school year in which the individual first becomes eligible to retire. The individual must submit a written notification to the Superintendent by March 1 in order to receive the incentive.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

**NOTE 13 - EMPLOYEE BENEFITS – (Continued)**

**Deferred Compensation**

The District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**NOTE 14 - LONG-TERM OBLIGATIONS**

Changes in the long-term obligations of the District during the 2013 fiscal year were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2013</u>	<u>Amount Due In One Year</u>
<i>Governmental Activities:</i>							
School Improvement Bonds	1998	5.15%	\$580,000	\$0	\$50,000	\$530,000	\$55,000
Energy Conservation Bonds	2013	2.63%	0	588,770	0	588,770	56,000
Compensated Absences Payable		N/A	657,574	260,397	309,081	608,890	85,439
Capital Leases Payable		7.50 - 10.00%	<u>66,207</u>	<u>0</u>	<u>33,316</u>	<u>32,891</u>	<u>21,818</u>
Total Governmental Activities Long-Term Obligations			<u>\$1,303,781</u>	<u>\$849,167</u>	<u>\$392,397</u>	<u>\$1,760,551</u>	<u>\$218,257</u>

*1998 School Improvement Bonds* - In 1998, the District issued \$1,107,000 in voted general obligation bonds at an interest rate of 5.15% for the construction of a new building and renovations to the existing ones. The bonds were issued for a twenty-three year period with final maturity occurring during fiscal year 2021. The bonds will be retired from the Bond Retirement Nonmajor Debt Service Fund.

*2013 Energy Conservation Bonds* - In 2013, the District issued \$588,770 in energy conservation bonds at an interest rate of 2.63%. The bonds are to be used for energy conservation measures including installations, modifications or remodeling to reduce energy consumption in buildings owned by the District. The bonds were issued for a ten year period with final maturity occurring during fiscal year 2023. The bonds will be retired from the Bond Retirement Nonmajor Debt Service Fund.

Compensated absences payable are paid from the fund from which the person is paid. The capital leases payable are paid from the General Fund.

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was \$4,442,280 with an unvoted debt margin of \$61,789 at June 30, 2013.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

**NOTE 14 - LONG-TERM OBLIGATIONS** - (Continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30	School Improvement Bonds		Energy Conservation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$55,000	\$27,075	\$56,000	\$15,528	\$111,000	\$42,603
2015	60,000	24,462	56,000	14,012	116,000	38,474
2016	60,000	21,372	56,000	12,539	116,000	33,911
2017	65,000	18,283	57,000	11,066	122,000	29,349
2018	65,000	14,935	58,000	9,567	123,000	24,502
2019-2023	225,000	23,690	305,770	24,429	530,770	48,119
Total	<u>\$530,000</u>	<u>\$129,817</u>	<u>\$588,770</u>	<u>\$87,141</u>	<u>\$1,118,770</u>	<u>\$216,958</u>

**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE**

In the prior and current year, the District entered into capitalized leases for copier equipment. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. However, these expenditures are reported as current expenditures on the budgetary statement.

Capital assets acquired by lease were initially capitalized in the statement of net position for governmental activities in the amount of \$206,336 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2013 totaled \$33,316 and were paid from the General Fund.

The capital assets acquired through capital leases as of June 30, 2013, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Capital Assets: Copier Equipment	\$206,336	\$177,934	\$28,402

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE-** (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30</u>	<u>Total Payments</u>
2014	\$23,628
2015	11,219
2016	<u>115</u>
Total	34,962
Less: Amount Representing Interest	<u>(2,071)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$32,891</u></u>

