

HUNTINGTON LOCAL SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2017

With Independent Auditors' Report



CLARK SCHAEFER HACKETT
CPAS & ADVISORS



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 Clark, Schaefer, Hackett & Co., for the audit period July 1, 2016 through June 30, 2017. 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 2, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Huntington Local School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Huntington Local School District (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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; this includes 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.

Auditors' 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, the auditor considers internal control 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 statements.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Huntington Local School District as of June 30, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with 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 and schedules of proportionate share of net pension liabilities and pension contributions, as listed in the table of contents, 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 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huntington Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes 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 was 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 statement 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of Huntington Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Huntington Local School District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2017

HUNTINGTON LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)*

The management 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, 2017. 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 and deferred outflows of Huntington Local School District exceeded its liabilities and deferred inflows at June 30, 2017 by \$401,653. Of this amount, \$9,439,864 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of \$9,038,211 represents unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$2,260,946 which represents a 121.60 percent increase from 2016.
- ▶ General revenues accounted for \$15,405,342, or 84.75 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,772,559 or 15.25 percent of total revenues of \$18,177,901.
- ▶ The District had \$15,916,955 in expenses related to governmental activities; only \$2,772,559 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 \$15,405,342 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 \$16,509,205 in revenues and \$13,574,793 in expenditures in fiscal year 2017.

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, 2017
(Unaudited)*

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, deferred outflows of resources, liabilities and deferred inflows of resources 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 12. 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, 2017
(Unaudited)*

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, 2017
(Unaudited)*

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2017 compared to fiscal year 2016:

Table 1
Net Position at Year End
Governmental Activities

	<u>2017</u>	<u>2016</u>
<u>Assets:</u>		
Current and Other Assets	\$12,260,398	\$9,665,480
Capital Assets, net	9,960,295	10,051,775
<i>Total Assets</i>	<u>\$22,220,693</u>	<u>\$19,717,255</u>
<u>Deferred Outflows of Resources:</u>		
Pension	4,061,789	1,922,120
<i>Total Deferred Outflows of Resources</i>	<u>4,061,789</u>	<u>1,922,120</u>
<u>Liabilities:</u>		
Current and Other Liabilities	1,404,438	1,532,379
Long-Term Liabilities:		
Due Within One Year	221,744	326,517
Due in More Than One Year:		
Net Pension Liability	21,765,261	17,781,737
Other Amounts	1,149,174	1,315,728
<i>Total Liabilities</i>	<u>24,540,617</u>	<u>20,956,361</u>
<u>Deferred Inflows of Resources:</u>		
Property Taxes	1,217,606	1,244,365
Pension	122,606	1,297,942
<i>Total Deferred Inflows of Resources</i>	<u>1,340,212</u>	<u>2,542,307</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	9,210,431	9,054,623
Restricted	229,433	270,100
Unrestricted	(9,038,211)	(11,184,016)
<i>Total Net Position</i>	<u>\$401,653</u>	<u>(\$1,859,293)</u>

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)*

Under the standards required by GASB Statement No. 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligation, whether funded or unfunded, are part of the "employment exchange"- that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer the employee, because all parties enter the employment exchange with notice as to law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Current and other assets increased \$2,594,918 from fiscal year 2017 due to an increase in cash and cash equivalents which is the result of revenues exceeding expenses. Capital assets decreased by \$91,480, due primarily to current year depreciation exceeding capital additions.

Current (other) liabilities decreased by \$127,941 or 8.35 percent, due to decreases in accounts payable and contracts payable.

Long-term liabilities increased by \$3,712,197 or 19.11 percent, due primarily to the increase in net pension liability.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)*

The District's largest portion of net position is related to amounts net investment in capital assets. The District uses 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.

The District's smallest portion of net position is unrestricted, and carries a deficit balance of \$9,038,211. 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 \$229,433 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2017 and provides a comparison to fiscal year 2016.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<u>Revenues:</u>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$1,391,769	\$1,276,289
Operating Grants and Contributions	1,380,790	1,335,342
<i>General Revenues:</i>		
Property Taxes	1,344,012	1,467,260
Unrestricted Grants and Entitlements	14,021,442	13,236,496
Investment Earnings	3,206	54,002
Gain on Sale of Capital Asset	1,088	0
Miscellaneous	35,594	34,006
<i>Total Revenues</i>	<u>18,177,901</u>	<u>17,403,395</u>

(Continued)

HUNTINGTON LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)*

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Expenses:</u>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	7,420,661	6,755,293
Special	1,686,262	1,543,844
Vocational	119,098	100,431
Other	956,253	966,912
<i>Support Services:</i>		
Pupils	650,076	623,381
Instructional Staff	345,164	325,189
Board of Education	68,641	60,256
Administration	1,161,412	1,083,344
Fiscal	229,932	265,169
Operation and Maintenance of Plant	1,214,994	1,237,587
Pupil Transportation	1,011,483	910,654
<i>Operation of Non-Instructional Services:</i>		
Food Service	632,572	682,840
Community Service	16,950	0
Extracurricular Activities	371,390	331,430
Interest and Fiscal Charges	32,067	39,919
<i>Total Expenses</i>	<u>15,916,955</u>	<u>14,926,249</u>
<i>Change in Net Position</i>	2,260,946	2,477,146
Net Position - Beginning of Year	<u>(1,859,293)</u>	<u>(4,336,439)</u>
Net Position - End of Year	<u><u>\$401,653</u></u>	<u><u>(\$1,859,293)</u></u>

HUNTINGTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

(Unaudited)

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 78.49 percent of the total governmental activities. Regular Instruction, which accounts for 46.62 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 10.59 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 7.63 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 7.30 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 6.35 percent of the total, represents costs associated with transporting students to and from school.

