



**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

November 28, 2000

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**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

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

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,775,243	\$181,203	\$131,223	\$749,327
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	0	128,791
Receivables:				
Taxes	701,704	16,287	112,424	0
Accounts	31,260	0	0	0
Intergovernmental	0	27,959	0	0
Prepaid Items	8,468	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	16,235	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	202,057	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$3,734,967	\$225,449	\$243,647	\$878,118

See Accountant's Compilation Report

<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$170,391	\$2,426	\$33,864	\$0	\$0	\$4,043,677
0	27,496	0	0	0	156,287
0	0	0	0	0	830,415
1,021	0	298	0	0	32,579
0	276,247	0	0	0	304,206
0	0	0	0	0	8,468
6,227	0	0	0	0	6,227
544	0	0	0	0	16,779
0	0	0	0	0	202,057
19,753	0	0	19,374,308	0	19,394,061
0	0	0	0	142,739	142,739
0	0	0	0	1,575,903	1,575,903
<u>\$197,936</u>	<u>\$306,169</u>	<u>\$34,162</u>	<u>\$19,374,308</u>	<u>\$1,718,642</u>	<u>\$26,713,398</u>

(continued)

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

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

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$8,033	\$218	\$0	\$0
Contracts Payable	0	0	0	142,893
Retainage Payable	0	0	0	128,791
Accrued Wages and Benefits	511,752	110,865	0	0
Compensated Absences Payable	26,886	0	0	0
Intergovernmental Payable	114,425	14,128	0	0
Deferred Revenue	633,960	14,593	100,908	0
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,295,056	139,804	100,908	271,684
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	236,481	3,057	0	41,909
Reserved for Inventory	16,235	0	0	0
Reserved for Property Taxes	67,744	1,694	11,516	0
Reserved for Textbooks and Instructional Materi	1,976	0	0	0
Reserved for Bus Purchases	67,788	0	0	0
Reserved for Budget Stabilization	132,293	0	0	0
Unreserved:				
Undesignated	1,917,394	80,894	131,223	564,525
Total Fund Equity and Other Credits	2,439,911	85,645	142,739	606,434
Total Liabilities, Fund Equity and Other Credits	\$3,734,967	\$225,449	\$243,647	\$878,118

See Accountant's Compilation Report

<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$73	\$0	\$432	\$0	\$0	\$8,756
0	0	0	0	0	142,893
0	0	0	0	0	128,791
21,227	0	0	0	0	643,844
2,126	0	0	0	364,230	393,242
11,745	0	0	0	54,894	195,192
4,295	0	0	0	0	753,756
0	0	31,425	0	0	31,425
0	150,369	0	0	0	150,369
0	0	0	0	59,518	59,518
0	0	0	0	1,240,000	1,240,000
<u>39,466</u>	<u>150,369</u>	<u>31,857</u>	<u>0</u>	<u>1,718,642</u>	<u>3,747,786</u>
0	0	0	19,374,308	0	19,374,308
4,372	0	0	0	0	4,372
154,098	155,800	0	0	0	309,898
0	0	0	0	0	281,447
0	0	0	0	0	16,235
0	0	0	0	0	80,954
0	0	0	0	0	1,976
0	0	0	0	0	67,788
0	0	0	0	0	132,293
<u>0</u>	<u>0</u>	<u>2,305</u>	<u>0</u>	<u>0</u>	<u>2,696,341</u>
<u>158,470</u>	<u>155,800</u>	<u>2,305</u>	<u>19,374,308</u>	<u>0</u>	<u>22,965,612</u>
<u>\$197,936</u>	<u>\$306,169</u>	<u>\$34,162</u>	<u>\$19,374,308</u>	<u>\$1,718,642</u>	<u>\$26,713,398</u>