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

**NOTE 16 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>			
Prepays	\$14,539	\$0	14,539
Inventory	42,842	4,618	47,460
<i>Total Nonspendable</i>	<u>57,381</u>	<u>4,618</u>	<u>61,999</u>
<i>Restricted:</i>			
<i>Special Revenues:</i>			
Food Service	0	283,959	283,959
Facilities Maintenance	0	173,918	173,918
Athletics	0	36,234	36,234
Local Grants	0	27	27
State Grants	0	6,206	6,206
Federal Grants	0	9,517	9,517
Debt Service	0	146,692	146,692
<i>Total Restricted</i>	<u>0</u>	<u>656,553</u>	<u>656,553</u>
<i>Assigned:</i>			
Regular	2,926	0	2,926
Board of Education	100	0	100
Administration	385	0	385
Fiscal	6,613	0	6,613
Operation and Maintenance of Plant	6,237	0	6,237
Pupil Transportation	13,642	0	13,642
Capital Outlay	540,510	0	540,510
Public School Support	11,673	0	11,673
Sick Leave Pool	181,529	0	181,529
<i>Total Assigned</i>	<u>763,615</u>	<u>0</u>	<u>763,615</u>
<i>Unassigned</i>	<u>2,183,728</u>	<u>(1,341)</u>	<u>2,182,387</u>
<b>Total Fund Balances</b>	<u><u>\$3,004,724</u></u>	<u><u>\$659,830</u></u>	<u><u>\$3,664,554</u></u>

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 17 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2013:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2012	\$0
Current Year Set-Aside Requirement	220,004
Qualifying Disbursements	<u>(842,330)</u>
Total	<u>(622,326)</u>
Set-Aside Reserve Balance as of June 30, 2013	<u><u>\$0</u></u>

Effective July 1, 2013, the textbook set-aside is no longer required and has been removed from the existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

**NOTE 18 - ENCUMBRANCE COMMITMENTS**

At June 30, 2013, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$570,413
 <u>Nonmajor Funds</u>	
Food Services	11,718
Classroom Facilities Maintenance	1,823
Athletics and Bands	10,441
Ohio Education Connectivity Network Grant	2,700
Title VI-B	499
Title I	<u>1,400</u>
<i>Total Nonmajor Funds</i>	<u>28,581</u>
 Total Encumbrances	 <u><u>\$598,994</u></u>

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**South Central Ohio Computer Association**

The District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton, Pickaway, Gallia and Lawrence 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 SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The District paid SCOCA \$21,120 for services provided during the fiscal year. Financial information can be obtained from their fiscal agent, the Pike County Career and Technology Center, Tonya Cooper who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

**Pickaway-Ross County Career and Technology Center**

The Pickaway-Ross County Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, which possesses its own budgeting and taxing authority. The Career Center provides vocational instruction to students in both Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross County Career and Technology Center, Ben Van Horn who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

**Great Seal Education Network of Tomorrow**

The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members. The Council possesses its own budgeting and taxing authority. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

**Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or a financial responsibility for the Council. The District did not pay the Coalition for services in fiscal year 2013.



**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS** - (Continued)

**Pilasco-Ross Special Education Regional Resource Center**

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a Board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross County Career and Technology Center, Shawnee State University, and Ross-Pike, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

**NOTE 20 - INSURANCE PURCHASING AND CLAIMS SERVICING POOLS**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an 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 program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Ohio School Plan**

For Members with Ohio Plan policies renewing after November 1, 2005.

**Risk Pool Membership**

The school belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile and violence coverage's, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65% and is less than 80% does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**NOTE 20- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS** - (Continued)

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$5,351,369	\$4,280,876
Liabilities	<u>(2,734,952)</u>	<u>(1,812,420)</u>
Members Equity	<u>\$2,616,417</u>	<u>\$2,468,456</u>

You can read the complete audited financial statements for the Ohio School Plan at the Plan's website, [www.ohioschoolplan.org](http://www.ohioschoolplan.org).

**Ross County School Employees Insurance Consortium**

The Ross County School Employees Insurance Consortium (the "Consortium"), a shared risk pool, currently operates to provide medical and dental insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Seven school districts within Ross County and its surrounding area have entered into an agreement with the Ross-Pike Educational Service District to form the Ross County School Employees Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of medical and dental insurance for the benefit of the Consortium members' employees and their dependents, to obtain lower costs for insurance coverage, and to secure cost control by implementing a program of comprehensive loss control. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover of administering the Consortium.