As noted previously, the net position for the governmental activities increased \$2,260,946 or 121.60 percent. This is a change from last year when net position increased \$2,477,146 or 57.12 percent. Total revenues increased \$774,506 or 4.45 percent from last year and expenses increased \$990,706 or 6.64 percent from last year.

The District had a program revenue increase of \$160,928 and an increase in general revenue of \$613,578. The increase in program revenue is due to mostly an increase in charges for services and sales and the increase in general revenue is due to an increase in unrestricted grants revenue, which is mostly the foundation monies received in the General Fund.

The total expenses for governmental activities increased \$990,706 or 6.64 percent, primarily due to the District's annual wage increases.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through good fiscal management. The District is heavily dependent on intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Intergovernmental revenue made up 84.73 percent of the total revenue for the governmental activities in fiscal year 2017.

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 2017, the District received \$13,277,353 through the State's foundation program, which represents 73.04 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, 2017
(Unaudited)*

Instruction accounts for 63.97 percent of governmental activities program expenses. Support services expenses make up 29.41 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 2017 compared with fiscal year 2016. 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
	2017	2017	2016	2016
<u>Program Expenses:</u>				
Instruction	\$10,182,274	\$8,197,103	\$9,366,480	\$7,591,081
Support Services	4,681,702	4,592,808	4,505,580	4,408,548
Operation of Non-Instructional Services	649,522	68,511	682,840	68,395
Extracurricular Activities	371,390	253,907	331,430	206,675
Interest and Fiscal Charges	32,067	32,067	39,919	39,919
Total Expenses	<u>\$15,916,955</u>	<u>\$13,144,396</u>	<u>\$14,926,249</u>	<u>\$12,314,618</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 \$18,655,808 and expenditures and other financing uses of \$15,929,847.

The fund balances of the total governmental funds increased by \$2,725,961 or 40.46 percent. The increase in fund balance for the year was most significant in the General Fund which increased \$2,435,500 or 39.00 percent, that was primarily the result of a significant increase in intergovernmental revenue during the current year.

The District should remain stable in fiscal years 2018 and 2019. However, projections beyond fiscal year 2019 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, 2017
(Unaudited)*

During the course of fiscal year 2017, 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 \$16,426,488, representing an increase of \$1,008,909 or 6.54 percent from the original budget estimate of \$15,417,579. The increase was the result of increased expectations for intergovernmental revenue and tuition and fees. The final budget basis expenditures were \$13,940,873 representing an increase of \$1,061,930 or 8.25 percent from the original budget basis expenditures of \$12,878,943. The increase was due to increases in various expenditure functions which resulted from the increase to the intergovernmental revenue which provided additional resources.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$28,571,670 invested in land, 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 \$18,611,375. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016.

HUNTINGTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 4

Capital Assets & Accumulated Depreciation at Year End

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$769,307	\$769,307
<i>Depreciable Capital Assets:</i>		
Land Improvements	1,540,364	1,200,980
Buildings and Improvements	21,593,987	21,580,351
Furniture, Fixtures and Equipment	3,162,451	3,122,467
Vehicles	<u>1,505,561</u>	<u>1,414,850</u>
<i>Total Capital Assets</i>	<u>28,571,670</u>	<u>28,087,955</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements	1,168,639	1,098,548
Buildings and Improvements	13,581,213	13,116,022
Furniture, Fixtures and Equipment	2,763,866	2,699,262
Vehicles	<u>1,097,657</u>	<u>1,122,348</u>
<i>Total Accumulated Depreciation</i>	<u>18,611,375</u>	<u>18,036,180</u>
Capital Assets, Net	<u>\$9,960,295</u>	<u>\$10,051,775</u>

More detailed information pertaining to the District's capital asset activity can be found in Note 9 of the notes to the basic financial statements.

Debt Administration

At June 30, 2017, the District had \$653,770 in general obligation debt outstanding with \$123,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2017 compared to fiscal year 2016.

Table 5

Outstanding Debt, Governmental Activities at Year End

<u>Purpose</u>	<u>2017</u>	<u>2016</u>
1998 School Improvement Bonds	\$290,000	\$355,000
2013 Energy Conservation Bonds	363,770	420,770
2014 Bus Acquisition Bonds	<u>0</u>	<u>95,749</u>
Total	<u>\$653,770</u>	<u>\$871,519</u>

HUNTINGTON LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)*

More detailed information pertaining to the District's long-term debt activity can be found in Note 14 of 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 609 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 remained steady. 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents and Investments	\$10,532,842
Property Taxes Receivable	1,595,969
Accounts Receivable	18,267
Intergovernmental Receivable	93,467
Prepaid Items	2,674
Materials and Supplies Inventory	17,179
Nondepreciable Capital Assets	769,307
Depreciable Capital Assets, Net	<u>9,190,988</u>
<i>Total Assets</i>	<u>22,220,693</u>
<u>Deferred Outflows of Resources:</u>	
Pension	<u>4,061,789</u>
<i>Total Deferred Outflows of Resources</i>	<u>4,061,789</u>
<u>Liabilities:</u>	
Accounts Payable	59,775
Accrued Wages and Benefits	1,124,926
Contracts Payable	17,206
Intergovernmental Payable	198,106
Accrued Interest Payable	4,425
<i>Long-Term Liabilities:</i>	
Due within One Year	221,744
<i>Due in More Than One Year:</i>	
Net Pension Liability	21,765,261
Other Amounts Due in More Than One Year	<u>1,149,174</u>
<i>Total Liabilities</i>	<u>24,540,617</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes	1,217,606
Pension	<u>122,606</u>
<i>Total Deferred Inflows of Resources</i>	<u>1,340,212</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	9,210,431
<i>Restricted for:</i>	
Debt Service	111,709
Other Purposes	117,724
Unrestricted	<u>(9,038,211)</u>
<i>Total Net Position</i>	<u><u>\$401,653</u></u>

See accompanying notes to the basic financial statements.

HUNTINGTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$7,420,661	\$1,226,075	\$489,697	(\$5,704,889)
Special	1,686,262	0	269,399	(1,416,863)
Vocational	119,098	0	0	(119,098)
Other	956,253	0	0	(956,253)
<i>Support Services:</i>				
Pupils	650,076	0	16,722	(633,354)
Instructional Staff	345,164	15,988	30,262	(298,914)
Board of Education	68,641	0	0	(68,641)
Administration	1,161,412	14,277	11,324	(1,135,811)
Fiscal	229,932	0	0	(229,932)
Operation and Maintenance of Plant	1,214,994	0	0	(1,214,994)
Pupil Transportation	1,011,483	0	321	(1,011,162)
<i>Operation of Non-Instructional Services:</i>				
Food Service	632,572	24,329	543,544	(64,699)
Other	16,950	0	13,138	(3,812)
Extracurricular Activities	371,390	111,100	6,383	(253,907)
Interest and Fiscal Charges	32,067	0	0	(32,067)
<i>Total Governmental Activities</i>	<u>\$15,916,955</u>	<u>\$1,391,769</u>	<u>\$1,380,790</u>	<u>(13,144,396)</u>
<u>General Revenues:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				1,262,141
Debt Service				60,612
Capital Maintenance				21,259
Grants and Entitlements not Restricted to Specific Programs				14,021,442
Investment Earnings				3,206
Gain on Sale of Capital Assets				1,088
Miscellaneous				35,594
				<u>15,405,342</u>
<i>Total General Revenues</i>				<u>15,405,342</u>
Change in Net Position				2,260,946
<i>Net Position at Beginning of Year</i>				<u>(1,859,293)</u>
<i>Net Position at End of Year</i>				<u>\$401,653</u>

See accompanying notes to the basic financial statements.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2017*

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents and Investments	\$9,582,383	\$950,459	\$10,532,842
Property Taxes Receivable	1,498,529	97,440	1,595,969
Accounts Receivable	18,267	0	18,267
Interfund Receivable	23,124	0	23,124
Intergovernmental Receivable	4,188	89,279	93,467
Prepaid Items	2,674	0	2,674
Materials and Supplies Inventory	2,256	14,923	17,179
<i>Total Assets</i>	<u>\$11,131,421</u>	<u>\$1,152,101</u>	<u>\$12,283,522</u>
<u>Liabilities:</u>			
Accounts Payable	\$39,012	\$20,763	\$59,775
Accrued Wages and Benefits	1,003,318	121,608	1,124,926
Contracts Payable	0	17,206	17,206
Intergovernmental Payable	180,272	17,834	198,106
Interfund Payable	0	23,124	23,124
<i>Total Liabilities</i>	<u>1,222,602</u>	<u>200,535</u>	<u>1,423,137</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	1,224,649	79,333	1,303,982
Payment in Lieu of Taxes	4,188	89,279	93,467
<i>Total Deferred Inflows of Resources</i>	<u>1,228,837</u>	<u>168,612</u>	<u>1,397,449</u>
<u>Fund Balances:</u>			
Nonspendable	4,930	14,923	19,853
Restricted	0	302,692	302,692
Assigned	511,775	584,115	1,095,890
Unassigned	8,163,277	(118,776)	8,044,501
<i>Total Fund Balances</i>	<u>8,679,982</u>	<u>782,954</u>	<u>9,462,936</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,131,421</u>	<u>\$1,152,101</u>	<u>\$12,283,522</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, 2017*

Total Governmental Funds Balances		\$9,462,936
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,960,295
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	86,376	
Intergovernmental	93,467	
Total receivables that are deferred in the funds	179,843	179,843
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	(653,770)	
Accrued interest on bonds	(4,425)	
Capital leases	(96,094)	
Compensated absences	(621,054)	
Total liabilities not reported in funds	(1,375,343)	(1,375,343)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	4,061,789	
Deferred Inflows - Pension	(122,606)	
Net Pension Liability	(21,765,261)	
Total		(17,826,078)
<i>Net Position of Governmental Activities</i>		\$401,653

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, 2017

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$1,260,724	\$81,817	\$1,342,541
Intergovernmental	13,888,072	1,420,849	15,308,921
Interest	47,643	0	47,643
Decrease in Fair Value of Investment	(44,437)	0	(44,437)
Tuition and Fees	1,204,965	0	1,204,965
Rent	12,180	0	12,180
Extracurricular Activities	30,265	111,100	141,365
Charges for Services	21,110	24,329	45,439
Contributions and Donations	66,324	6,365	72,689
Miscellaneous	22,359	1,055	23,414
<i>Total Revenues</i>	<u>16,509,205</u>	<u>1,645,515</u>	<u>18,154,720</u>
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	6,245,370	420,606	6,665,976
Special	1,366,234	264,005	1,630,239
Vocational	113,616	0	113,616
Other	956,253	0	956,253
<i>Support Services:</i>			
Pupils	600,373	21,630	622,003
Instructional Staff	299,746	30,255	330,001
Board of Education	67,465	0	67,465
Administration	1,129,363	0	1,129,363
Fiscal	218,570	2,209	220,779
Operation and Maintenance of Plant	1,042,460	101,238	1,143,698
Pupil Transportation	1,076,800	8,482	1,085,282
Operation of Non-Instructional Services	0	645,096	645,096
Extracurricular Activities	218,489	116,492	334,981
Capital Outlay	40,744	163,432	204,176
<i>Debt Service:</i>			
Principal Retirement	182,288	65,000	247,288
Interest and Fiscal Charges	17,022	16,609	33,631
<i>Total Expenditures</i>	<u>13,574,793</u>	<u>1,855,054</u>	<u>15,429,847</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,934,412</u>	<u>(209,539)</u>	<u>2,724,873</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	0	500,000	500,000
Proceeds from the Sale of Capital Assets	1,088	0	1,088
Transfers Out	(500,000)	0	(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(498,912)</u>	<u>500,000</u>	<u>1,088</u>
<i>Net Change in Fund Balances</i>	2,435,500	290,461	2,725,961
<i>Fund Balances at Beginning of Year</i>	<u>6,244,482</u>	<u>492,493</u>	<u>6,736,975</u>
<i>Fund Balances at End of Year</i>	<u><u>\$8,679,982</u></u>	<u><u>\$782,954</u></u>	<u><u>\$9,462,936</u></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, 2017*