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Revenues:						
Property Taxes	\$753,165	\$17,147	\$120,944	\$0	\$0	\$891,256
Intergovernmental	5,944,100	852,677	15,544	764,776	0	7,577,097
Interest	134,560	0	0	134,867	0	269,427
Tuition and Fees	17,785	0	0	0	0	17,785
Extracurricular Activities	22,368	111,769	0	0	0	134,137
Gifts and Donations	0	0	0	0	2,305	2,305
Miscellaneous	323,639	7,159	0	60,298	0	391,096
Total Revenues	7,195,617	988,752	136,488	959,941	2,305	9,283,103
Expenditures:						
Current:						
Instruction:						
Regular	3,460,013	532,930	0	3,405	0	3,996,348
Special	447,710	426,382	0	0	0	874,092
Vocational	33,935	0	0	0	0	33,935
Other	40,094	0	0	0	0	40,094
Support Services:						
Pupils	150,136	7,958	0	0	0	158,094
Instructional Staff	136,643	0	0	0	0	136,643
Board of Education	19,675	0	0	0	0	19,675
Administration	545,861	6,265	0	0	0	552,126
Fiscal	346,435	4,005	0	0	0	350,440
Operation and Maintenance of Plant	680,755	6,598	0	0	0	687,353
Pupil Transportation	501,209	4,959	0	0	0	506,168
Extracurricular Activities	124,956	114,594	0	0	0	239,550
Capital Outlay	0	494	0	5,565,200	0	5,565,694
Debt Service:						
Principal Retirement	14,812	0	95,000	0	0	109,812
Interest and Fiscal Charges	5,384	0	74,152	0	0	79,536
Total Expenditures	6,507,618	1,104,185	169,152	5,568,605	0	13,349,560
Excess of Revenues Over (Under) Expenditures	687,999	(115,433)	(32,664)	(4,608,664)	2,305	(4,066,457)
Other Financing Sources (Uses):						
Operating Transfers In	67,474	147,365	0	0	0	214,839
Operating Transfers Out	(159,371)	(77,262)	0	0	0	(236,633)
Total Other Financing Sources (Uses)	(91,897)	70,103	0	0	0	(21,794)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	596,102	(45,330)	(32,664)	(4,608,664)	2,305	(4,088,251)
Fund Balances at Beginning of Year	1,850,676	130,975	175,403	5,215,098	0	7,372,152
Decrease in Reserve for Inventory	(6,867)	0	0	0	0	(6,867)
Fund Balances at End of Year	\$2,439,911	\$85,645	\$142,739	\$606,434	\$2,305	\$3,277,034

See accountant's compilation report

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**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**COMBINES STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
JUNE 30, 2000**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$762,914	\$734,449	(\$28,465)	\$15,728	\$16,675	\$947
Intergovernmental	5,443,106	5,944,100	500,994	887,872	902,251	14,379
Interest	120,000	166,147	46,147	0	0	0
Tuition and Fees	17,000	18,648	1,648	0	0	0
Rent	1,000	0	(1,000)	0	0	0
Extracurricular Activities	14,000	22,368	8,368	93,500	111,769	18,269
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	134,297	290,994	156,697	0	0	0
Total Revenues	6,492,317	7,176,706	684,389	997,100	1,030,695	33,595
Expenditures:						
Current:						
Instruction:						
Regular	4,272,510	3,426,152	846,358	464,311	511,512	(47,201)
Special	552,200	472,999	79,201	487,025	421,171	65,854
Vocational	79,500	36,945	42,555	0	0	0
Other	76,000	43,454	32,546	0	0	0
Support Services:						
Pupils	206,850	160,273	46,577	12,095	9,297	2,798
Instructional Staff	169,705	140,844	28,861	3,955	1,332	2,623
Board of Education	34,500	19,743	14,757	0	0	0
Administration	569,250	530,148	39,102	15,630	6,971	8,659
Fiscal	401,300	351,487	49,813	6,361	4,118	2,243
Operation and Maintenance of Plant	928,617	815,656	112,961	12,000	6,598	5,402
Pupil Transportation	647,676	574,558	73,118	5,000	4,959	41
Extracurricular Activities	133,150	126,686	6,464	87,900	115,415	(27,515)
Capital Outlay	398	0	398	1,000	494	506
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	8,071,656	6,698,945	1,372,711	1,095,277	1,081,867	13,410
Excess of Revenues Over (Under) Expenditures	(1,579,339)	477,761	2,057,100	(98,177)	(51,172)	47,005
Other Financing Sources (Uses):						
Operating Transfers In	148,653	71,474	(77,179)	136,653	206,636	69,983
Operating Transfers Out	(159,371)	(159,371)	0	(136,533)	(136,533)	0
Other Financing Sources	3,500	0	(3,500)	7,000	7,000	0
Other Financing Uses	(132,295)	0	132,295	0	0	0
Total Other Financing Sources (Uses)	(139,513)	(87,897)	51,616	7,120	77,103	69,983
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,718,852)	389,864	2,108,716	(91,057)	25,931	116,988
Fund Balances at Beginning of Year	2,215,942	2,215,942	0	149,305	149,305	0
Prior Year Encumbrances Appropriated	126,981	126,981	0	2,693	2,693	0
Fund Balances at End of Year	\$624,071	\$2,732,787	\$2,108,716	\$60,941	\$177,929	\$116,988

