



**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	1
Report of Independent Accountants on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133	3
Schedule of Receipts and Expenditures of Federal Awards	5
Notes to Schedule of Receipts and Expenditures of Federal Awards	6
Schedule of Findings	7

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

Highland Local School District
Medina County
3880 Ridge Road
Medina, Ohio 44256

To the Board of Education:

We have audited the general purpose financial statements of Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated August 17, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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.

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

This report is intended for the information and use of the audit committee, 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

August 17, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

Highland Local School District
Medina County
3880 Ridge Road
Medina, Ohio 44256

To the Board of Education:

Compliance

We have audited the compliance of Highland Local School District, Medina 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, 2001. 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.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 2001.

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 the internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Receipts and Expenditures of Federal Awards

We have audited the general purpose financial statements of the District, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 17, 2001. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

This report is intended for the information and use of the audit committee, 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

August 17, 2001

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	048496	10.550		\$32,574		\$33,722
National School Lunch Program	048496 03-PU-01	10.555	\$46,442		\$46,442	
Total U.S. Department of Agriculture - Child Nutrition Cluster			46,442	32,574	46,442	33,722
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	048496-C1-S1-00 048496-C1-S1-00 048496-C1-S1-01	84.010			16,901 4,500 60,779	
Total Title I Grants to Local Educational Agencies			74,238		82,180	
Special Education Cluster:						
Special Education Grants to States	048496 6B-SF 00 P 048496 6B-SF 01 P	84.027	160,992		15,981 132,229	
Total Special Education Grants to States			160,992		148,210	
Special Education PreSchool Grants	048496-PG-S1-00P 048496-PG-S1-01P	84.173	9,076		475 8,780	
Total Special Education PreSchool Grants			9,076		9,255	
Total Special Education Cluster			170,068		157,465	
Safe and Drug Free Schools and Communities State Grants	048496 DR-S1-00	84.186	9,727		9,674	
Eisenhower Professional Development State Grants	048496 MS-S1-00 048496 MS-S1 01	84.281	6,712		325 6,712	
Total Eisenhower Professional Development State Grants			6,712		7,037	
Innovative Education Program Strategies	048496 C2-S1-00 048496 C2-S1-00 048496 C2-S1 01	84.298			726 241 10,886	
Total Innovative Education Program Strategies			11,609		11,853	
Title VI Class-Size Reduction	048496-CR-S1-00 048496-CR-S1-01	84.340	23,188		4,472 18,729	
Total Title VI Class-Size Reduction			23,188		23,201	
Total U.S. Department of Education			295,542		291,410	
Totals			\$341,984	\$32,574	\$337,852	\$33,722

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

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA OF COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes the 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 United States 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, 2001, the District had no significant food commodities in inventory.

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grant to States CFDA #84.027 Special Education Preschool Grants CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

FINDINGS FOR FEDERAL AWARDS

None

Highland Local School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

Prepared By:
Mary M. Markle, Treasurer and
Treasurer's Office Staff

Highland Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

Table of Contents

Introductory Section	Page
Letter of Transmittal.....	v
Public Officials Roster	xix
Organizational Chart	xx
Certificate of Achievement for Excellence in Financial Reporting.....	xxi
 Financial Section	
Report of Independent Accountants	1
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund.....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – All Governmental Fund Types and Expendable Trust Fund.....	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types and Nonexpendable Trust Fund	12
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Fund	13
Notes to the General Purpose Financial Statements	14
Combining, Individual Fund and Account Group Financial Statements and Schedules	
General Fund	36
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	37
Special Revenue Funds	41
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Public School Support Fund.....	52
Miscellaneous Local Grants Fund.....	53
Underground Storage Tanks Fund	54
District Managed Student Activity Fund.....	55
Teacher Development Fund	56
Management Information System Fund	57
Entry Year Programs Fund.....	58
Data Communications Fund.....	59

Highland Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

Table of Contents
(Continued)

	Page
SchoolNet Professional Development Fund.....	60
Textbooks/Instructional Material Subsidy Fund	61
Ohio Reads Fund	62
Summer Intervention Fund.....	63
Miscellaneous State Grants Fund	64
Eisenhower Professional Development Program Fund	65
Title VI-B Fund.....	66
Title I Fund.....	67
Title VI Fund.....	68
Drug Free Schools Fund.....	69
EHA Preschool Grant Fund.....	70
Miscellaneous Federal Grants Fund	71
Debt Service Fund	72
Capital Projects Funds.....	73
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Permanent Improvement Fund	76
Building Fund.....	77
SchoolNet Fund.....	78
Enterprise Funds.....	79
Combining Balance Sheet	80
Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	81
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual	
Food Service Fund.....	82
Uniform School Supplies Fund	83
Latchkey Fund.....	84
Combining Statement of Cash Flows	85
Internal Service Funds.....	86
Combining Balance Sheet	87
Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	88
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual	
Rotary Fund.....	89

Highland Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

Table of Contents
(Continued)

	Page
Self-Insurance Fund	90
Combining Statement of Cash Flows	91
Trust and Agency Funds.....	92
Combining Balance Sheet	93
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Special Trust Fund.....	94
Endowment Nonexpendable Trust Fund	95
Statement of Changes in Assets and Liabilities – Student Managed	
Activity Agency Fund	96
General Fixed Assets Account Group	97
Schedule of General Fixed Assets by Source.....	98
Schedule of General Fixed Assets by Function and Activity	99
Schedule of Changes in General Fixed Assets by Function	100
 Statistical Section	
General Governmental Revenues by Source And Expenditures by Function - Last Ten Years	102
Property Tax Levies and Collections - Last Ten Years.....	104
Assessed and Estimated Valuation of Property - Last Ten Years	105
Direct and Overlapping Property Tax Rates - Last Ten Years	106
Computation of Legal Debt Margin	108
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Years	109
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total Governmental Expenditures - Last Ten Years.....	110
Demographic Statistics	111
Property Values, Bank Deposits and Construction	112
Principal Taxpayers	113
Computation of Direct and Overlapping Bonded Debt	114
Directory of School Facilities.....	115
Miscellaneous Statistics.....	116



The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development • The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process •

INTRODUCTORY SECTION

Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well*

The Highland Local School District is committed to the highest academic and behavioral expectations. Our mission is to guarantee each learner reaches maximum potential, by providing, in partnership with the community, a quality, progressive, educational program in a safe and dynamic, life-long learning environment.

being of society • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family



Highland Local Schools

3880 Ridge Road, Medina, Ohio 44256
Phone: (330) 239-1901 Fax (330) 239-2456

August 17, 2001

To the Citizens and Board of Education of the Highland Local School District:

The Comprehensive Annual Financial Report (CAFR) of the Highland Local School District (the "School District"), for the fiscal year ended June 30, 2001, is hereby submitted. This report, prepared by the Treasurer's Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2000-2001 fiscal year.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with School District's management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District.

This CAFR, which includes an opinion from the Ohio Auditor of State, conforms to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the School District's commitment to provide meaningful information to the citizens of the Highland Local School District.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes a table of contents, this transmittal letter, a list of public officials, the School District's organizational chart and the certificate of achievement.

The Financial Section includes the Report of Independent Accountants, the general purpose financial statements and explanatory notes, and the combining, individual fund financial statements and schedules, which are unaudited.

The Statistical Section, which is unaudited, includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

Copies of this report will be widely distributed throughout the School District. A copy will be sent to all school buildings, Board of Education members, major taxpayers, Hinckley Library, Financial Rating Services, the School District's Financial Advisory Panel, and other interested parties.

DESCRIPTION OF THE SCHOOL DISTRICT

Nestled among the rolling hills and extensive 900-acre park system of Medina County, the Highland Local School District offers its students a progressive, achievement-oriented educational program within a country living atmosphere.

The sprawling 79-square mile School District is located in the eastern portion of Medina County with a small portion located in Summit County. The School District educates students from picturesque Hinckley, Granger, Sharon, Montville, Copley, Medina and Brunswick townships. Interstates 71 and 271 and State Routes 18 and 94 provide easy access to the area. Major hospitals, Cleveland Hopkins Airport, and over ten institutions of higher learning are within a forty-five minute drive. The Schools District's communities are predominantly rural-residential. The socio-economic make-up ranges from middle to upper income.

The Highland Local School District's main townships are rich in history. The lands were part of the Connecticut Western Reserve. Granger and Sharon Townships were laid out in 1816; Hinckley Township was formed in 1819. Each township was quick to recognize the importance of education to its children; the people agreed that the schoolhouse was a "thing of necessity."

Granger became a centralized school district in 1900, meaning that the one-room schoolhouses were abandoned for one central school. Granger continued to have a single township school district until 1950 when Granger and Sharon districts were combined. In 1952, Hinckley was added to create the Highland Local School District.

As of June 30, 2001, the School District had 2,456 public students enrolled in four community schools: Sharon Elementary, Hinckley Elementary, Highland Middle School housing grades 6 through 8, and Highland High School, a comprehensive high school for grades 9 through 12. The School District also operates other facilities including a bus garage, maintenance facility, and several sports fields.

Following a period of decline in the mid 1980's, the enrollment in the School District, as of the June 2001 count, has grown more than 37% since 1990 when enrollment was at 1,846. Sixty-four new major housing developments and several smaller ones are attracting an increasing number of young families with children to the community.

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education (the "Board") of the School District is comprised of five members elected at large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the School District. The Board is responsible for the adoption of the tax budget, the annual operating budget, and approves all expenditures of the School District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Ohio Revised Code. Current members include, Robert Chaffee, President, Robert Senkar, Vice President, Nancy Wingenbach, Robert Kelly and Ruth Abboud. Combined, these individuals have served the Highland Local School District for 28 years. Three terms of the five members Board of Education will expire at the end of 2001. Current members Robert Chaffee, Nancy Wingenbach and Robert Kelly are running uncontested in the November 2001 General Election.

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations within the School District. Dr. Bruce W. Armstrong was appointed Superintendent on August 1, 2000. He was given a three-year contract which ends on July 31, 2003. Dr. Armstrong has a total of twenty-four years' experience in education.

The Treasurer is the chief financial officer of the School District and is responsible directly to the Board for all financial operations, investments, custody of all School District funds and assets, and serves as Secretary to the Board. Mrs. Mary M. Markle was initially appointed Treasurer of the School District on October 1, 1985. Mrs. Markle came into the School District with a total of five years' experience as a school treasurer. Mrs. Markles' current contract will expire on the Organizational Meeting of the Board of Education in January 2004.

All other School District employees are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Easily accessible via interstate highways between the metropolitan areas of Akron and Cleveland, the School District offers a wealth of opportunity for cultural, social and economic resources for its residents. Three major state universities, The University of Akron, Kent State University and Cleveland State University are within reasonable traveling distance from the community.