Net Change in Fund Balances - Total Governmental Funds \$2,725,961

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 depreciation exceeded capital outlays in the current period. (91,480)

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	1,471
Intergovernmental	20,622
	22,093

Total revenues not reported in the funds 22,093

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. 247,288

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,564

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 24,039

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 1,071,128

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,739,647)

Change in Net Position of Governmental Activities **\$2,260,946**

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, 2017*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$1,212,581	\$1,224,947	\$1,224,947	\$0
Intergovernmental	13,066,919	13,888,072	13,888,072	0
Interest	39,166	42,345	47,643	5,298
Tuition and Fees	1,072,712	1,191,361	1,191,547	186
Rent	12,270	12,180	12,180	0
Contributions and Donations	3,036	55,000	55,000	0
Miscellaneous	10,895	12,583	12,934	351
<i>Total Revenues</i>	<u>15,417,579</u>	<u>16,426,488</u>	<u>16,432,323</u>	<u>5,835</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,091,311	6,519,306	6,519,300	6
Special	1,083,813	1,500,673	1,500,673	0
Vocational	86,865	130,433	130,433	0
Other	966,912	956,253	956,253	0
<i>Support Services:</i>				
Pupils	593,774	609,855	609,855	0
Instructional Staff	279,115	273,998	273,998	0
Board of Education	65,913	63,411	63,411	0
Administration	1,022,358	1,111,349	1,111,349	0
Fiscal	253,787	225,184	225,184	0
Operation and Maintenance of Plant	1,065,193	1,050,712	1,050,712	0
Pupil Transportation	961,668	1,075,697	1,075,697	0
Extracurricular Activities	186,413	216,276	216,276	0
Capital Outlay	7,000	42,476	42,476	0
<i>Debt Service:</i>				
Principal	198,000	152,749	152,749	0
Interest	16,821	12,501	12,501	0
<i>Total Expenditures</i>	<u>12,878,943</u>	<u>13,940,873</u>	<u>13,940,867</u>	<u>6</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,538,636</u>	<u>2,485,615</u>	<u>2,491,456</u>	<u>5,841</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	0	22,788	22,788	0
Proceeds from the Sale of Capital Assets	300	1,088	1,088	0
Advances Out	0	(23,179)	(23,124)	55
Transfers Out	(500,000)	(500,000)	(500,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(499,700)</u>	<u>(499,303)</u>	<u>(499,248)</u>	<u>55</u>
<i>Net Change in Fund Balances</i>	2,038,936	1,986,312	1,992,208	5,896
<i>Fund Balance at Beginning of Year</i>	6,171,366	6,171,366	6,171,366	0
Prior Year Encumbrances Appropriated	275,680	275,680	275,680	0
<i>Fund Balance at End of Year</i>	<u><u>\$8,485,982</u></u>	<u><u>\$8,433,358</u></u>	<u><u>\$8,439,254</u></u>	<u><u>\$5,896</u></u>

See accompanying notes to the basic financial statements

HUNTINGTON LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	<u>\$293</u>	<u>\$19,546</u>
<u>Liabilities:</u>		
Undistributed Monies	<u>0</u>	<u>\$19,546</u>
<i>Total Liabilities</i>	<u>0</u>	<u>\$19,546</u>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u>293</u>	
<i>Total Net Position</i>	<u>\$293</u>	

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 June 30, 2017

	<u>Private Purpose Trust</u>
<i><u>Additions</u></i>	\$0
<i><u>Deductions</u></i>	<u>0</u>
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	<u>293</u>
<i>Net Position at End of Year</i>	<u><u>\$293</u></u>

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, 2017*

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 46 non-certificated employees, 86 certificated full-time teaching personnel, and 6 administrative employees who provide services to 1,187 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 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 META Solutions, 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 Ohio School Benefits Cooperative. These organizations are presented in Notes 20 and 21 to the basic financial statements.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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, 2017

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, liabilities and deferred inflows of resources 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, deferred outflows of resources, liabilities and deferred inflows of resources 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., expenses) in total net position.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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, current liabilities and deferred inflows of resources 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.

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 inflows and outflows of resources, 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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

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. The deferred outflows of resources related to pension are explained in Note 11.

In addition to the liabilities, the statements of financial 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 until that time. For the District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30 2017, but which were levied to finance fiscal year 2018 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. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

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 and Investments" on the financial statements.

During the fiscal year 2017, investments were limited to federal agency securities, negotiable certificates of deposit, and U.S. treasury money market funds.

Except for nonparticipating investment contracts, the District reports investments at fair value. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost. The District had no nonnegotiable certificates of deposit for fiscal year 2017.