See accountant's compilation report
See accompanying notes to the general purpose financial statements

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS			EXPENDABLE TRUST FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$108,944	\$119,449	\$10,505	\$0	\$0	\$0	\$0	\$0	\$0
15,544	15,544	0	3,490,000	764,776	(2,725,224)	0	0	0
0	0	0	110,000	134,867	24,867	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	2,305	2,305
0	0	0	0	60,298	60,298	0	0	0
<u>124,488</u>	<u>134,993</u>	<u>10,505</u>	<u>3,600,000</u>	<u>959,941</u>	<u>(2,640,059)</u>	<u>0</u>	<u>2,305</u>	<u>2,305</u>
0	0	0	65,655	45,314	20,341	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,320	0	1,320	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	4,500,000	5,549,259	(1,049,259)	0	0	0
100,000	95,000	5,000	0	0	0	0	0	0
69,851	74,152	(4,301)	0	0	0	0	0	0
<u>169,851</u>	<u>169,152</u>	<u>699</u>	<u>4,566,975</u>	<u>5,594,573</u>	<u>(1,027,598)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(45,363)</u>	<u>(34,159)</u>	<u>11,204</u>	<u>(966,975)</u>	<u>(4,634,632)</u>	<u>(3,667,657)</u>	<u>0</u>	<u>2,305</u>	<u>2,305</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>(45,363)</u>	<u>(34,159)</u>	<u>11,204</u>	<u>(966,975)</u>	<u>(4,634,632)</u>	<u>(3,667,657)</u>	<u>0</u>	<u>2,305</u>	<u>2,305</u>
165,382	165,382	0	5,342,040	5,342,040	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>\$120,019</u>	<u>\$131,223</u>	<u>\$11,204</u>	<u>\$4,375,065</u>	<u>\$707,408</u>	<u>(\$3,667,657)</u>	<u>\$0</u>	<u>\$2,305</u>	<u>\$2,305</u>

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
JUNE 30, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Operating Revenues:			
Sales	\$148,639	\$0	\$148,639
Charges for Services	0	624,460	624,460
Total Operating Revenues	<u>148,639</u>	<u>624,460</u>	<u>773,099</u>
Operating Expenses:			
Salaries	125,946	0	125,946
Fringe Benefits	46,302	0	46,302
Purchased Services	0	62,435	62,435
Cost of Sales	155,389	0	155,389
Depreciation	1,796	0	1,796
Claims	0	486,472	486,472
Total Operating Expenses	<u>329,433</u>	<u>548,907</u>	<u>878,340</u>
Operating Loss	<u>(180,794)</u>	<u>75,553</u>	<u>(105,241)</u>
Non-Operating Revenues:			
Federal and State Subsidies	22,914	0	22,914
Federal Donated Commodities	158,595	0	158,595
Interest	4,496	595	5,091
Total Non-Operating Revenues	<u>186,005</u>	<u>595</u>	<u>186,600</u>
Income (Loss) Before Operating Transfers	5,211	76,148	81,359
Operating Transfers In	0	21,794	21,794
Net Income	5,211	97,942	103,153
Retained Earnings at Beginning of Year	<u>148,887</u>	<u>57,858</u>	<u>206,745</u>
Retained Earnings at End of Year	154,098	155,800	309,898
Contributed Capital at Beginning and End of Year	<u>4,372</u>	<u>0</u>	<u>4,372</u>
Total Fund Equity at End of Year	<u><u>\$158,470</u></u>	<u><u>\$155,800</u></u>	<u><u>\$314,270</u></u>