The Townships within the School District offer an excellent opportunity for business growth. It is a healthy, favorable environment with a low tax base for business establishments.

The School District works cooperatively with the Medina County Economic Development Corporation to recruit new businesses to the area. In the past five years, the School District has realized increased activity in commercial development property value of over 100%. Residential housing continues to increase each year. The following list, provided by the Medina County Auditor's Office, indicates information on the largest tangible, public utility, and real estate taxpayers:

<u>TOP TEN TANGIBLE TAXPAYERS (2000 Collection)</u>	
<u>Name</u>	<u>Valuation</u>
A. Schulman, Inc.	\$1,814,367
Avalon RV Center, Inc.	\$1,133,346
SFS Stadler, Inc.	\$ 804,759
Atlantic Tool & Die Company	\$ 712,219
De Lage Landen Operational Services	\$ 711,685
Rental Service Corp USA, Inc.	\$ 706,125
Partners In Plastic	\$ 693,338
Power Transmission Technology, Inc.	\$ 577,338
Ruhlin Company	\$ 461,872
Inflatable Survival Systems, Inc.	\$ 369,821

PUBLIC UTILITY PERSONAL (2001 Collection)

<u>Name</u>	<u>Valuation</u>
Ohio Edison	\$7,659,680
Columbia Gas of Ohio	\$2,086,620
GTE North, Inc.	\$2,008,740
East Ohio Gas Co.	\$1,202,750
Western Reserve Telephone	\$ 514,920
A T & T Communication of Ohio	\$ 378,280
New Par	\$ 331,370
Ohio Telephone & Telegraph	\$ 286,450
GTE Mobilnet of Ohio	\$ 280,010
A T & T Wireless PCS of Ohio	\$ 200,740

TOP TEN REAL ESTATE TAXPAYERS (2001 Collection)

<u>Name</u>	<u>Valuation</u>
Cornelius Mihalca	\$1,012,000
SFS Stadler, Inc.	\$1,004,350
Nicholas J. & Demetra K. Spiritos	\$ 959,120
Russell Price	\$ 899,630
Petros Family LTD Partners	\$ 797,480
Sharon Club Company	\$ 732,970
Prestige & Premier Companies	\$ 618,890
Plantation Development LTD	\$ 580,850
Ironwood Golf Course	\$ 559,910
Greenhaven Development Co.	\$ 527,390

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Across the School District a number of major accomplishments have taken place at each of the four instructional buildings. The following are examples of those initiatives that directly impact teaching and learning:

STUDENTS - STAFF - DISTRICT

OHIO'S DISTINGUISHED PRINCIPAL

- Hinckley Elementary Principal John Giles was selected by the Ohio Association of Elementary School Administrators as this year's "Ohio Distinguished Principal." Mr. Giles was chosen for this honor over all other Ohio elementary school principals. Criteria for the award included serving five or more years as an elementary principal, maintaining high expectations of students and staff, showing evidence of outstanding contributions to the school and being an established, respected member of the community. Mr. Giles has served the Highland School District for fourteen years. He will represent Ohio at the National Distinguished Principal gala celebration in Washington D.C. in October, 2001.

OUTSTANDING STUDENT AND EDUCATOR AWARDS

- Highland Middle School student Jennifer Brenstuhl and Sharon Elementary student Laura Ramunni received "Outstanding Student" awards in academics from the Mid-Eastern Ohio Special Education Regional Resource Center (MEO-SERRC). Middle School staff member Rosemary Wolcott received an "Outstanding Educator" award. All were honored at a luncheon held in April at Tangier's Restaurant.

COLLEGE CREDIT

- 88% of the Highland High School students who opted to take Advanced Placement tests scored high enough to receive college credit. These tests are the most difficult of the pre-college tests. Success on these tests represents a high level of skill and academic preparation.

MUSIC IN THE SCHOOLS

- Over 40 percent of Highland High School and Middle School students participate in either the choir or band program. Instructed by the talented staff of Christopher and Kate Ilg for choir and Daryl Kubilus, William Turner and Edward Marquette for band, the students are exposed to a variety of music from classical to jazz. Both programs compete in Ohio Music Education Association adjudicated events each year and consistently receive the highest rating possible for their performance. All concerts and performances are currently held in gymnasiums. The new high school includes an 800-seat auditorium which will provide our students and staff the appropriate facility they deserve for their performances.

ACADEMIC COMPETITION TEAM

- During the 2000-2001 academic year, Highland High School's (HHS) academic competition team, Convolutions, again competed in two interscholastic leagues. HHS is the only Medina County school participating in the North East Ohio Academic League and one of 8 schools competing in the Medina County Academian's League. HHS is a charter member of both leagues. The Convolution team also participated in the semi-annual Knowledge Master Open, an international computer-based competition. Led by seniors Holly Harper, Abby Polter, Audrey Schiavo, and Cassie Salabak the team took the NEOAL League Championship from a school district who had five successive wins! The team, which consists of students from grade levels 9-12, is co-advised by English teacher Christine R. Alexander and German teacher Barbara K. Ott. Convolutions is looking forward to another very successful season in 2001-02.

POWER OF THE PEN

- Highland Middle School seventh and eighth grade Power of the Pen teams performed very well at the district and regional tournaments in Medina. The seventh grade team won the first place trophy and the combined Highland Middle School team took a third place overall trophy. Going to compete at the state competition in May at The College of Wooster were Gavin Roy, Kristen Mooney, Stephanie Vest, Tina Erikson and Bret Marie Nolan. Coaches for the writing team are Middle School staff members, Marcy Hughes, Carole Glagola and Cathy Wilhelm.

ENVIROTHON

- Highland High School Envirothon team members tied for 5th place out of the 73 teams which competed in the Soil and Water Conservation district competition. During the competition, they went to five different sights and answered questions about forestry, wildlife and aquatics.

NATIONAL BOARD CERTIFIED TEACHERS

- Five members of the Highland teaching staff have obtained National Board Certification through the National Board for Professional Standards (NBPTS). Elizabeth Gleason, Mary Cassidy, Annette Cross, Judith DeMars and Lora Rumsey have met the rigorous national standards and assessments.

SPORTSMANSHIP

- For the 6th year in a row, Highland High School received the Ohio High School Athletic Association Harold A. Meyer Sportsmanship, Ethics and Integrity Award. This award recognizes schools, students, coaches and communities that have established athletic programs with exemplary policies, philosophies and campaigns promoting sportsmanship, ethics and integrity.

ATHLETIC TEAMS

- Division II state champions for the 4 x 800 relay team were Dave Robertson, Robert Rostocil, Sean Koran and Brandon Stone
- The football team qualified for the first time to the state playoffs
- The boy's cross country team qualified for regionals for the second year in a row.
- The girl's tennis team was league co-champions for the second consecutive year. Pennie Spirtos was the league singles champion and with her sister, Jackie, qualified for the state competition in doubles.
- A wrestling team member Colin Kibler was league champion in the 103 pound weight division. Frank Incorvaia qualified for state competition in the 160 pound weight division.
- Jake Burns was the league singles champion in boys tennis and qualified for state competition.
- The girl's softball team was the district runner-up
- The Middle School wrestling team was undefeated this year with an 18-0 record
- The 7th grade boy's basketball team finished second in the league

HOW DOES YOUR GARDEN GROW

- At Sharon Elementary, a beautiful garden is growing as a result of the generous donations from the community and staff. In the spring of 2000, a fairy garden, complete with miniature plants and landscape details was installed and dedicated. Classes and visitors to the garden have begun to enjoy the covered pavilion with bench seating. Teachers, students, and community members alike look forward to learning in-and-from our garden.

ELEMENTARY STUDENTS BECOME READING MILLIONAIRES

- Sharon Elementary students and staff became millionaires during the 2000-2001 school year. As part of a school-wide initiative to promote reading, students and staff were challenged to read at least a million minutes before the end of the school year. This year's theme was "Hats Around the States." Students earned one hat for every two hundred minutes of reading. A large map of the United States was on display in the hallway and each time students together collected one hundred hats, teachers marked off a state. Not only did the program promote reading but it also hopefully instilled a lifetime habit of reading for enjoyment.

PEER LEADERS

- The Peer Leader program had 35 students from grades 10 – 12 participating during the 2000-2001 school year. After training, they go to the elementary schools once a month to present lessons on topics such as; making good choices, drugs and alcohol, peer pressure and cooperation. This successful program gives the elementary students a beginning sense of high school and gives the high school students an opportunity to provide a service and teach to the youngsters.

PLANT AND EDUCATIONAL SUPPORT

STATE REPORT CARD

- The Ohio Department of Education identified Highland Local Schools as one of only twenty-eight school districts across the state to be operationally effective. That determination was based on the School District's student performance, attendance, graduation and spending patterns. The "effective" status puts the School District's ranking in the top 5% of all Ohio school districts.

TECHNOLOGY

- All buildings are wired, networked and have Internet access. Over the past three years, over 600 new computers have been purchased. Two computer labs are available in both the High School and Middle School buildings. New ATM infrastructure to allow voice, video and data to the classroom was installed and every building has a high-speed fiber optic wan connection.

FISCALLY SOUND

- Despite growing costs of doing business, the controversy over state funding and increasing numbers of unfunded state and federal mandates, Highland Local Schools remain in sound financial condition. This is particularly noteworthy because the School District relies heavily on the residential taxpayer for additional operating revenues.

STRATEGIC PLAN

- The School District developed, in cooperation with, and participation of students, staff and community members, a five-year strategic plan during the 1998-1999 school year. This five-year plan and commitment was implemented immediately and is proving to be a great success. Many valuable strategies and action plans, such as the Financial Advisory Panel and the Educational Foundation listed below, are a direct result of the strategic plan. The School District anticipates completion of the plan in four years, not five.

FINANCIAL ADVISORY PANEL

- A ten-member Financial Advisory Panel was established during the 1999-2000 school year. Two community representatives from four of the townships provide an independent review of the School District's finances, communicate this information with the citizens, and maintain dialogue with the Board of Education on financial issues. Representatives from Granger Township are Roger Feess and Mike Turk; Hinckley Township, Rob Smykal and Diane Dermody; Montville Township, Bob Clarke and John Gresock, and Sharon Township, Paul Kelly and John Leech. John Opperman, Director of Special Education and Mary Markle, Treasurer, serve as District advisors to the Panel.