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 2017 amounted to \$47,643, which includes \$4,546 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

F. Inventory

On government-wide financial statements, inventories are presented at cost 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 expenditure in the governmental fund types when consumed or used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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 acquisition cost 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, 2017*

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.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

M. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 is 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 expenses for specified purposes.

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

N. Fund Balance Classifications

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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

O. 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.

P. 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.

Q. 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 fund 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 2017.

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.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

NOTE 3 - NEW GASB PRONOUNCEMENTS

For fiscal year 2017, the District implemented GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, GASB Statement No. 77, “Tax Abatement Disclosures”, GASB Statement No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans”, GASB Statement No. 80, “Blending Requirements for Certain Component Units”, and GASB Statement No. 82, “Pension Issues.” The implementation of GASB Statements Nos. 74, 77, 78, 80 and 82 had no effect on the prior period fund balances of the District.

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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	\$1,992,208
<i>Adjustments:</i>	
Revenue Accruals	1,034
Expenditure Accruals	(8,147)
Encumbrances	241,263
Other Uses/Sources	(336)
<i>Prospective Difference:</i>	
Activity of Funds Reclassified For GAAP Reporting Purposes	<u>209,478</u>
GAAP Basis	<u><u>\$2,435,500</u></u>

NOTE 5 - ACCOUNTABILITY

Fund balances at June 30, 2017 included the following individual fund deficits:

Nonmajor Special Revenue Funds:

Title VI-B	\$40,167
Title VI-R	10,189
Intervention Grant	19,486
Title I	48,934

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 AND INVESTMENTS

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

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

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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

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.

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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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."

Deposits with Financial Institutions

At June 30, 2017, the carrying amounts of all the District deposits were \$5,595,348. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$5,213,540 of the District's bank balance of \$5,613,471 was exposed to custodial risk as discussed below, while \$399,931 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.

Investments: As of June 30, 2017, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>	<u>Greater Than 24 Months</u>
FNMA	\$497,225	\$0	\$0	\$0	\$0	\$497,225
FHLM	736,650	0	0	0	0	736,650
FHLB	1,085,559	0	0	0	0	1,085,559
Negotiable CD's	2,380,209	400,099	996,186	0	247,787	736,137
U.S. Treasury Money Market Fund	257,690	257,690	0	0	0	0
Total	<u>\$4,957,333</u>	<u>\$657,789</u>	<u>\$996,186</u>	<u>\$0</u>	<u>\$247,787</u>	<u>\$3,055,571</u>

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

Credit Risk: The District's investments in Federal National Mortgage Association, Federal Home Loan Mortgage, Federal Home Loan Bank and U.S. Treasury Money Market Funds were rated AA+ and AAAM by Standard & Poor's and Aaa and Aaa-mf by Moody's Investor Services, respectively. Credit ratings for the District's investments in negotiable certificates of deposit are not rated. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA	497,225	10.03%
FHLM	736,650	14.86%
FHLB	1,085,559	21.90%
Negotiable CD's	2,380,209	48.01%
U.S. Treasury Money Market Fund	257,690	5.20%
Total	<u>4,957,333</u>	<u>100.00%</u>

The District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2017. All of the District's investments are valued using pricing sources as provided by the investments managers (Level 2).

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 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 7 - PROPERTY TAXES - (Continued)

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, 2017 are available to finance fiscal year 2017 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 and public utility taxes which became measurable as of June 30, 2017. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2017 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, 2017 were \$273,880 for the General Fund, \$4,592 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund and \$13,515 for the Bond Retirement Nonmajor Debt Service Fund.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second - Half Collections		2017 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$64,389,950	94.00%	\$63,980,690	93.77%
Public Utility Personal	4,107,520	6.00%	4,250,900	6.23%
Total Assessed Value	<u>\$68,497,470</u>	<u>100.00%</u>	<u>\$68,231,590</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$30.30		\$30.00	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017, consisted of property taxes, intergovernmental grants, accounts (student fees) 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 8 – RECEIVABLES - (Continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General Fund	\$4,188
<i>Nonmajor Special Revenue Funds:</i>	
Title VI-B	22,313
Title I	46,406
Title VI-R	10,828
Intervention Grant	9,732
Total Nonmajor Special Revenue Funds	<u>89,279</u>
Total Intergovernmental Receivables	<u><u>\$93,467</u></u>

NOTE 9 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$769,307	\$0	\$0	\$769,307
Total Nondepreciable Capital Assets	769,307	0	0	769,307
<i>Depreciable Capital Assets:</i>				
Land Improvements	1,200,980	339,384	0	1,540,364
Buildings and Improvements	21,580,351	13,636	0	21,593,987
Furniture, Fixtures and Equipment	3,122,467	72,579	(32,595)	3,162,451
Vehicles	1,414,850	189,390	(98,679)	1,505,561
Total Depreciable Capital Assets	<u>27,318,648</u>	<u>614,989</u>	<u>(131,274)</u>	<u>27,802,363</u>
Total Capital Assets	<u>28,087,955</u>	<u>614,989</u>	<u>(131,274)</u>	<u>28,571,670</u>
<i>Accumulated Depreciation:</i>				
Land Improvements	(1,098,548)	(70,091)	0	(1,168,639)
Buildings and Improvements	(13,116,022)	(465,191)	0	(13,581,213)
Furniture, Fixtures and Equipment	(2,699,262)	(97,199)	32,595	(2,763,866)
Vehicles	(1,122,348)	(73,988)	98,679	(1,097,657)
Total Accumulated Depreciation	<u>(18,036,180)</u>	<u>(706,469)</u>	<u>131,274</u>	<u>(18,611,375)</u>
Total Net Capital Assets	<u><u>\$10,051,775</u></u>	<u><u>(\$91,480)</u></u>	<u><u>\$0</u></u>	<u><u>\$9,960,295</u></u>

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$371,952
Special	58,396
<i>Support Services:</i>	
Pupils	21,332
Instructional Staff	2,509
Board of Education	240
Administration	31,472
Fiscal	2,654
Operation and Maintenance of Plant	82,536
Pupil Transportation	88,014
<i>Operation of Non-Instructional Services:</i>	
Food Service	27,066
Extracurricular Activities	<u>20,298</u>
Total Depreciation Expense	<u><u>\$706,469</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 2017, 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)	\$49,200,272
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, 2017*

NOTE 10 - RISK MANAGEMENT - (Continued)

During fiscal year 2017, 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 21).