See accountant's compilation report

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
JUNE 30, 2000**

	ENTERPRISE FUND			INTERNAL SERVICE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$203,000	\$149,075	(\$53,925)	\$0	\$0	\$0
Charges for Services	0	0	0	35,000	31,704	(3,296)
Interest	5,000	4,496	(504)	0	0	0
Federal and State Subsidies	182,000	158,595	(23,405)	0	0	0
Total Revenues	390,000	312,166	(77,834) *	35,000	31,704	(3,296)
Expenses:						
Salaries	136,500	127,441	9,059	0	0	0
Fringe Benefits	78,000	45,390	32,610	35,000	53,104	(18,104)
Purchased Services	10,000	3,396	6,604	0	0	0
Materials and Supplies	150,017	128,882	21,135	0	0	0
Capital Outlay	2,000	9,689	(7,689)	0	0	0
Total Expenses	376,517	314,798	61,719	35,000	53,104	(18,104)
Excess of Revenues Over (Under) Expenses	13,483	(2,632)	(16,115)	0	(21,400)	(21,400)
Operating Transfers-In	0	0	0	8,000	21,794	13,794
Excess of Revenues Over (Under) Expenses and Transfers	13,483	(2,632)	(16,115)	8,000	394	(7,606)
Fund Equity at Beginning of Year	167,970	167,970	0	0	0	0
Prior Year Encumbrances Appropriated	2,644	2,644	0	851	851	0
Fund Equity at End of Year	\$184,097	\$167,982	(\$16,115)	\$8,851	\$1,245	(\$7,606)

See accountant's compilation report
See accompanying notes to the general purpose financial statements

HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY

STATEMENT OF CASH FLOW
ALL PROPRIETARY FUND TYPES
JUNE 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$149,075	\$0	\$149,075
Cash Received from Quasi-External Transactions with Other Funds	0	624,460	624,460
Cash Payments to Suppliers for Goods and Services	(132,454)	(63,285)	(195,739)
Cash Payments to Employees for Services	(127,441)	0	(127,441)
Cash Payments for Employee Benefits	(45,390)	0	(45,390)
Cash Payments for Claims	0	(455,199)	(455,199)
Net Cash Provided by (Used for) Operating Activities	(156,210)	105,976	(50,234)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	158,595	0	158,595
Operating Transfers	0	21,794	21,794
Short-Term Loans to Other Governments	0	(276,247)	(276,247)
Net Cash provided by (Used for) Noncapital Financing Activities	158,595	(254,453)	(95,858)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(7,104)	0	(7,104)
Cash Flows from Investing Activities:			
Interest	4,496	595	5,091
Net Decrease in Cash and Cash Equivalents	(223)	(147,882)	(148,105)
Cash and Cash Equivalents at Beginning of Year	170,614	177,804	348,418
Cash and Cash Equivalents at End of Year	\$170,391	\$29,922	\$200,313
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	(\$180,794)	\$75,553	(\$105,241)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	1,796	0	1,796
Donated Commodities Used During Year	22,914	0	22,914
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	436	0	436
Decrease in Inventory Held for Resale	340	0	340
Decrease in Materials and Supplies Inventory	137	0	137
Decrease in Accounts Payable	(750)	(850)	(1,600)
Increase (Decrease) in Accrued Wages and Benefits	(7)	0	(7)
Decrease in Compensated Absences Payable	(1,542)	0	(1,542)
Increase in Intergovernmental Payable	1,260	0	1,260
Increase in Claims Payable	0	31,273	31,273
Total Adjustments	24,584	30,423	55,007
Net Cash Provided by (Used for) Operating Activities	(\$156,210)	\$105,976	(\$50,234)

See accountant's compilation report
See accompanying notes to the general purpose financial statements

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1931 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 52 square miles. It is located in Ross County, and includes Huntington Township. It is staffed by 47 non-certificated employees, 86 certificated full-time teaching personnel, and 5 administrative employees who provide services to 1,377 students and other community members. The School District currently operates three instructional buildings.