EDUCATIONAL FOUNDATION

- An anonymous donation of \$30,000 was made to the School District to develop an educational foundation. The services of the McCormick Group and Dr. Glen K. Gerard were used in planning, developing and implementing The Highland Foundation for Educational Excellence, Inc. This non-profit foundation's Statement of Mission is "to acquire and distribute resources to Highland Local Schools to enhance, enrich and supplement learning opportunities for its students, staff and community." During the 2000-2001 school year, the Foundation developed and funded a Community Resource Center, which allowed the community access to, and instruction in, computers. This successful venture between the School District and Foundation will be enhanced in the coming school year. The Foundation also purchased a puppet theatre for Hinckley Elementary, music publishing and "Vernier Lab Project" software for Highland High School along with providing a week-long guest artist visit by Ed Shaughnessy, the best known drummer in Doc Severinsen's "Tonight Show Big Band."

THE CLASS OF 2001

FUTURE PLANS

- Following graduation, 78% of the Class of 2001 enrolled in a four-year college, 10% enrolled in a two-year college, 4% in a trade and technical program, and 8% entered the labor market or military.

VALEDICTORIAN

- One valedictorian with a grade point average of 4.65 led the Class of 2001: Holly Harper

HONORS DIPLOMAS

- Forty-six graduates earned honors diplomas. A student must meet seven of the eight criteria established by the Ohio Department of Education to earn the honors diploma.

HONORS SCORES

- Seventy-six percent of the seniors exceeded the state standard for proficiency and received an honors score on one or more of the twelfth grade proficiency tests. On the overall test, Highland ranked first in Medina County. All students passed the Ninth Grade Proficiency test, which is required for graduation.

EDUCATIONAL EXCELLENCE

- Forty-nine graduating seniors earned the Presidential Award for Educational Excellence given to students who complete the core curriculum, maintain a 3.5 grade point average or better, and score in at least the 85th percentile on a standardized reading or math test.

MERIT AWARDS

- Sixteen percent of the graduating class earned the State Award of Merit. To receive this honor, students must complete the core curriculum, plus have three units of a foreign language, a 3.25 grade point average, an average attendance of 90.8% or better and good character.

SCHOLARSHIP WINNERS

- Forty-nine members of the Class of 2001 shared in \$1,303,954 over a four-year period in college and university scholarships awarded at graduation.

The above initiatives and accomplishments are only a small sample selection of the many fine programs and achievements within the School District. Each building prides itself on the tradition, vision, and excellence that set the tone for every activity within the School District. We are proud of the many outstanding accomplishments of the students, staff, parents, and volunteers in our community.

FINANCIAL INFORMATION

The School District's accounting system is organized on a "fund" basis. Each fund and account group is a distinct, self-balancing accounting entity. Reports for general governmental operations and expendable trust funds are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Reports of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

Internal Controls

The management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal financial assistance, the School District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the School District and certain annual evaluations by the School District's independent auditors.

Budgetary Controls

The School District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Revised Code. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the function and object level of expenditure within an individual fund. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not reappropriated.

General Governmental Functions

The general government funds (all governmental fund types and expendable trust fund) encompass the general, special revenue, debt service, capital projects, and expendable trust funds of the School District.

The following schedule presents a summary of revenues for all governmental funds for fiscal year ended June 30, 2001, and the amount and percentage of increase (decrease in relation to the 2000 fiscal year.

<i>Revenue by Source</i>	<i>2000 Amount</i>	<i>2001 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Percent of Increase (Decrease)</i>
Taxes	\$ 11,223,255	12,354,172	66.16 %	\$ 1,130,917	10.08 %
Tuition and fees	75,626	42,011	0.23 %	(33,615)	(44.45) %
Interest income	492,076	597,311	3.20 %	105,235	21.39 %
Extracurricular	128,882	133,692	0.72 %	4,810	3.73 %
Other local	172,855	90,293	0.48 %	(82,562)	(47.76) %
Intergovernmental	<u>4,666,518</u>	<u>5,454,444</u>	<u>29.21 %</u>	<u>787,926</u>	16.88 %
Total	<u>\$ 16,759,212</u>	<u>\$ 18,671,923</u>	<u>100.00 %</u>	<u>\$ 1,912,711</u>	11.41 %

Tax revenues increased due to the final phase-in of 1.2 mills of a 7.9 mill Incremental Levy included in the tax duplicate. The School District realized a 4.86% increase in the total valuation or a dollar figure of \$21,639,605. As a comparison, annual School District valuation increases have averaged 4.4% in years not related to six-year reappraisal or three-year update.

Tuition and fees income decreased substantially due to the inability of the district to accept students from other districts through open enrollment or parental paid tuition. District facilities are currently being operated at capacity and beyond. The recent passage of a bond issue for a new high school will eliminate this concern in the future.

Interest rates during the year began declining in the second quarter of fiscal year 2001. The School District maximized its investment earnings by purchasing certificates of deposits, US Treasury Bills, Notes and Bonds, certain banker's acceptance notes and commercial paper notes, along with a sweep account and STAR (State Treasury Asset Reserve). Interest earnings for 2000-2001 were \$597,311.

Intergovernmental revenue from state sources increased due to additional state foundation basic aid based on the new formula funding method. Federal sources increased slightly due to increased funding for Title VI-B, Title I, and Title VI.

The following schedule presents a summary of expenditures for all governmental funds for the fiscal year ended June 30, 2001, and the amount and percentage of increase (decrease) in relation to the 2000 fiscal year.

<i>Expenditure by Function</i>	<i>2000 Amount</i>	<i>2001 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Percent of Increase (Decrease)</i>
Instruction	\$ 8,424,704	\$ 8,787,480	55.13 %	\$ 362,776	4.31 %
Pupil Support	632,375	682,467	4.28 %	50,092	7.92 %
Instructional Staff	838,410	904,511	5.68 %	66,101	7.88 %
Board of Education	13,288	17,434	0.11 %	4,146	31.20 %
Administration	1,251,719	1,358,748	8.53 %	107,029	8.55 %
Fiscal	490,630	510,379	3.20 %	19,749	4.03 %
Business	43,599	59,474	0.37 %	15,875	36.41 %
Plant Operations	2,019,991	1,388,114	8.71 %	(631,877)	(31.28) %
Pupil Transportation	1,002,971	1,012,720	6.35 %	9,749	0.97 %
Central	134,764	143,765	0.90 %	9,001	6.68 %
Extracurricular	526,941	539,987	3.39 %	13,016	2.47 %
Capital Outlay	149,955	371,270	2.33 %	221,315	147.59 %
Debt Service	<u>148,895</u>	<u>162,123</u>	<u>1.02 %</u>	<u>13,228</u>	8.88 %
Total	<u>\$ 15,678,242</u>	<u>\$ 15,938,472</u>	<u>100.00 %</u>	<u>\$ 260,230</u>	1.66 %

The largest expenditure component in the governmental funds is the instruction/pupil support account. Over \$.65 of every dollar is spent on activities dealing directly with instruction and support of the students. Salaries of teachers, classroom aides, counselors, textbooks and classroom materials are examples of expenditures in this account. Collective bargaining agreements result in annual increases in salaries and wages that make up the bulk of instruction expenditures.

The administrative function includes activities concerned with establishing and administering policy in connection with the School District. Expenditures in this category, accounting for \$.086 of every dollar spent, include salaries of the board of education, school building and central office administrators, and the necessary materials and equipment to perform those jobs. The Board of Education function expenses increased this year due to membership dues to the Ohio School Board Association almost doubling in cost.

The fiscal and business functions, which account for \$.036 of every dollar spent, include the functions of purchasing, contracts, accounting, budgeting, and payroll. The School District increased its spending for replacement furniture this year by \$18,000.

Plant operations accounted for just over \$.087 of every dollar spent. In addition to the salary and benefit costs of the maintenance and custodial staff, large expenditures for utilities and repair/maintenance projects are incurred on an annual basis. No major repairs or renovations were made this year with the revenues collected in the Permanent Improvement Fund. The cash balance of \$587,505 will be used in anticipation of the upcoming renovation expenses that will occur in conjunction with building a new high school.

Transportation and related functions account for \$.064 of every dollar spent. In addition to salaries and benefits for the supervisor, drivers, and mechanics, this area covers fuel costs, maintenance, repairs, and materials in connection with transportation of 2,133 public and non-public students on a daily basis.

Capital Outlay functions account for \$.023 of every dollar spent. The School District incurred higher costs this year due to preparation work done by architects and engineers in the planning phase of a new high school.

Significant activity in the major funds of each Governmental Fund Type is highlighted below.

General Fund

The School District ended the 2000-2001 fiscal year with a general fund unencumbered cash balance of \$8,260,842, of this balance, \$432,164 is considered to be set aside for the purchase of textbooks and other instructional materials, for capital maintenance and for budget stabilization. With the passage of a 7.9 mill incremental levy in 1996, 1.2 mills of that levy came on the tax duplicate of the School District in 2001.

Special Revenue Funds

The Special Revenue Funds account for revenue derived primarily from grants and entitlements restricted by law to expenditures for specific purposes, or other formal actions to expend for a specific purpose. For the fiscal year ended June 30, 2001, Special Revenue Funds had combined revenues of \$539,670 and expenditures of \$580,506.

Capital Projects Funds

The Capital Projects Funds are used to account for all transactions related to acquiring, constructing or improving capital assets. During the year, \$403,633 was expended for these purposes, including: roof repairs throughout the School District, classroom furniture, electrical and fiber optic upgrade at the high school.

Enterprise Funds

The Enterprise Funds are the Food Service Fund and Uniform School Supplies Fund. These operations are similar to activities found in the private sector and it is the management's desire to track the profit and loss of these functions. All Enterprise operations showed a net income in 2000-2001 of \$13,400.

Internal Service Funds

The two Internal Service Funds accounted for by the School District in 2000-2001 include Rotary and Self-Insurance Funds. During fiscal 2001, all Internal Service Funds, on a combined basis, had a total operating loss of \$269,599.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, other School District organizations, or other funds. The School District maintains an expendable trust and agency funds. On June 30, 2001, assets held in Fiduciary Funds totaled to \$144,224.

General Fixed Assets

The General Fixed Assets of the School District are used to carry on the main educational and support functions of the School District and, as such, are not financial resources available for expenditure. The total General Fixed Assets at June 30, 2001 were \$17,684,980. These assets are accounted for at historical cost. Depreciation is not recognized on General Fixed Assets.

DEBT ADMINISTRATION

The School District had debt outstanding at June 30, 2001 in the amount of \$39,900,000. This bond anticipation note matures on January 24, 2002. The district plans to issue bonds in the fall of 2001. This debt resulted from the passage on May 8, 2001, of a 6.82 mill, \$39,900,000 bond issue for a new high school and renovations to other district buildings.

CASH MANAGEMENT

The School District has approached the cash management program during 2000-2001 with the use of the following investment instruments: non-negotiable certificates of deposit, US Treasury Bills, Notes and Bonds, certain bankers acceptance notes and commercial paper notes, along with a sweep account and STAR (State Treasury Asset Reserve). To maximize earnings, all investments are matched to liabilities. The School District monitors its cash management program and investments on a weekly basis. Total amount of interest earned was \$597,311.