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:	1,000,000
Employee Benefits Injury - Each Offense Limit	
Employee Benefits Injury - Aggregate Limit	3,000,000
Employer’s Liability and Stop Gap Endorsement:	1,000,000
Bodily Injury by Accident - Each Accident Limit	
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):	1,000,000
Errors and Omissions Injury Limit	
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.

The School District participates in the SchoolComp Workers’ Compensation Group Rating Plan (the “Plan”), an insurance purchasing pool. 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 third party administrator, CMI, reviews each participant’s claims experience and determines the rating tier for that participant.

The firm Comp Management, Inc. 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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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 by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$252,216 for fiscal year 2017.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2017, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2017, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among 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. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, employer rate was 14 percent and the plan members were also required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$818,912 for fiscal year 2017. Of this amount \$136,072 is reported as an intergovernmental payable.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.05034460%	0.05394574%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.05146990%</u>	<u>0.05376910%</u>	
Change in Proportionate Share	<u>0.00112530%</u>	<u>-0.00017664%</u>	
Proportionate Share of the Net Pension Liability	\$3,767,122	\$17,998,139	\$21,765,261
Pension Expense	\$479,109	\$1,260,538	\$1,739,647

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$50,809	\$727,211	\$778,020
Net difference between Projected and Actual Investment Earnings	310,733	1,494,327	1,805,060
Changes of Assumptions	251,476	0	251,476
Changes in Proportion and Differences between District Contributions and Proportionate share of Contributions	156,105	0	156,105
District Contributions Subsequent to the Measurement Date	<u>252,216</u>	<u>818,912</u>	<u>1,071,128</u>
Total Deferred Outflows of Resources	<u>\$1,021,339</u>	<u>\$3,040,450</u>	<u>\$4,061,789</u>
Deferred Inflows of Resources			
Changes in Proportion and Differences between District Contributions and Proportionate share of Contributions	<u>\$0</u>	<u>\$122,606</u>	<u>\$122,606</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$122,606</u>	<u>\$122,606</u>

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$1,071,128 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$219,124	\$313,066	\$532,190
2019	218,897	313,066	531,963
2020	241,779	886,480	1,128,259
2021	<u>89,323</u>	<u>586,320</u>	<u>675,643</u>
Total	<u>\$769,123</u>	<u>\$2,098,932</u>	<u>\$2,868,055</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate -The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
District's proportionate share of the net pension liability	\$4,987,434	\$3,767,122	\$2,745,669

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The significant changes include a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	<u>3.00</u>
Total	<u>100.00 %</u>	<u>7.61 %</u>

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability	\$23,918,064	\$17,998,139	\$13,004,333

Changes between Measurement Date and Report Date – In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the District's net pension liability is expected to be significant.

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.

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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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, 2017, the health care allocation is 0 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2017, the minimum compensation level was established at \$23,500. 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, 2017, 2016, and 2015 were \$43,089, \$24,473 and \$15,613, 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 plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0 for each year.

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

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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.

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.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2017 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at June 30, 2016	Additions	Deductions	Principal Outstanding at June 30, 2017	Amount Due In One Year
<i>Governmental Activities:</i>							
School Improvement Bonds	1998	5.15%	\$355,000	\$0	\$65,000	\$290,000	\$65,000
Energy Conservation Bonds	2013	2.63%	420,770	0	57,000	363,770	58,000
Bus Acquisition Bonds	2014	2.00%	95,749	0	95,749	0	0
Total General Obligation Bonds			<u>871,519</u>	<u>0</u>	<u>217,749</u>	<u>653,770</u>	<u>123,000</u>
Net Pension Liability:							
STRS		N/A	14,909,025	3,089,114	\$0	17,998,139	0
SERS		N/A	2,872,712	894,410	0	3,767,122	0
Total Net Pension Liability			<u>17,781,737</u>	<u>3,983,524</u>	<u>0</u>	<u>21,765,261</u>	<u>0</u>
Capital Leases Payable		7.5-10%	125,633	0	29,539	96,094	30,752
Compensated Absences Payable		N/A	645,093	264,204	288,243	621,054	67,992
Total Governmental Activities Long-Term Obligations			<u>\$19,423,982</u>	<u>\$4,247,728</u>	<u>\$535,531</u>	<u>\$23,136,179</u>	<u>\$221,744</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 General Fund.

2014 Bus Acquisition Bonds - In 2014, the District issued \$283,749 in bonds at an interest rate of 2.00%. The bonds were used for the acquisition of three buses for the District. The bonds were issued for a three year period with final maturity occurring during fiscal year 2017. The bonds were retired from the General Fund.