Reporting Entity:

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

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

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Parent Teacher Organization
Ross County Educational Service Center

The School District is associated with six organizations, four of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a claims servicing pool. These organizations are the South Central Ohio Computer Association, Pickaway-Ross County Joint Vocational School, Great Seal Education Network of Tomorrow, the Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ross County School Employees Insurance Consortium. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

The following are the School District's governmental fund types:

General Fund

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

Special Revenue Funds

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Fund Types:

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

Enterprise Fund

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

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis, property taxes available as an advance, interest, grants, tuition and student fees are deemed both measurable and available.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

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

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The Self-Insurance Internal Service fund has only the dental insurance portion of the fund budgeted and shown as part of the School District's cash activity; the medical insurance activity is handled by a fiscal agent and is budgeted within the funds paying medical premiums. The primary level of budgetary control is at the fund level. Any budgetary modification at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer. Because the activity of agency funds is not budgeted, transfers-in and transfers-out do not equal on a budgetary basis due to a transfer of \$4,000 to an agency fund from the general fund.

Tax Budget:

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Tax Budget: (Continued)

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

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. During fiscal year 2000, investments were limited to repurchase agreements. Nonparticipating investment contracts such as repurchase agreements of deposits are reported at cost.

The School District participates in a claims servicing pool that pays employee health insurance claims on the School District's behalf. During fiscal year 2000, the School District held retainage monies for the construction of the new school. The retainage monies and the balance of the School District's funds held by the claims administrator and the fiscal agent at June 30, 2000 is presented as "Cash and Cash Equivalents with Fiscal Agents" on the balance sheet.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$134,560 which includes \$15,184 assigned from other School District funds. The capital projects fund, enterprise fund, and internal service fund also received interest revenue of \$134,867, \$4,496, and \$595 respectively.

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

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

F. Prepaid Items

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

G. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of fifteen years.

H. Intergovernmental Revenues

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Title I
- Title VI
- Title VI-B
- Title VI-R
- Professional Development Block Grant
- Intervention Grant
- David Meade Massie Grant
- Ohio Reads Grant

Capital Projects Fund

- School Net
- School Net Plus
- Technology Equity
- Classroom Facilities

Reimbursable Grants

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Governmental grants and entitlements amounted to approximately eighty-two percent of the School District's governmental operating revenues during the 2000 fiscal year.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences (Continued)

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after twenty years of current service with the School District. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Interfund Transactions

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

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

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials, for the acquisition or construction of capital assets, and the creation of a reserve for budget stabilization. See Note 19 for additional information regarding set asides.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures.

N. Estimates

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

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

P. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the Disadvantaged Pupil Impact Aid, Title VI-B and Chapter II Special Revenue Fund had deficit fund balances of \$49,209, \$8,337 and \$27, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Compliance

The following funds had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2000.

Fund Type/Fund	Appropriations	Expenditures Plus Encumbrances	Excess
Special Revenue Funds:			
Peer Assistance Grant	\$3,000	\$22,956	(\$19,956)
Athletics Account	87,900	115,415	(27,515)
EMIS	7,595	9,003	(1,408)
DPIA	285,738	317,300	(31,562)
Ohio Reads Grant	30,000	32,000	(2,000)
Grants	368	16,329	(15,961)
Chapter II	0	6,858	(6,858)
Capital Projects Funds:			
Classroom Facilities	4,500,000	5,549,259	(1,049,259)
Internal Service Fund	35,000	53,104	(18,104)
Non-Expendable Trust Fund			
David Meade Massie Grant	0	4,959	(4,959)

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District does not budget for the activities of the fiscal agent who collects and holds assets for the payment of medical claims. However, the activities of the fiscal agent are included in the internal service fund for GAAP reporting purposes.