Protection of the School District's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 110% of the total deposits, to secure the repayment of all public monies deposited in a financial institution. A detailed description of the School District's investment functions is described in Note 4 to the financial statements.

RISK MANAGEMENT

As a political subdivision, the School District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, property loss, boiler and machinery coverage, and vehicle fleet liability are purchased from insurance companies licensed to do business in the State of Ohio.

The School District operates and manages its hospital/medical health benefits, dental benefits, prescription drug benefits, and life insurance program for employees on a self-insured basis. This Internal Service Health (self-insurance) Fund was established in conjunction with formalized risk management programs in an effort to minimize risk exposure, control claims and premium costs. A third party administrator, Klais and Company, Inc., processes and initiates payment of claims.

The health benefits liability is limited by reinsurance that caps the individual liability at \$40,000 and an aggregate liability, for all covered employees, of \$1,487,585 for fiscal year 2001. Control of the plan rests solely with the School District. A major advantage of the self-insurance program includes the School District's holding of fund balances as well as savings on administrative costs. The School District's health insurance fund balance on June 30, 2001 was \$1,652,783.

All employees of the School District are covered by worker's compensation. Effective January 1, 1992, the School District joined a group-rating program through the Ohio School Boards Association in an effort to control these costs. The majority of school districts in Ohio are participating members. The program has resulted in group savings of \$12,184,267 during the 2001 calendar year. The School District has realized, on an individual basis, savings of \$33,572 or a 50% premium reduction based on School District cost without pooling, during the 2001 fiscal year.

PENSION PLANS

All School District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system, currently 14 percent.

School District contributions for 2001 were \$1,062,962 as the employer portion to STRS and \$340,886 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$12,400 for fiscal 2001. The surcharge is calculated at 14 percent of the difference between the member's annual compensation and the minimum compensation level. For the 2000-01 fiscal year, a surcharge of \$38,250 was incurred.

OTHER INFORMATION

Independent Audit

Provisions of State statute require the School District's financial statements to be subjected to a biannual examination by The Auditor of State. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996. The Ohio Auditor of State performed the audit for the year ended June 30, 2001. The auditor's unqualified opinion rendered on the School District's general purpose financial statements, and this report on the combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. The School District has submitted this report for consideration to the GFOA. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

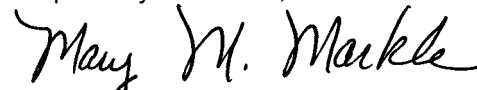
A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

My sincere appreciation and thanks are extended to the many individuals who made the preparation and publication of this Comprehensive Annual Financial Report a reality. This accomplishment would not have been possible without the support and efforts of the staff in the Treasurer's office and many other dedicated employees of the School District

I would also extend my appreciation to the members of the Highland Board of Education for their leadership, commitment to excellence and support. It is with great pride that the Highland Local School District presents the 2001 Comprehensive Annual Financial Report to the citizens and taxpayers of the district.

Respectfully Submitted,

A handwritten signature in black ink that reads "Mary M. Markle". The signature is written in a cursive style with a large, stylized initial "M".

Mary M. Markle
Treasurer

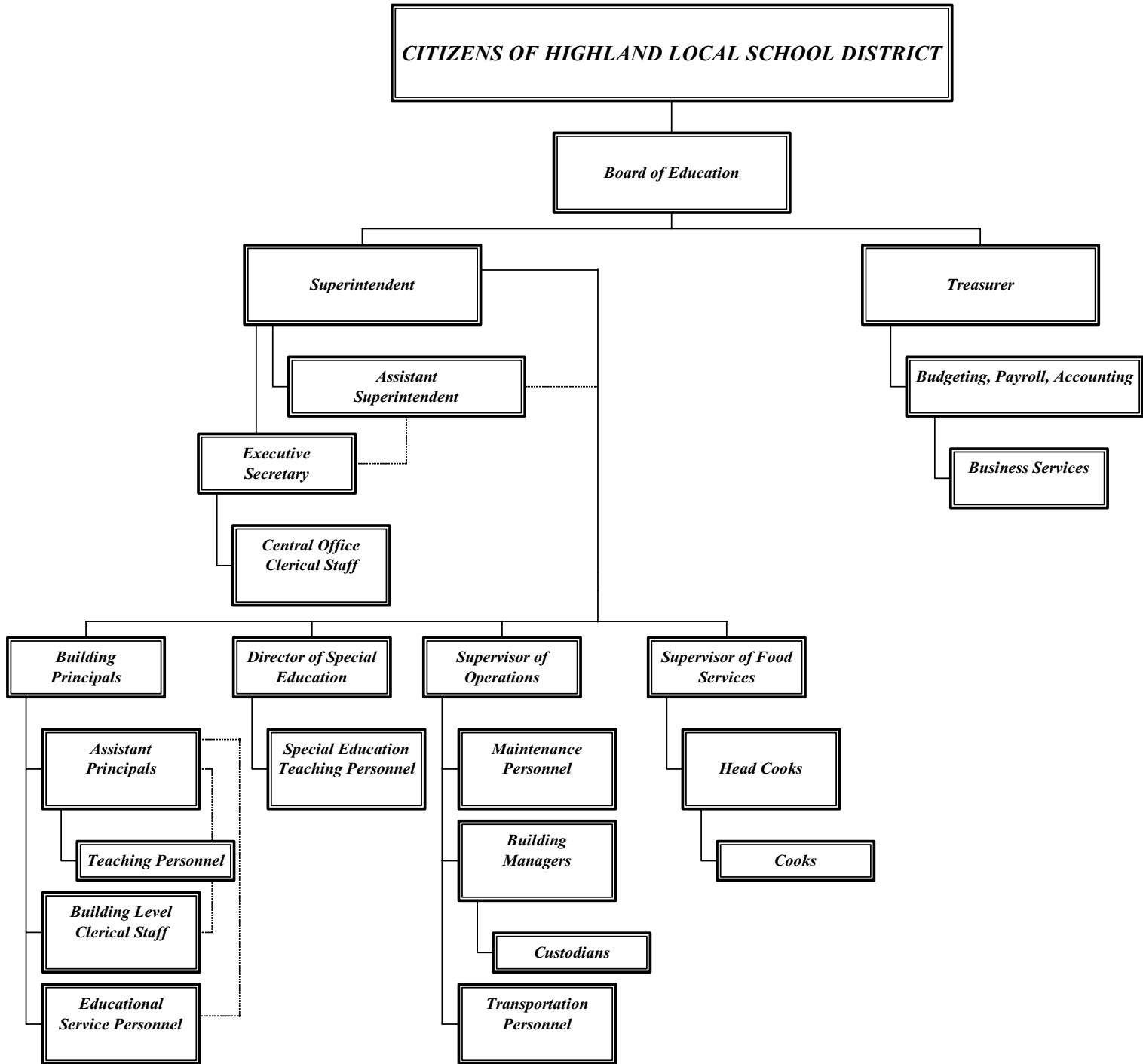
Highland Local School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2001

Board of Education

Robert Chaffee	Board Member, President (Term: 1/1/98-12/31/01)
Robert Senkar	Board Member, Vice-President (Term: 1/1/00-12/31/03)
Robert Kelly	Board Member, (Term: 1/1/98-12/31/01)
Nancy Wingenbach	Board Member (Term: 1/1/98-12/31/01)
Ruth Abboud	Board Member (Term: 1/1/00-12/31/03)

Administration

Dr. Bruce Armstrong	Superintendent
Mary M. Markle	Treasurer
Dr. John Opperman	Director of Special Education
Ann Johnson	Director of Curriculum and Instruction
James Reusch	Supervisor of Operations
Tracy Goebel	Community Information Coordinator
Dr. Bruce Hulme	Highland High School Principal
Peter Ulrich	Highland High School Assistant Principal
Joseph Wise	Highland Middle School Principal
Jeffery Jaroscak	Highland Middle School Assistant Principal
John Giles	Hinckley Elementary School Principal
Constance Marzullo	Sharon Elementary School Principal
Nancy Davis	Food Service Coordinator



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Highland Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Imelda Gruwe
President

Jeffrey L. Esler
Executive Director



The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development • The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process •

FINANCIAL SECTION

Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well*

The Highland Local School District is committed to the highest academic and behavioral expectations. Our mission is to guarantee each learner reaches maximum potential, by providing, in partnership with the community, a quality, progressive, educational program in a safe and dynamic, life-long learning environment.

being of society • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, *ity*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Highland Local School District
Medina County
3880 Ridge Road
Medina, Ohio 44256

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Highland Local School District, Medina County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for additional analysis and are not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly presented in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 17, 2001

General Purpose Financial Statements

Highland Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 8,207,641	\$ 145,353	\$ -	\$ 40,281,642
Equity in pooled cash and cash equivalents-nonexpendable trust	-	-	-	-
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
With fiscal agent	-	-	35,912	-
Receivables:				
Taxes	12,923,301	-	1,315,800	161,635
Accounts	66,769	-	-	-
Intergovernmental	-	-	-	-
Accrued interest	136,112	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Equity in pooled cash and cash equivalents (restricted)	432,164	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 21,765,987</u>	<u>\$ 145,353</u>	<u>\$ 1,351,712</u>	<u>\$ 40,443,277</u>
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 25,384	\$ -	\$ -	\$ -
Accrued wages	1,467,629	20,150	-	-
Compensated absences payable	22,439	-	-	-
Intergovernmental payable	278,458	3,376	-	-
Deferred revenue	12,423,510	-	1,315,800	144,906
Due to students	-	-	-	-
Matured bonds payable	-	-	30,000	-
Matured interest payable	-	-	5,912	-
Notes payable	-	-	-	-
Claims payable	-	-	-	-
Capital lease payable	-	-	-	-
Total liabilities	<u>14,217,420</u>	<u>23,526</u>	<u>1,351,712</u>	<u>144,906</u>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	376,179	16,300	-	4,532,636
Reserved for endowment	-	-	-	-
Reserved for property taxes	563,484	-	-	16,729
Reserved for textbooks/instructional material	62,623	-	-	-
Reserved for capital improvements	140,839	-	-	-
Reserved for budget stabilization	228,702	-	-	-
Unreserved, undesignated	6,176,740	105,527	-	35,749,006
Total fund equity and other credits	<u>7,548,567</u>	<u>121,827</u>	<u>-</u>	<u>40,298,371</u>
Total liabilities, fund equity and other credits	<u>\$ 21,765,987</u>	<u>\$ 145,353</u>	<u>\$ 1,351,712</u>	<u>\$ 40,443,277</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 158,378	\$ 1,582,046	\$ 84,759	\$ -	\$ -	\$ 50,459,819
-	-	59,465	-	-	59,465
-	219,667	-	-	-	219,667
-	-	-	-	-	35,912
-	-	-	-	-	14,400,736
-	-	-	-	-	66,769
6,787	-	-	-	-	6,787
-	-	-	-	-	136,112
16,415	-	-	-	-	16,415
800	-	-	-	-	800
-	-	-	-	-	432,164
79,119	-	-	17,684,980	-	17,764,099
-	-	-	-	40,727,237	40,727,237
<u>\$ 261,499</u>	<u>\$ 1,801,713</u>	<u>\$ 144,224</u>	<u>\$ 17,684,980</u>	<u>\$ 40,727,237</u>	<u>\$ 124,325,982</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,384
37,103	-	-	-	-	1,524,882
19,275	-	-	-	625,818	667,532
24,468	-	-	-	132,334	438,636
11,619	-	-	-	-	13,895,835
-	-	64,148	-	-	64,148
-	-	-	-	-	30,000
-	-	-	-	-	5,912
-	-	-	-	39,900,000	39,900,000
-	142,843	-	-	-	142,843
-	-	-	-	69,085	69,085
<u>92,465</u>	<u>142,843</u>	<u>64,148</u>	<u>-</u>	<u>40,727,237</u>	<u>56,764,257</u>
-	-	-	17,684,980	-	17,684,980
14,022	-	-	-	-	14,022
155,012	1,658,870	-	-	-	1,813,882
-	-	-	-	-	4,925,115
-	-	56,464	-	-	56,464
-	-	-	-	-	580,213
-	-	-	-	-	62,623
-	-	-	-	-	140,839
-	-	-	-	-	228,702
-	-	23,612	-	-	42,054,885
<u>169,034</u>	<u>1,658,870</u>	<u>80,076</u>	<u>17,684,980</u>	<u>-</u>	<u>67,561,725</u>
<u>\$ 261,499</u>	<u>\$ 1,801,713</u>	<u>\$ 144,224</u>	<u>\$ 17,684,980</u>	<u>\$ 40,727,237</u>	<u>\$ 124,325,982</u>