The District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences payable are paid from the fund from which the person is paid. The capital leases payable are paid from the General Fund.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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 \$5,487,073 with an unvoted debt margin of \$68,232 at June 30, 2017.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	School Improvement Bonds		Energy Conservation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$65,000	\$14,935	\$58,000	\$9,567	\$123,000	\$24,502
2019	70,000	11,588	59,000	8,042	129,000	19,630
2020	75,000	7,982	60,000	6,490	135,000	14,472
2021	80,000	4,120	61,000	4,912	141,000	9,032
2022	0	0	62,000	3,308	62,000	3,308
2023	0	0	63,770	1,677	63,770	1,677
Total	<u>\$290,000</u>	<u>\$38,625</u>	<u>\$363,770</u>	<u>\$33,996</u>	<u>\$653,770</u>	<u>\$72,621</u>

NOTE 15- CAPITAL LEASES - LESSEE DISCLOSURE

The District has capitalized leases for copier equipment. Each lease meets the criteria of a capital lease which is defined 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 \$154,007 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 2017 totaled \$29,539 and were paid from the General Fund.

The capital assets acquired through capital leases as of June 30, 2017, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
<i>Capital Assets:</i>			
Copier Equipment	\$154,007	\$30,801	\$123,206

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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, 2017:

<u>Fiscal Year Ending June 30</u>	<u>Total Payments</u>
2018	\$34,060
2019	34,060
2020	<u>34,060</u>
Total Future Minimum Lease Payments	\$102,180
Less: Amount Representing Interest	<u>(6,086)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$96,094</u></u>

NOTE 16- INTERFUND ACTIVITY

As of June 30, 2017, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$23,124	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Title VI-B	0	1,805
Title I	0	4,369
Intervention Grant	<u>0</u>	<u>16,950</u>
Total Nonmajor Special Revenue Funds	<u>0</u>	<u>23,124</u>
Total	<u><u>\$23,124</u></u>	<u><u>\$23,124</u></u>

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$23,124 due to the General Fund from the funds listed is a result of advances made to these funds by the General Fund, which were not repaid as of June 30, 2017.

HUNTINGTON LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

NOTE 16- INTERFUND ACTIVITY - (Continued)

<u>Transfers From</u>	<u>Transfers To</u>
	<u>Nonmajor Permanent Improvement</u>
General	<u><u>\$500,000</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of \$500,000 is the result of transfers from the General Fund to the Permanent Improvement fund to set aside funds for future projects.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 17- 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 fund 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	\$2,674	\$0	\$2,674
Inventory	2,256	14,923	17,179
<i>Total Nonspendable</i>	<u>4,930</u>	<u>14,923</u>	<u>19,853</u>
<i>Restricted:</i>			
<i>Special Revenues:</i>			
Food Service	0	40,199	40,199
Facilities Maintenance	0	111,911	111,911
Athletics	0	33,993	33,993
Local Grants	0	326	326
State Grants	0	4,101	4,101
Debt Service	0	112,162	112,162
<i>Total Restricted</i>	<u>0</u>	<u>302,692</u>	<u>302,692</u>
<i>Assigned:</i>			
<i>Encumbrances:</i>			
Regular Instruction	41,387	0	41,387
Special Instruction	133,695	0	133,695
Vocational Instruction	15,460	0	15,460
Pupils	11,561	0	11,561
Instructional Staff	2,113	0	2,113
Board of Education	2,642	0	2,642
Administration	3,770	0	3,770
Fiscal	4,227	0	4,227
Operation and Maintenance of Plant	16,537	0	16,537
Pupil Transportation	7,911	0	7,911
Extracurricular Activities	960	0	960
Capital Outlay	1,000	0	1,000
Capital Projects	0	584,115	584,115
Uniform Supply	1,196	0	1,196
Public School Support	24,446	0	24,446
Sick Leave Pool	244,870	0	244,870
<i>Total Assigned</i>	<u>511,775</u>	<u>584,115</u>	<u>1,095,890</u>
<i>Unassigned</i>	<u>8,163,277</u>	<u>(118,776)</u>	<u>8,044,501</u>
Total Fund Balances	<u><u>\$8,679,982</u></u>	<u><u>\$782,954</u></u>	<u><u>\$9,462,936</u></u>

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 18 - STATUTORY SET-ASIDES

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in the future years.

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2017:

	<u>Capital Improvement</u>
Set-Aside Balance as of July 1, 2016	\$0
Current Year Set-Aside Requirement	219,335
Qualifying Disbursements	<u>(1,314,758)</u>
Total	<u>(1,095,423)</u>
Set-Aside Reserve Balance as of June 30, 2017	<u><u>\$0</u></u>

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 19- ENCUMBRANCE COMMITMENTS

At June 30, 2017, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$241,263
 <u>Nonmajor Funds</u>	
Permanent Improvement	135,255
Food Services	2,134
Classroom Facilities Maintenance	38,232
Athletics	10,343
Title I	<u>3,900</u>
<i>Total Nonmajor Funds</i>	<u>189,864</u>
 Total Encumbrances	 <u><u>\$431,127</u></u>

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

META Solutions

Meta Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. Meta Solutions develops, implements, and supports the technology and instructional needs of member districts including financial accounting services, educational management information services, and cooperative purchasing services. META Solutions membership consists of 152 public schools, 11 educational service centers, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member district pays an annual fee for services provided by META Solutions. META Solutions is governed by an 11-member board of directors made up of Superintendents and School Business Officials selected from the 178 member public school districts. The board of directors controls the budget and finances of META Solutions. The continued existence of META Solutions is not dependent on the District's continued participation and no equity interest exists. Financial statements for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The District made payments of \$36,466 to META Solutions for fiscal year 2017.