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$596,102	(\$45,330)	(\$32,664)	(\$4,608,664)	\$2,305
Revenue Accruals	(18,911)	48,943	(1,495)	0	0
Expenditure Accruals	53,186	25,592	0	15,951	0
Transfers	4,000	0	0	0	0
Encumbrances	(244,513)	(3,274)	0	(41,919)	0
Budget Basis	<u>\$389,864</u>	<u>\$25,931</u>	<u>(\$34,159)</u>	<u>(\$4,634,632)</u>	<u>\$2,305</u>

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Income/Excess of Revenues Over (Under) Expenses and Transfers
All Proprietary Fund Types**

	Enterprise	Internal Service
GAAP Basis	\$5,211	\$97,942
Revenue Accruals	(22,478)	0
Expense Accruals	22,352	30,422
Depreciation Expense	1,796	0
Capital Outlay	(7,104)	0
Non-Budgeted Activity	0	(126,789)
Encumbrances	(2,409)	(1,181)
Budget Basis	(\$2,632)	\$394

5. DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings accounts, including passbook accounts.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)

5. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits:

At fiscal year end, the carrying amount of the School District's deposits was \$174,397 and the bank balance was \$204,857. Of the bank balance, \$100,000 was covered by federal depository insurance and \$104,857 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments:

The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name.

	<u>Category 3</u>	<u>Carrying and Fair Value</u>
Repurchase Agreements	\$4,227,000	\$4,227,624

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in *GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."* A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per *GASB Statement No. 3* is as follows:

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$4,402,021	\$0
Investments:		
Repurchase Agreement	(4,227,624)	4,227,624
<i>GASB Statement No. 3</i>	\$174,397	\$4,227,624

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$28,851,290	88.33%	\$30,322,800	89.04%
Public Utility	3,367,600	10.31%	3,311,310	9.72%
Tangible Personal Property	445,190	1.36%	421,600	1.24%
Total Assessed Value	\$32,664,080	100.00%	\$34,055,710	100.00%
Tax rate per \$1,000 of assessed valuation	\$33.10		\$32.40	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$67,744 in the General Fund, \$1,694 in the Classroom Facilities Maintenance Special Revenue fund, and \$11,516 in the Debt Service fund.

7. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes and accounts (tuition and student fees), interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Special Revenue Funds:	
State Track Reimbursement	\$158
Title I	27,801
Total Special Revenue Funds	27,959
Internal Service Fund:	
Short-Term Loans to Other Governments	276,247
Total All Funds	\$304,206

8. FIXED ASSETS

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

Furniture and Equipment	\$108,705
Less Accumulated Depreciation	(88,952)
Net Fixed Assets	\$19,753

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

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$287,427	\$30,944	\$0	\$318,371
Buildings and Improvements	8,470,830	117,732	0	8,588,562
Furniture, Fixtures and Equipment	1,147,584	62,150	2,175	1,207,559
Vehicles	733,376	57,732	7,116	783,992
Construction in Progress	3,357,144	5,118,680	0	8,475,824
Total General Fixed Assets	\$13,996,361	\$5,387,238	\$9,291	\$19,374,308

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for fleet insurance, the Earley Agency for building and contents coverage, and the Harcum Agency for liability insurance. Coverages provided are as follows:

Building and Contents-replacement cost (\$250 deductible)	\$12,917,045
Inland Marine Coverage (\$250 deductible)	110,000
Automobile Liability (\$250 deductible)	300,000
Uninsured Motorists (\$250 deductible)	300,000
General Liability - Per occurrence	1,000,000
General Liability - Total per year	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 the prior year.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The School District is a members of a claims servicing pool, consisting of fourteen school districts within Ross County and its surrounding area, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$150,369 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of *GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues"*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. RISK MANAGEMENT (Continued)

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$50,704	\$683,930	\$615,538	\$119,096
2000	\$119,096	\$486,472	\$455,199	\$150,369

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$35,634, \$57,678 and \$69,928, respectively; 31 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$24,592 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$230,118, \$190,450 and \$342,702, respectively; 83.34 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$38,349 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

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

11. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$306,824 for fiscal year 2000.

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

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

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$76,133.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

12. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum limit of days 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 44 days for certified employees.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through SAFECO.

C. Special Termination Benefit

The Board of Education approved an Early Retirement Incentive program. All individuals with 30 years or more of STRS retirement credit shall be 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. The individual must submit a written notification to the Superintendent by March 1 in order to receive the incentive. During fiscal year 2000, no employees took advantage of this incentive.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. EMPLOYEE BENEFITS (Continued)

D. Deferred Compensation

School 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.