Highland Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Property and other local taxes	\$ 12,014,919	\$ -	\$ -	\$ 339,253
Intergovernmental	5,001,508	374,072	-	78,864
Interest	583,117	-	-	13,127
Tuition and fees	20,585	21,426	-	-
Extracurricular activities	-	133,692	-	-
Gifts and donations	12,857	10,455	-	-
Miscellaneous	62,036	25	-	1,920
Total revenues	17,695,022	539,670	-	433,164
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,714,843	144,644	-	41,168
Special	1,578,616	84,017	-	-
Vocational	187,423	-	-	-
Other	36,769	-	-	-
Support services:				
Pupils	676,812	5,655	-	-
Instructional staff	827,821	76,690	-	-
Board of education	17,434	-	-	-
Administration	1,264,275	93,923	-	550
Fiscal	505,495	-	-	4,884
Business	59,474	-	-	-
Operation and maintenance of plant	1,289,556	-	-	98,558
Pupil transportation	1,011,973	747	-	-
Central	130,980	12,785	-	-
Extracurricular activities	377,942	162,045	-	-
Capital outlay	112,797	-	-	258,473
Debt service:				
Principal retirement	22,721	-	130,000	-
Interest and fiscal charges	5,827	-	3,575	-
Total expenditures	14,820,758	580,506	133,575	403,633
Excess of revenues over (under) expenditures	2,874,264	(40,836)	(133,575)	29,531
<u>Other financing sources:</u>				
Proceeds of notes	-	-	-	39,900,000
Proceeds from sale of fixed assets	7,142	-	-	-
Inception of capital lease	91,806	-	-	-
Total other financing sources	98,948	-	-	39,900,000
Excess of revenues and other financing sources over (under) expenditures	2,973,212	(40,836)	(133,575)	39,929,531
Fund balances at beginning of year	4,575,355	162,663	133,575	368,840
Fund balances at end of year	\$ 7,548,567	\$ 121,827	\$ -	\$ 40,298,371

See accompanying notes to the general purpose financial statements.

Fiduciary Fund	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 12,354,172
-	5,454,444
1,067	597,311
-	42,011
-	133,692
3,000	26,312
-	63,981
4,067	18,671,923
-	6,900,655
-	1,662,633
-	187,423
-	36,769
-	682,467
-	904,511
-	17,434
-	1,358,748
-	510,379
-	59,474
-	1,388,114
-	1,012,720
-	143,765
-	539,987
-	371,270
-	152,721
-	9,402
-	15,938,472
4,067	2,733,451
-	39,900,000
-	7,142
-	91,806
-	39,998,948
4,067	42,732,399
16,544	5,256,977
\$ 20,611	\$ 47,989,376

Highland Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types		
	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Taxes	\$ 12,016,153	\$ 12,012,932	\$ (3,221)
Intergovernmental	5,007,813	5,011,552	3,739
Interest	480,000	600,532	120,532
Tuition and fees	51,941	22,360	(29,581)
Extracurricular activities	-	-	-
Gifts and donations	1,500	12,857	11,357
Miscellaneous	25,978	50,079	24,101
Total revenues	<u>17,583,385</u>	<u>17,710,312</u>	<u>126,927</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,761,586	6,663,425	98,161
Special	1,624,456	1,572,229	52,227
Vocational	197,325	186,809	10,516
Other	54,500	36,769	17,731
Support services:			
Pupils	686,111	683,088	3,023
Instructional staff	1,231,496	988,171	243,325
Board of education	21,120	17,434	3,686
Administration	1,266,240	1,259,770	6,470
Fiscal	513,362	504,283	9,079
Business	97,513	60,900	36,613
Operation and maintenance of plant	1,463,106	1,407,653	55,453
Pupil transportation	1,020,735	1,011,411	9,324
Central	191,124	130,699	60,425
Operation of non-instructional services	-	-	-
Extracurricular activities	386,620	379,648	6,972
Capital outlay	235,166	139,432	95,734
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>15,750,460</u>	<u>15,041,721</u>	<u>708,739</u>
Excess of revenues over (under) expenditures	<u>1,832,925</u>	<u>2,668,591</u>	<u>835,666</u>
<u>Other financing sources (uses):</u>			
Proceeds of notes	-	-	-
Proceeds from sale of fixed assets	6,750	7,142	392
Refund of prior year expenditures	-	11,957	11,957
Refund of prior year receipts	(82)	-	82
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>6,668</u>	<u>19,099</u>	<u>12,431</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,839,593	2,687,690	848,097
Fund balances at beginning of year	5,418,094	5,418,094	-
Prior year encumbrances appropriated	155,058	155,058	-
Fund balances at end of year	<u>\$ 7,412,745</u>	<u>\$ 8,260,842</u>	<u>\$ 848,097</u>

See accompanying notes to the general purpose financial statements.

Governmental Fund Types

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
374,072	374,072	-	-	-	-
-	-	-	-	-	-
21,039	21,301	262	-	-	-
132,090	133,692	1,602	-	-	-
10,900	10,455	(445)	-	-	-
-	25	25	-	-	-
<u>538,101</u>	<u>539,545</u>	<u>1,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
154,284	145,990	8,294	-	-	-
115,138	88,720	26,418	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,655	5,655	-	-	-	-
94,003	74,429	19,574	-	-	-
-	-	-	-	-	-
103,142	92,220	10,922	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	-	2,000	-	-	-
747	747	-	-	-	-
31,501	21,669	9,832	-	-	-
1,000	-	1,000	-	-	-
183,240	165,881	17,359	-	-	-
-	-	-	-	-	-
-	-	-	130,000	130,000	-
-	-	-	3,575	3,575	-
<u>690,710</u>	<u>595,311</u>	<u>95,399</u>	<u>133,575</u>	<u>133,575</u>	<u>-</u>
<u>(152,609)</u>	<u>(55,766)</u>	<u>96,843</u>	<u>(133,575)</u>	<u>(133,575)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	125	125	-	-	-
(2,510)	(2,510)	-	-	-	-
5,160	5,431	271	-	-	-
(932)	(5,431)	(4,499)	-	-	-
<u>1,718</u>	<u>(2,385)</u>	<u>(4,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(150,891)	(58,151)	92,740	(133,575)	(133,575)	-
140,315	140,315	-	133,575	133,575	-
46,887	46,887	-	-	-	-
<u>\$ 36,311</u>	<u>\$ 129,051</u>	<u>\$ 92,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Highland Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund (Continued)
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types		
	Revised Budget	Capital Projects Funds	
		Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 337,669	\$ 339,986	\$ 2,317
Intergovernmental	77,031	78,864	1,833
Interest	13,000	13,127	127
Tuition and fees	-	-	-
Extracurricular activities	-	-	-
Gifts and donations	-	-	-
Miscellaneous	2,000	1,920	(80)
Total revenues	<u>429,700</u>	<u>433,897</u>	<u>4,197</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	41,785	41,168	617
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support services:			
Pupils	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	551	550	1
Fiscal	4,885	4,884	1
Business	-	-	-
Operation and maintenance of plant	213,532	98,558	114,974
Pupil transportation	-	-	-
Central	34,000	34,000	-
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Capital outlay	4,850,000	4,757,109	92,891
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>5,144,753</u>	<u>4,936,269</u>	<u>208,484</u>
Excess of revenues over (under) expenditures	<u>(4,715,053)</u>	<u>(4,502,372)</u>	<u>212,681</u>
<u>Other financing sources (uses):</u>			
Proceeds of notes	39,900,000	39,900,000	-
Proceeds from sale of fixed assets	-	-	-
Refund of prior year expenditures	-	-	-
Refund of prior year receipts	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>39,900,000</u>	<u>39,900,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	35,184,947	35,397,628	212,681
Fund balances at beginning of year	328,978	328,978	-
Prior year encumbrances appropriated	22,399	22,399	-
Fund balances at end of year	<u>\$ 35,536,324</u>	<u>\$ 35,749,005</u>	<u>\$ 212,681</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust Fund					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 12,353,822	\$ 12,352,918	\$ (904)
-	-	-	5,458,916	5,464,488	5,572
700	1,067	367	493,700	614,726	121,026
-	-	-	72,980	43,661	(29,319)
-	-	-	132,090	133,692	1,602
3,000	3,000	-	15,400	26,312	10,912
-	-	-	27,978	52,024	24,046
<u>3,700</u>	<u>4,067</u>	<u>367</u>	<u>18,554,886</u>	<u>18,687,821</u>	<u>132,935</u>
-	-	-	6,957,655	6,850,583	107,072
-	-	-	1,739,594	1,660,949	78,645
-	-	-	197,325	186,809	10,516
-	-	-	54,500	36,769	17,731
-	-	-	691,766	688,743	3,023
-	-	-	1,325,499	1,062,600	262,899
-	-	-	21,120	17,434	3,686
-	-	-	1,369,933	1,352,540	17,393
-	-	-	518,247	509,167	9,080
-	-	-	97,513	60,900	36,613
-	-	-	1,678,638	1,506,211	172,427
-	-	-	1,021,482	1,012,158	9,324
-	-	-	256,625	186,368	70,257
-	-	-	1,000	-	1,000
3,090	-	3,090	572,950	545,529	27,421
-	-	-	5,085,166	4,896,541	188,625
-	-	-	130,000	130,000	-
-	-	-	3,575	3,575	-
<u>3,090</u>	<u>-</u>	<u>3,090</u>	<u>21,722,588</u>	<u>20,706,876</u>	<u>1,015,712</u>
<u>610</u>	<u>4,067</u>	<u>3,457</u>	<u>(3,167,702)</u>	<u>(2,019,055)</u>	<u>1,148,647</u>
-	-	-	39,900,000	39,900,000	-
-	-	-	6,750	7,142	392
-	-	-	-	12,082	12,082
-	-	-	(2,592)	(2,510)	82
-	-	-	5,160	5,431	271
-	-	-	(932)	(5,431)	(4,499)
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,908,386</u>	<u>39,916,714</u>	<u>8,328</u>
610	4,067	3,457	36,740,684	37,897,659	1,156,975
16,543	16,543	-	6,037,505	6,037,505	-
-	-	-	224,344	224,344	-
<u>\$ 17,153</u>	<u>\$ 20,610</u>	<u>\$ 3,457</u>	<u>\$ 43,002,533</u>	<u>\$ 44,159,508</u>	<u>\$ 1,156,975</u>