Accordingly, the Ross County School Employees Insurance Consortium is not part of the District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby, who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 21 - CONTINGENCIES**

**A. Grants**

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

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

**HUNTINGTON LOCAL SCHOOL DISTRICT**

Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2013

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	05-PU-2011	10.553	\$141,475	\$0	\$141,475	\$0
National School Lunch Program	LL-P4-2011	10.555	<u>348,700</u>	<u>37,610</u>	<u>348,700</u>	<u>37,610</u>
<b>Total U.S. Department of Agriculture</b>			<u>490,175</u>	<u>37,610</u>	<u>490,175</u>	<u>37,610</u>
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Title I Cluster:</i>						
Title I Grants to Local Educational Agencies	C1-S1 2011	84.010	706,493	0	568,956	0
Title I Grants Part A - ARRA	C1-S1 2011	84.389	<u>8,114</u>	<u>0</u>	<u>1,505</u>	<u>0</u>
<i>Total Title I Cluster</i>			<u>714,607</u>	<u>0</u>	<u>570,461</u>	<u>0</u>
<i>Special Education Cluster:</i>						
Special Education - Grants to States (IDEA Part B	6B-SD 2011	84.027	<u>307,069</u>	<u>0</u>	<u>248,658</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>307,069</u>	<u>0</u>	<u>248,658</u>	<u>0</u>
Technology Literacy Challenge	TJ-S1 2011	84.318	3,805	0	0	0
Rural Education	RU-S1-2011	84.358	31,883	0	27,667	0
Improving Teacher Quality	TR-S1-2011	84.367	99,933	0	87,239	0
Education Jobs		84.410	<u>124,023</u>	<u>0</u>	<u>40,820</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>1,281,320</u>	<u>0</u>	<u>974,845</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>			<u>\$1,771,495</u>	<u>\$37,610</u>	<u>\$1,465,020</u>	<u>\$37,610</u>

**Note 1 - Noncash Federal Financial Assistance**

During the year ended June 30, 2013, the District received fair value inventory under the Nutrition Cluster - Food Distribution (Commodities) Program, that is included with 10.555 in the above schedule. Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received. Donated commodities are used first, and ending inventory consists of purchased commodities. At June 30, 2013, the District had no significant food commodities inventory.

**Note 2 - Significant Accounting Policies**

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards**

Board of Education  
Huntington Local School District  
188 Huntsman Road  
Chillicothe, Ohio 45601

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Huntington Local School District (the District), Ross County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2013.

**Internal Control over Financial Reporting**

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

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

Board of Education  
Huntington Local School District  
Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance whether the District's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

**Purpose of this Report**

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

December 18, 2013

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program  
and on Internal Control over Compliance Required by OMB Circular A-133**

Board of Education  
Huntington Local School District  
188 Huntsman Road  
Chillicothe, Ohio 45601

**Report on Compliance for Each Major Federal Program**

We have audited the Huntington Local School District (the District), Ross County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 on compliance for the District's major federal programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended June 30, 2013.

### **Report on Internal Control over Compliance**

Management of Huntington Local School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, in to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, o a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

December 18, 2013



**HUNTINGTON LOCAL SCHOOL DISTRICT**

Schedule of Findings

For the Fiscal Year Ended June 30, 2013

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

1.	<i>Type of Financial Statement Opinion</i>	Unqualified
2.	<i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3.	<i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i>	No
4.	<i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5.	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6.	<i>Were there any other significant internal control deficiency reported for major federal programs?</i>	No
7.	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
8.	<i>Are there any reportable findings under § .510?</i>	No
9.	<i>Major Programs (list):</i>	CFDA #10.553/#10.555 Nutrition Cluster CFDA #84.027/ #84.391 Special Education Cluster CFDA #84.010/#84.389 Title I Cluster
10.	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: All Other Programs
11.	<i>Low Risk Auditee?</i>	No

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

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

There were no findings related to Federal Awards to be reported.

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

Huntington Local School District  
Ross County  
188 Huntsman Road  
Chillicothe, Ohio 45601

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Huntington Local School District has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on 2/14/11 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

*J.L. Uhrig and Associates, Inc.*

J.L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

December 18, 2013



# Dave Yost • Auditor of State

**HUNTINGTON LOCAL SCHOOL DISTRICT**

**ROSS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 25, 2014**