13. CAPITAL LEASES - LESSEE DISCLOSURE

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

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$89,677. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$14,812 in the governmental funds.

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, 2000.

Fiscal Year Ending June 30,	GLTDAG
2001	\$19,020
2002	19,020
2003	19,020
2004	11,677
Total	68,737
Less: Amount Representing Interest	(9,219)
Present Value of Net Minimum Lease Payments	\$59,518

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. LONG-TERM OBLIGATIONS

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

	<u>Principal Outstanding 6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/00</u>
School Improvement Bond 1979 6.38%	\$50,000	\$0	\$50,000	\$0
School Improvement Bond 1989 6.40%	200,000	0	15,000	185,000
School Improvement Bond 1998 5.15%	<u>1,085,000</u>	<u>0</u>	<u>30,000</u>	<u>1,055,000</u>
Total Long-Term Bonds	1,335,000	0	95,000	1,240,000
Capital Leases	74,330	0	14,812	59,518
Pension Obligation	52,509	54,894	52,509	54,894
Compensated Absences	<u>411,725</u>	<u>0</u>	<u>47,495</u>	<u>364,230</u>
Total General Long-Term Obligations	<u>\$1,873,564</u>	<u>\$54,894</u>	<u>\$209,816</u>	<u>\$1,718,642</u>

The 1979 School Improvement bonds were issued in the amount of \$940,000 on March 1, 1979 as a result of the School District being approved for a \$1,913,000 school facilities loan through the State Department of Education for the construction of a new building. The 1989 School Improvement bonds were issued in the amount of \$310,000 on July 1, 1989 as a result of the School District being approved for a \$4,066,928 school facilities loan through the State Department of Education for the construction of a new building. The 1998 School Improvement bonds were issued in the amount of \$1,107,000 as a result of the School District being approved for a \$8,578,658 school facilities loan through the State Department of Education for the construction of a new building and renovations to the existing ones. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a 3.2 mil levy. The 3.2 mil levy, of which .5 mills was to be used for the retirement of the loan, will be in effect for twenty-three years.

On October 7, 1997, District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the previous classroom facilities loans, or the new \$8,578,658 loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$1,967,753 with an unvoted debt margin of \$34,056 at June 30, 2000.

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

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$50,000	\$95,409	\$145,409
2002	50,000	92,366	142,366
2003	55,000	94,185	149,185
2004	55,000	90,873	145,873
2005	60,000	87,376	147,376
2006-2010	290,000	416,459	706,459
2011-2015	265,000	405,599	670,599
2016-2020	335,000	400,534	735,534
2021	80,000	82,060	162,060
Total	<u>\$1,240,000</u>	<u>\$1,764,861</u>	<u>\$3,004,861</u>

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had the following contractual purchase commitments:

Company	Contract Amount	Amount Expended	Balance at June 30, 2000
Monarch Construction	\$4,733,449	\$4,679,254	\$54,195
Croson / Teepe LLP	1,976,962	1,932,351	44,611
Brush Contractors	945,905	919,569	26,336
Stonecreek Interior Systems	301,159	299,630	1,529
Design Source	156,010	154,039	1,971
Feinknopf Architects	528,581	490,981	37,600
Totals	\$8,642,066	\$8,475,824	\$166,242

16. JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two treasurers of the participating school districts, plus one representative from the fiscal agent. The School District paid SCOCA \$2,790 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Pickaway-Ross County Joint Vocational School

The Pickaway-Ross County Joint Vocational School 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, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Pickaway-Ross County Joint Vocational School, Ben Van Horn who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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, each of which possess 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 School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. The School District paid \$300 to the Coalition for services provided during the year.

17. INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Ross County School Employees Insurance Consortium

The School District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool consisting of fourteen school districts within Ross County and its surrounding area. Medical/surgical, and dental insurance is administered through a third party administrator, Professional Risk Management Co. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the Westfall Local School District, Scott Glandon who serves as Treasurer, at 19463 Pherson Pike, Williamsport, Ohio 43164.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,717,576 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$14,558,586 under this program.