Highland Local School District
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Operating revenues:</u>				
Tuition	\$ 61,834	\$ -	\$ -	\$ 61,834
Sales	601,485	-	-	601,485
Charges for services	-	1,391,935	-	1,391,935
Interest	-	-	3,935	3,935
Other operating revenues	153	46,426	-	46,579
Total operating revenue	<u>663,472</u>	<u>1,438,361</u>	<u>3,935</u>	<u>2,105,768</u>
<u>Operating expenses:</u>				
Salaries	274,569	-	-	274,569
Fringe benefits	96,828	-	-	96,828
Purchased services	6,780	226,098	-	232,878
Materials and supplies	89,646	51,017	-	140,663
Cost of sales	265,615	-	-	265,615
Depreciation	8,793	-	-	8,793
Claims	-	1,476,336	-	1,476,336
Other operating expenses	-	-	2,600	2,600
Total operating expenses	<u>742,231</u>	<u>1,753,451</u>	<u>2,600</u>	<u>2,498,282</u>
Operating income (loss)	<u>(78,759)</u>	<u>(315,090)</u>	<u>1,335</u>	<u>(392,514)</u>
<u>Non-operating revenues:</u>				
Federal donated commodities	33,722	-	-	33,722
Operating grants	54,727	-	-	54,727
Interest	3,710	45,491	-	49,201
Total non-operating revenues	<u>92,159</u>	<u>45,491</u>	<u>-</u>	<u>137,650</u>
Net income (loss)	13,400	(269,599)	1,335	(254,864)
Retained earnings/fund balance at beginning of year	141,612	1,928,469	58,130	2,128,211
Retained earnings/fund balance at end of year	<u>\$ 155,012</u>	<u>\$ 1,658,870</u>	<u>\$ 59,465</u>	<u>\$ 1,873,347</u>

See accompanying notes to the general purpose financial statements.

Highland Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 663,319	\$ -	\$ -	\$ 663,319
Cash received from other operating sources	153	65,157	-	65,310
Cash received from quasi-external transactions with other funds	-	1,391,935	-	1,391,935
Cash payments to suppliers for goods and services	(325,929)	(277,194)	-	(603,123)
Cash payments to employees for services	(269,638)	-	-	(269,638)
Cash payments for employee benefits	(95,018)	-	-	(95,018)
Cash payments for claims	-	(1,443,089)	-	(1,443,089)
Cash payments for other operating expenses	-	-	(2,600)	(2,600)
Net cash used for operating activities	<u>(27,113)</u>	<u>(263,191)</u>	<u>(2,600)</u>	<u>(292,904)</u>
<u>Cash flows from noncapital financing activities:</u>				
Operating grants	47,940	-	-	47,940
Net cash provided by noncapital financing activities	<u>47,940</u>	<u>-</u>	<u>-</u>	<u>47,940</u>
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(2,266)	-	-	(2,266)
Net cash used for capital financing activities	<u>(2,266)</u>	<u>-</u>	<u>-</u>	<u>(2,266)</u>
<u>Cash flows from investing activities:</u>				
Interest on investments	3,710	45,491	3,935	53,136
Net cash provided by investing financing	<u>3,710</u>	<u>45,491</u>	<u>3,935</u>	<u>53,136</u>
Net increase (decrease) in cash and cash equivalents	22,271	(217,700)	1,335	(194,094)
Cash and cash equivalents at beginning of year	136,107	2,019,413	58,130	2,213,650
Cash and cash equivalents at end of year	<u>\$ 158,378</u>	<u>\$ 1,801,713</u>	<u>\$ 59,465</u>	<u>\$ 2,019,556</u>
<u>Reconciliation of operating income (loss) to net cash used for operating activities:</u>				
Operating income (loss)	<u>\$ (78,759)</u>	<u>\$ (315,090)</u>	<u>\$ 1,335</u>	<u>\$ (392,514)</u>
Adjustments to reconcile operating income (loss) to net cash used for operating activities:				
Depreciation	8,793	-	-	8,793
Federal donated commodities	33,722	-	-	33,722
Interest reported as operating income	-	-	(3,935)	(3,935)
Change in assets and liabilities:				
(Increase) decrease in assets:				
Inventory	1,407	-	-	1,407
Accounts receivable	-	18,731	-	18,731
Increase (decrease) in liabilities:				
Accounts payable	-	(79)	-	(79)
Accrued wages	515	-	-	515
Compensated absences payable	4,416	-	-	4,416
Intergovernmental payable	1,810	-	-	1,810
Claims payable	-	33,247	-	33,247
Deferred revenue	983	-	-	983
Total adjustments	<u>51,646</u>	<u>51,899</u>	<u>(3,935)</u>	<u>99,610</u>
Net cash used for operating activities	<u>\$ (27,113)</u>	<u>\$ (263,191)</u>	<u>\$ (2,600)</u>	<u>\$ (292,904)</u>

See accompanying notes to the general purpose financial statements.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Highland Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Highland Local School District was established in 1952 through the consolidation of the former Granger-Sharon and Hinckley Local School Districts. The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 108 non-certificated and 174 certificated full-time teaching personnel, including nine administrators, who provide services to 2,520 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. For this fiscal year, the School District has implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions". The School District's significant accounting policies are described below:

A. Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Highland Local School District, this includes general operations, food service, preschool 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 their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2001.

The School District is associated with the Lake Erie Educational Computer Association (LEECA) which is defined as a jointly governed organization. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding LEECA is presented in Note 13.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

B. 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 regulations, 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 expendable available financial 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 – The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt 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).

HIGHLAND LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

For the Fiscal Year Ended June 30, 2001

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 Funds - Enterprise funds are used to account for operations 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 Funds - These funds account 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. These include expendable trust, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, 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.

C. 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.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

All proprietary and nonexpendable trust 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 and nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, 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 year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and student fees.

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, 2001 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 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 and nonexpendable trust funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

D. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in and advances out are not required to be budgeted since they represent temporary cash flow resources and are intended to be repaid.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Medina 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 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's Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

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

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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, several 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.

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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at 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 enterprise funds.

Lapsing of Appropriations:

At the close of each 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.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented on the General Purpose Financial Statements in the account, "Equity in pooled cash and cash equivalents". During fiscal year 2001, investments were limited to overnight repurchase agreements, certificates of deposit, commercial paper, notes of federal government agencies, and Star Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the School Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 4.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account's balance is presented in the account "Cash and cash equivalents with fiscal agent". Also, the School District maintains two segregated accounts for the Self Insurance Internal Service Fund, which is presented in the account "Cash and cash equivalents in segregated accounts".

HIGHLAND LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

For the Fiscal Year Ended June 30, 2001

The District has invested funds in STAR Ohio during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. 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. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. The amount of inventory in governmental funds was not significant on June 30, 2001, and therefore was not recorded. Inventories of proprietary funds consist of donated food, purchased food, and supplies held for resale and are expensed when used.

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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and 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 \$500.

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 equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets may include unexpected revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. See Note 16 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and all other grant requirements have been met. 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 became measurable.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Data Communications
Drug Free School Grant
EHA Preschool Grant for Handicapped
Entry Year Programs
Eisenhower Professional Development Program
Management Information System
Ohio Reads
SchoolNet Professional Development
Summer Intervention
Teacher Development
Textbook/Instructional Materials Subsidy
Title I
Title VI
Title VI-B

Capital Projects Funds

SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

Food Distribution Program
National School Lunch Program

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Grants and entitlements amounted to approximately twenty-six percent of the School District's revenue during the 2001 fiscal year.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

K. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits 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 resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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. All other interfund transfers are reported as operating transfers.

M. 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.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget reserve, textbook/instructional materials purchases, capital improvement expenditures, endowments, and property taxes.

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. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

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 general purpose financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. There were no changes in contributed capital during the year.

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.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/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 - All Governmental Fund Types and Expendable Trust Fund is 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

<i>Excess of Revenues and Other Financing Sources Over (Under)</i>			
<i>Expenditures and Other Financing Uses</i>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<i>GAAP Basis</i>	\$ 2,973,212	\$ (40,836)	\$ 39,929,531
<i>Revenue Accruals</i>	(64,559)	5,430	733
<i>Expenditure Accruals</i>	158,227	(6,445)	-
<i>Encumbrances (Budget Basis)</i>			
<i>Outstanding at year end</i>	<u>(379,190)</u>	<u>(16,300)</u>	<u>(4,532,636)</u>
<i>Budget Basis</i>	<u>\$ 2,687,690</u>	<u>\$ (58,151)</u>	<u>\$ 35,397,628</u>

NOTE 4 - 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim moneys may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury Bills, Notes, Bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above 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); and
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time and not to exceed 180 days.
8. Under limited circumstances corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

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

Deposits:

At fiscal year-end, the carrying amount of the School District's deposits was \$2,813,666 and the bank balance was \$3,334,626. The School District had \$5,270 in petty cash at June 30, 2001. \$300,000 of the bank balance was covered by federal depository insurance. \$3,034,626 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments:

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of custodial risk. 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 for which the securities are held by the counterparty'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 counterparty, or by its trust department or agent but not in the School District's name.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
<i>Repurchase Agreements</i>	\$ 3,065,000	\$ 3,065,000
<i>Total Categorized</i>	<u>\$ 3,065,000</u>	<u>3,065,000</u>
 <u>Noncategorized Investments</u>		
<i>STAR Ohio</i>		<u>45,323,091</u>
<i>Total Investments</i>		<u>\$ 48,388,091</u>

The School District’s investment in STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

Interest earned on investments in the Permanent Improvement capital projects fund, the Food Service enterprise fund, the Special Trust expendable trust fund, the Endowment nonexpendable trust fund, and the Self Insurance internal service fund are recorded in those funds as required by a board resolution. All other interest is legally required to be placed in the general fund. Interest revenue credited to the general fund, the Endowment nonexpendable trust fund and Special Trust expendable trust fund during the fiscal year 2001 amounted to \$583,117, \$3,935, and \$1,067, respectively. The general fund includes interest of \$71,211 assigned from other School District funds.