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, Todd Stahr 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 2017.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 20 - 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 21- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

SchoolComp Worker's Compensation Group Rating Plan

The District participates in a workers' compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. CompManagement, Inc. (CMI) is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The District has chosen to participate in the group rating program for 2017. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

Ohio School Plan

Risk Pool Membership

The District 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, 2017

NOTE 21 - 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, 2016 and 2015 (the most recent information available):

	<u>2016</u>	<u>2015</u>
Assets	\$10,507,059	\$9,313,853
Liabilities	<u>(3,853,671)</u>	<u>(3,956,512)</u>
Members Equity	<u>\$6,653,388</u>	<u>\$5,357,341</u>

You can read the complete audited financial statements for the Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

Ohio School Benefits Cooperative

The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of thirty-four members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrator. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs if medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. During fiscal year 2017, the District elected to participate in the joint insurance purchasing program for medical, prescription drug, dental and vision coverage.

Accordingly, the Ohio School Benefits Cooperative 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 Muskingum Valley Educational Service Center, Christine Wagner, who serves as Treasurer, at 205 North 7th Street, Zanesville, Ohio 43701.

HUNTINGTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 22 - OHIO DEPARTMENT OF EDUCATION FOUNDATION FUNDING

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2016-2017 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 23 - CONTINGENCIES

A. Grants

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2017, 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 the District's Proportionate Share of Net Pension Liability
Last Four Measurement Periods (1)

	2016	2015	2014	2013
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.05146990%	0.05034460%	0.04762700%	0.04762700%
District's Proportionate Share of the Net Pension Liability	\$3,767,122	\$2,872,712	\$2,410,375	\$2,832,225
District's Covered Payroll	\$1,904,400	\$1,904,036	\$1,710,101	\$1,686,908
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	197.81%	150.87%	140.95%	167.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.053769100%	0.053945740%	0.054506821%	0.054506821%
District's Proportionate Share of the Net Pension Liability	\$17,998,139	\$14,909,025	\$13,257,945	\$15,792,777
District's Covered Payroll	\$5,780,057	\$5,913,614	\$5,827,331	\$6,511,508
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	311.38%	252.11%	227.51%	242.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.71%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Changes in Assumptions : For fiscal year 2017, SERS reported changes of assumptions which included a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

HUNTINGTON LOCAL SCHOOL DISTRICT
Schedule of the District Contributions
Last Five Fiscal Years (1)

	2017	2016	2015	2014	2013
<i>School Employees Retirement System of Ohio</i>					
Contractually Required Contributions	\$252,216	\$266,616	\$250,952	\$237,020	\$233,468
Contributions in Relation to the Contractually Required Contributions	<u>(252,216)</u>	<u>(266,616)</u>	<u>(250,952)</u>	<u>(237,020)</u>	<u>(233,468)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,801,543	\$1,904,400	\$1,904,036	\$1,710,101	\$1,686,908
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%	13.84%
<i>State Teachers Retirement System of Ohio</i>					
Contractually Required Contributions	\$818,912	\$809,208	\$827,906	\$757,553	\$846,496
Contributions in Relation to the Contractually Required Contributions	<u>(818,912)</u>	<u>(809,208)</u>	<u>(827,906)</u>	<u>(757,553)</u>	<u>(846,496)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$5,849,371	\$5,780,057	\$5,913,614	\$5,827,331	\$6,511,508
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available.

Changes in Assumptions : For fiscal year 2017, SERS reported changes of assumptions which included a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

Huntington Local School District
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2017

<u>Federal Grantor/Program Title</u>	<u>Pass-Through Entity Number</u>	<u>FAIN Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Nutrition Cluster:				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	2017	10.555	\$ 56,504	56,504
<i>Cash Assistance:</i>				
School Breakfast Program	2017	10.553	150,051	150,051
National School Lunch Program	2017	10.555	<u>382,285</u>	<u>382,285</u>
<i>Cash Assistance Subtotal</i>			<u>532,336</u>	<u>532,336</u>
Nutrition Cluster Total			<u>588,840</u>	<u>588,840</u>
Team Nutrition Grants	2016	10.574	<u>16,950</u>	<u>16,950</u>
Total U.S. Department of Agriculture			<u>605,790</u>	<u>605,790</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies - 2016	S010A150035	84.010	53,714	53,714
Title I Grants to Local Educational Agencies - 2017	S010A150035	84.010	<u>325,613</u>	<u>321,713</u>
			<u>379,327</u>	<u>375,427</u>
Special Education Cluster:				
Special Education - Grants to States - 2016	H027A150111	84.027	31,905	31,905
Special Education - Grants to States - 2017	H027A150111	84.027	<u>239,554</u>	<u>239,554</u>
Total Special Education Cluster			<u>271,459</u>	<u>271,459</u>
Rural Education	2016	84.358	3,377	3,377
Rural Education	2017	84.358	<u>19,359</u>	<u>19,140</u>
			<u>22,736</u>	<u>22,517</u>
Supporting Effective Instruction State Grant - 2016	2016	84.367	12,907	12,907
Supporting Effective Instruction State Grants - 2017	2017	84.367	<u>61,872</u>	<u>60,974</u>
			<u>74,779</u>	<u>73,881</u>
Total U.S. Department of Education			<u>748,301</u>	<u>743,284</u>
Total Federal Awards			\$ <u>1,354,091</u>	<u>1,349,074</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Huntington Local School District (the "School District") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the entitlement value of the commodities received and disbursed.

NOTE D - NUTRITION CLUSTER

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

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**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***

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Huntington Local School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Huntington Local School District ("School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE****INDEPENDENT AUDITORS' REPORT**

To the Board of Education
Huntington Local School District:

Report on Compliance for Each Major Federal Program

We have audited Huntington Local School District's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2017. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 School 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 each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 School 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 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements Audited were prepared in accordance with GAAP:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	none
Identification of major programs:	
<i>Nutrition Cluster:</i>	
CFDA 10.553 – School Breakfast Program	
CFDA 10.555 – National School Lunch Program	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

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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 15, 2018