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

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

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

19. SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash-basis information describes the change in the year-end set aside amounts for textbooks and instructional materials, capital acquisitions and budget stabilization. Disclosure of this information is required by State statute.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. SET-ASIDE CALCULATIONS (Continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$12,055	\$347	\$87,235
Current year set-aside requirement	133,192	133,192	45,058
Current year offsets	0	0	0
Qualifying disbursements	(143,271)	(133,539)	0
Set-aside Reserve Balance as of June 30, 2000	<u>\$1,976</u>	<u>\$0</u>	<u>\$132,293</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had qualifying disbursements and offsets during the fiscal year that would reduce the capital improvements set aside amounts below zero, and these extra amounts may be used to reduce the set-aside requirements of future years, the School District has decided not to carry over such negative balances to the next year. The total reserve balance for the set asides at the end of the fiscal year was \$134,269.

20. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

The School District is not party to legal proceedings.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Grant Title	Federal CFDA Number	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Distribution (See Note "B")	10.550			\$ 23,319		\$22,914
National School Breakfast Program	10.553	05-PU 99/00	\$21,272	-	\$21,272	-
National School Lunch Program	10.555	04-PU 99/00	126,369	-	126,369	-
Total U.S Department of Agriculture/Child			147,641	23,319	147,641	22,914
<u>U.S. Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Title I	84.010	C1-S1 99/00	348,732	-	343,645	-
Eisenhower Professional Development (See Note "C")	84.281	MS-S1 00	8,226	-	8,226	-
Drug Free Federal Subsidy (See Note "C")	84.186	DR-S1 00	5,841	-	5,841	-
Goals 2000	84.276	G2-S2 00	58,598	-	31,427	-
Title VI	84.298	C2-S1 00	5,934	-	5,934	-
Title VI R	84.340	CR-S1 00	46,511	-	44,125	-

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000
(Continued)**

Federal Grantor/ Pass-Through Grantor/ Program Grant Title	Federal CFDA Number	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<i>Special Education Cluster:</i>						
Title VI B	84.027	6B-SF 00 P	83,476	-	83,476	-
Handicapped Pre-School (See Note "C")	84.173	PG-S1 00 P	4,865	-	4,865	-
Total Special Education Cluster			88,341		88,341	
Total U.S. Department of Education			562,183	-	527,539	-
Total Federal Awards			\$709,824	\$23,319	\$675,180	\$22,914

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statements.

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

NOTE C - ROSS COUNTY EDUCATIONAL SERVICE CENTER

Grant monies passed through the Ross County Educational Service Center (the Center) are disbursed by the Center on behalf of the District. Receipts and expenditures disclosed on the accompanying schedule of federal awards receipts and expenditures for these programs have not been reflected in the District's general purpose financial statements.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of Huntington Local School District, Ross County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item number 2000-10771-001. We, also, noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated November 28, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the District in a separate letter dated November 28, 2000.

Huntington Local School District
Ross County
Report on Compliance and on Internal Control Required by
Government Auditing Standard
Page 2

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

JIM PETRO
Auditor of State

November 28, 2000



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

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

We have audited the compliance of Huntington Local School District, Ross County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

Compliance

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

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

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance
(Continued)**

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

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

JIM PETRO
Auditor of State

November 28, 2000

HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Child Nutrition Cluster, CFDA # 10.550, 10.553,10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2000
(Continued)**

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

Finding Number	2000-10771-001
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Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures in excess of appropriations at the "legal level of control":

Fund Number/ Fund Title	Appropriated Amount	Expended Amount	Amount Expenditures Exceeded Appropriations
019- Other Grant Funds	3,000	22,956	19,956
300-District Managed Activities	88,700	116,215	27,515
447-Disadvantage Pupil Impact Aid	363,000	394,562	31,562
499-Miscellaneous State Grant Fund	368	16,329	15,961
573-Title VI Innovative Fund	0	6,858	6,858
010-Classroom Facilities	4,500,000	5,549,259	1,049,259
007-Special Trust Fund	0	4,959	4,959
024-Internal Service Fund	35,000	53,104	18,104
Total	\$4,990,068	\$6,164,242	\$1,174,174

We recommend the District not make any expenditure unless there is available appropriation.

3. FINDINGS RELATED AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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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
DECEMBER 26, 2000**