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. Real property tax collections by the County are remitted to the School District a year after they are assessed by the County. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. 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 earlier or later payment dates to be established.

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.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The School District receives property taxes from Medina and Summit Counties. 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, 2001 are available as an advance to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. 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 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 was \$563,484 in the general fund and \$16,729 in the Permanent Improvement capital projects fund, and is recognized as revenue.

During the year the voters of the School District approved a new levy. The proceeds of the levy will be used for payment of debt and interest on School Improvement notes and bonds. The assessed values upon which the fiscal year 2001 taxes were collected are:

<u>Property Category</u>	<u>2000 Assessed Value</u>	<u>1999 Assessed Value</u>
<u>Real Property</u>		
Residential and Agricultural	\$ 328,484,360	\$ 314,120,930
Commercial and Industrial	21,801,700	19,756,510
Public Utilities	6,990	9,850
<u>Tangible Personal Property</u>		
General	19,629,432	14,886,057
Public Utilities	15,936,500	15,446,030
Total	<u>\$ 385,858,982</u>	<u>\$ 364,219,377</u>

NOTE 6 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts, accrued interest and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The general fund receivables at June 30, 2001 consisted of excess cost reimbursements of \$63,693.

NOTE 7 - FIXED ASSETS

A summary of the enterprise fund's fixed assets as of June 30, 2001 follows:

<u>Classification</u>	<u>Balance</u>
Equipment	\$ 255,205
Less: accumulated depreciation	<u>(176,086)</u>
Net Fixed Assets	<u>\$ 79,119</u>

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	<i>Balance</i>				<i>Balance</i>
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>		<u>June 30</u>
<i>Land</i>	\$ 4,879,705	\$ -	\$ -		\$ 4,879,705
<i>Buildings and improvements</i>	6,027,306	402,421	-		6,429,727
<i>Intrastructure</i>	79,400	-	-		79,400
<i>Furniture, fixtures, and equipment</i>	4,180,061	187,684	116,787		4,250,958
<i>Vehicles</i>	2,007,360	130,710	92,880		2,045,190
<i>Total</i>	<u>\$ 17,173,832</u>	<u>\$ 720,815</u>	<u>\$ 209,667</u>		<u>\$ 17,684,980</u>

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

The School District uses an Internal Service Fund to record and report its self-funded health care insurance program. The claims liability of \$142,843 reported in the fund at June 30, 2001, was estimated by the third party administrator and is based on the requirements of GASB Statement 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$40,000 per employee. Changes in the fund's claims liability during 2000 and 2001 were:

	<i>Balance at</i>				<i>Balance at</i>
	<u>beginning of year</u>	<u>Current year claims</u>	<u>Claim payments</u>		<u>end of year</u>
2000	\$ 99,069	\$ 1,117,733	\$ 1,107,206		\$ 109,596
2001	\$ 109,596	\$ 1,476,336	\$ 1,443,089		\$ 142,843

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 9 - 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 state statute per 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 North Fourth Street, Columbus, Ohio 43215-3634.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Plan members are required to contribute nine percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$340,886, \$286,274, and \$279,253, respectively; forty percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$207,714 representing the unpaid contribution for fiscal year 2001, 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 defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent for members and fourteen percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,062,961, \$1,018,272, and \$961,720, respectively; eighty-three percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$181,100 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently fourteen percent of covered payroll. The retirement board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$607,406 during the 2001 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3,419 million at June 30, 2000 (latest information available). For the year ended June 30, 2000, the net health care costs paid by the STRS were \$283,137,000 and eligible benefit recipients totaled 99,011.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of seventy-five percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to fourteen percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the fourteen percent contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$153,399, which includes a surcharge of \$38,250 during the 2001 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (latest information available) were \$140,696,340 and the target level was \$211 million. At June 30, 2000, the SERS's net assets available for payment of health care benefits was \$252.3 million. The number of participants receiving health care benefits was approximately 50,000.

NOTE 11 - LONG-TERM DEBT

Changes in long-term obligations of the School District during the 2001 fiscal year were as follows:

	<i>Balance</i> <u>July 1</u>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <u>June 30</u>
<i>General Long-Term Obligations</i>				
<i>School Improvement Bonds, 5.5% maturing December 1, 2000</i>	\$ 130,000	\$ -	\$ (130,000)	\$ -
<i>Bond Anticipation Note, 3.12% maturing January 24, 2002</i>	-	39,900,000	-	39,900,000
<i>Other Obligations</i>				
<i>Compensated absences</i>	588,689	37,129	-	625,818
<i>Capital leases payable</i>	-	91,806	(22,721)	69,085
<i>Employer pension obligations</i>	<u>116,292</u>	<u>132,334</u>	<u>(116,292)</u>	<u>132,334</u>
<i>Total General Long-Term Obligations</i>	<u>\$ 834,981</u>	<u>\$ 40,161,269</u>	<u>\$ (269,013)</u>	<u>\$ 40,727,237</u>

The annual requirements to amortize all loans and notes outstanding as of June 30, 2001, including interest payments of \$712,348, are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Bond Anticipation</u> <u>Notes</u>
2002	<u>40,612,348</u>
<i>Total</i>	<u>\$ 40,612,348</u>

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The Bond Anticipation Note will be paid from the Bond Retirement Debt Service Fund. The Bond Anticipation Note was issued in anticipation of the issuance of bonds for the constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and their sites. The School District has an agreement in place and is preparing to issue bonds. The bonds and interest are to be repaid from the proceeds of property taxes collected from a levy that was approved by the taxpayers. Compensated absences and employer pension due to the School Employees and State Teachers Retirement Systems will be paid from the fund from which the person is paid.

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The School District entered into a new capital lease during fiscal year 2001 for the acquisition of copiers. The terms of the agreement provide options to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13", Accounting for Leases," which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group at \$105,408 equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

	<i>Lease Payments</i>
2002	\$ 26,352
2003	26,352
2004	<u>24,156</u>
<i>Total minimum lease payments</i>	76,860
<i>Less: amount representing interest</i>	<u>(7,775)</u>
<i>Total</i>	<u><u>\$ 69,085</u></u>

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Lorain County Board of Education which serves as fiscal agent. During fiscal year 2001, the School District contributed \$16,370 to LEECA.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and latchkey program. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

<u>Description</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey</u>	<u>Total</u>
<i>Operating revenues</i>	\$ 548,532	\$ 52,953	\$ 61,987	\$ 663,472
<i>Operating expenses before depreciation</i>	626,793	57,447	49,198	733,438
<i>Depreciation expense</i>	8,423	-	370	8,793
<i>Operating income (loss)</i>	(86,684)	(4,494)	12,419	(78,759)
<i>Operating grants</i>	54,727	-	-	54,727
<i>Donated commodities</i>	33,722	-	-	33,722
<i>Net income (loss)</i>	5,475	(4,494)	12,419	13,400
<i>Fixed asset additions</i>	2,266	-	-	2,266
<i>Net working capital</i>	45,366	8,086	55,738	109,190
<i>Total assets</i>	194,887	8,086	58,526	261,499
<i>Compensated absences payable</i>	19,275	-	-	19,275
<i>Total equity</i>	102,422	8,086	58,526	169,034
<i>Encumbrances outstanding (budget basis) at June 30, 2001</i>	\$ -	\$ -	\$ -	\$ -

NOTE 15 - 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, 2001.

B. Litigation:

The School District is party to legal proceedings. However, the School District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

C. 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 Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 2001, the School District received \$3,438,751 of school foundation support for its general fund.

Since the Supreme Court ruling, the State General Assembly has passed numerous pieces of legislation in an attempt to address the issues identified by the Court. The Court of common Pleas in Perry County has 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. 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 will continue the case.

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

NOTE 16 – STATUTORY RESERVES

The School District is required by State statute to annually set aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Although no longer required by state statute, a budget stabilization reserve may still be set aside at the discretion of the School District.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

During the fiscal year ended June 30, 2001 the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Budget Stabilization Reserve</i>	<i>Total</i>
<i>Set-aside Cash Balance as of June 30, 2000</i>	\$ (91,334)	\$ -	\$ 226,986	\$ 135,652
<i>Current Year Set-aside Requirement</i>	423,945	423,945	1,716	849,606
<i>Current Year Offset</i>	-	-	-	-
<i>Qualifying Disbursements</i>	<u>(269,988)</u>	<u>(283,106)</u>	<u>-</u>	<u>(553,094)</u>
<i>Total</i>	<u>\$ 62,623</u>	<u>\$ 140,839</u>	<u>\$ 228,702</u>	<u>\$ 432,164</u>
<i>Balance Carried Forward to FY 2002</i>	<u>\$ 62,623</u>	<u>\$ 140,839</u>	<u>\$ 228,702</u>	<u>\$ 432,164</u>
 <i>Restricted Cash</i>	 <u>\$ 62,623</u>	 <u>\$ 140,839</u>	 <u>\$ 228,702</u>	 <u>\$ 432,164</u>

**Combining, Individual Fund and
Account Group
Financial Statements and Schedules**

GENERAL FUND

The General Fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration.

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 12,016,153	\$ 12,012,932	\$ (3,221)
Intergovernmental	5,007,813	5,011,552	3,739
Interest	480,000	600,532	120,532
Tuition and fees	51,941	22,360	(29,581)
Gifts and donations	1,500	12,857	11,357
Miscellaneous	25,978	50,079	24,101
Total revenues	<u>17,583,385</u>	<u>17,710,312</u>	<u>126,927</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	4,977,068	4,948,257	28,811
Fringe benefits	1,431,906	1,431,838	68
Purchased services	55,051	24,941	30,110
Materials and supplies	198,477	176,494	21,983
Capital outlay - new	37,736	27,078	10,658
Capital outlay - replacement	61,348	54,817	6,531
Total regular	<u>6,761,586</u>	<u>6,663,425</u>	<u>98,161</u>
Special:			
Salaries and wages	1,128,167	1,127,855	312
Fringe benefits	311,063	310,288	775
Purchased services	154,386	106,193	48,193
Materials and supplies	29,140	27,703	1,437
Capital outlay - new	1,700	190	1,510
Total special	<u>1,624,456</u>	<u>1,572,229</u>	<u>52,227</u>
Vocational:			
Salaries and wages	142,500	133,301	9,199
Fringe benefits	43,913	43,897	16
Purchased services	912	880	32
Materials and supplies	10,000	8,731	1,269
Total vocational	<u>197,325</u>	<u>186,809</u>	<u>10,516</u>
Other:			
Purchased services	54,500	36,769	17,731
Total instruction	<u>8,637,867</u>	<u>8,459,232</u>	<u>178,635</u>
Support services:			
Pupils:			
Salaries and wages	425,400	425,148	252
Fringe benefits	130,324	129,218	1,106
Purchased services	107,788	107,364	424
Materials and supplies	15,192	14,001	1,191
Capital outlay - new	7,407	7,357	50
Total pupils	<u>686,111</u>	<u>683,088</u>	<u>3,023</u>

(Continued)

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Instructional staff:			
Salaries and wages	376,500	376,401	99
Fringe benefits	126,762	126,547	215
Purchased services	372,534	224,987	147,547
Materials and supplies	77,305	71,736	5,569
Capital outlay - new	275,732	187,675	88,057
Capital outlay - replacement	2,663	825	1,838
Total instructional staff	<u>1,231,496</u>	<u>988,171</u>	<u>243,325</u>
Board of education:			
Salaries and wages	5,200	5,200	-
Fringe benefits	323	282	41
Purchased services	7,500	4,095	3,405
Materials and supplies	500	284	216
Other	7,597	7,573	24
Total board of education	<u>21,120</u>	<u>17,434</u>	<u>3,686</u>
Administration:			
Salaries and wages	764,025	763,989	36
Fringe benefits	288,427	288,309	118
Purchased services	98,305	95,613	2,692
Materials and supplies	15,929	13,295	2,634
Capital outlay - new	3,372	2,872	500
Capital outlay - replacement	6,470	6,413	57
Other	89,712	89,279	433
Total administration	<u>1,266,240</u>	<u>1,259,770</u>	<u>6,470</u>
Fiscal:			
Salaries and wages	190,800	190,748	52
Fringe benefits	76,750	76,638	112
Purchased services	24,821	20,642	4,179
Materials and supplies	9,676	6,667	3,009
Capital outlay - new	1,280	522	758
Capital outlay - replacement	2,000	1,255	745
Other	208,035	207,811	224
Total fiscal	<u>513,362</u>	<u>504,283</u>	<u>9,079</u>
Business:			
Salaries and wages	10,000	9,148	852
Fringe benefits	258	184	74
Purchased services	17,350	5,483	11,867
Capital outlay - new	38,618	24,433	14,185
Capital outlay - replacement	31,287	21,652	9,635
Total business	<u>97,513</u>	<u>60,900</u>	<u>36,613</u>

(Continued)

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and maintenance of plant:			
Salaries and wages	540,100	539,096	1,004
Fringe benefits	188,422	184,758	3,664
Purchased services	549,705	543,756	5,949
Materials and supplies	97,478	96,292	1,186
Capital outlay - new	58,246	14,960	43,286
Capital outlay - replacement	22,272	22,047	225
Other	6,883	6,744	139
Total operation and maintenance of plant	<u>1,463,106</u>	<u>1,407,653</u>	<u>55,453</u>
Pupil transportation:			
Salaries and wages	429,637	429,394	243
Fringe benefits	107,424	107,404	20
Purchased services	129,579	128,870	709
Materials and supplies	225,699	222,033	3,666
Capital outlay - new	396	-	396
Capital outlay - replacement	128,000	123,710	4,290
Total pupil transportation	<u>1,020,735</u>	<u>1,011,411</u>	<u>9,324</u>
Central:			
Salaries and wages	36,000	27,142	8,858
Fringe benefits	13,710	8,883	4,827
Purchased services	137,516	93,547	43,969
Materials and supplies	1,148	980	168
Capital outlay - new	1,250	97	1,153
Other	1,500	50	1,450
Total central	<u>191,124</u>	<u>130,699</u>	<u>60,425</u>
Total support services	<u>6,490,807</u>	<u>6,063,409</u>	<u>427,398</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	37,827	37,537	290
Fringe benefits	7,066	6,909	157
Purchased services	100	72	28
Other	525	500	25
Total academic and subject oriented activities	<u>45,518</u>	<u>45,018</u>	<u>500</u>
Sports oriented activities:			
Salaries and wages	231,407	231,148	259
Fringe benefits	36,406	36,386	20
Purchased services	32,209	28,139	4,070
Materials and supplies	22,953	22,681	272
Capital outlay - new	5,294	5,182	112
Total sports oriented activities	<u>328,269</u>	<u>323,536</u>	<u>4,733</u>

(Continued)

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
School and public service co-curricular activities:			
Salaries and wages	11,333	9,599	1,734
Fringe benefits	1,500	1,495	5
Total school and public service co-curricular activities	12,833	11,094	1,739
Total extracurricular activities	386,620	379,648	6,972
Capital outlay:			
Site improvement services:			
Purchased services	653	-	653
Architecture and engineering services:			
Purchased services	42,513	41,835	678
Building acquisition and construction services:			
Capital outlay - new	57,000	55,403	1,597
Other Facilities acquisition and construction services:			
Purchased services	135,000	42,194	92,806
Total capital outlay	235,166	139,432	95,734
Total expenditures	15,750,460	15,041,721	708,739
Excess of revenues over expenditures	1,832,925	2,668,591	835,666
<u>Other financing sources (uses):</u>			
Proceeds from sale of fixed assets	6,750	7,142	392
Refund of prior year expenditures	-	11,957	11,957
Refund of prior year receipts	(82)	-	82
Total other financing sources (uses)	6,668	19,099	12,431
Excess of revenues and other financing sources over expenditures and other financing uses	1,839,593	2,687,690	848,097
Fund balance at beginning of year	5,418,094	5,418,094	-
Prior year encumbrances appropriated	155,058	155,058	-
Fund balance at end of year	\$ 7,412,745	\$ 8,260,842	\$ 848,097

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Miscellaneous Local Grants

To account for a number of small local grants that are restricted for specific expenditures.

Underground Storage Tanks

To account for the financial responsibility rules of the State Fire Marshall to cover deductibles.

District Managed Student Activity

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

Teacher Development

To account for state revenues used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

Management Information System

To account for state funds provided to assist the district in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Entry Year Programs

To account for the implementation of entry – year programs.

Data Communications

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

SchoolNet Professional Development

To account for revenues received to provide professional development programs related to technology.

Textbooks/Instructional Material Subsidy

To account for monies received from the state for textbooks, instructional software, instructional materials, and any other materials the district deems to be helpful in providing appropriate instruction to students in the following subject areas: reading, writing, mathematics, science and citizenship.

Ohio Reads

To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention

To account for summer intervention services.

Miscellaneous State Grants

To account for monies received from state agencies which are not classified elsewhere.

Eisenhower Professional Development Program

To account for federal funds used for strengthening instruction in science, mathematics, modern foreign languages, English, the arts and computer learning.

Title VI-B

To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I

To account for federal funds for services provided to meet special educational needs of educationally deprived children.

Title VI

To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

Drug Free School

To account for federal funds for the establishment, operation and improvement programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

EHA Preschool Grant for Handicapped

To account for federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Miscellaneous Federal Grants

To account for federal revenues received through state agencies from the federal government or directly from the federal governments which are not classified elsewhere.

Highland Local School District
Combining Balance Sheet
All Special Revenue Funds
June 30, 2001

	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 34,929	\$ 2,012	\$ 11,000	\$ 12,385
Total assets	<u>\$ 34,929</u>	<u>\$ 2,012</u>	<u>\$ 11,000</u>	<u>\$ 12,385</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accrued wages	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	3,692	-	-	110
Unreserved, undesignated	31,237	2,012	11,000	12,275
Total fund equity	<u>34,929</u>	<u>2,012</u>	<u>11,000</u>	<u>12,385</u>
Total liabilities and fund equity	<u>\$ 34,929</u>	<u>\$ 2,012</u>	<u>\$ 11,000</u>	<u>\$ 12,385</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Textbooks/ Instructional Materials Subsidy</u>
\$ 2,152	\$ 9,960	\$ 3,000	\$ 8,757	\$ 2,111	\$ 701
<u>\$ 2,152</u>	<u>\$ 9,960</u>	<u>\$ 3,000</u>	<u>\$ 8,757</u>	<u>\$ 2,111</u>	<u>\$ 701</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
216	128	-	8,756	-	-
<u>1,936</u>	<u>9,832</u>	<u>3,000</u>	<u>1</u>	<u>2,111</u>	<u>701</u>
<u>2,152</u>	<u>9,960</u>	<u>3,000</u>	<u>8,757</u>	<u>2,111</u>	<u>701</u>
<u>\$ 2,152</u>	<u>\$ 9,960</u>	<u>\$ 3,000</u>	<u>\$ 8,757</u>	<u>\$ 2,111</u>	<u>\$ 701</u>

Highland Local School District
Combining Balance Sheet
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2001

	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Eisenhower Professional Development Program
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ 8,309	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,309</u>	<u>\$ -</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accrued wages	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	-	-	-	-
Unreserved, undesignated	-	-	8,309	-
Total fund equity	<u>-</u>	<u>-</u>	<u>8,309</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,309</u>	<u>\$ -</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant for Handicapped</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 31,047	\$ 13,459	\$ 723	\$ 53	\$ 296	\$ 4,459	\$ 145,353
<u>\$ 31,047</u>	<u>\$ 13,459</u>	<u>\$ 723</u>	<u>\$ 53</u>	<u>\$ 296</u>	<u>\$ 4,459</u>	<u>\$ 145,353</u>
\$ 14,485	\$ 5,665	\$ -	\$ -	\$ -	\$ -	\$ 20,150
2,422	954	-	-	-	-	3,376
<u>16,907</u>	<u>6,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,526</u>
2,386	-	716	-	296	-	16,300
11,754	6,840	7	53	-	4,459	105,527
<u>14,140</u>	<u>6,840</u>	<u>723</u>	<u>53</u>	<u>296</u>	<u>4,459</u>	<u>121,827</u>
<u>\$ 31,047</u>	<u>\$ 13,459</u>	<u>\$ 723</u>	<u>\$ 53</u>	<u>\$ 296</u>	<u>\$ 4,459</u>	<u>\$ 145,353</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2001

	Public School Support	Miscellaneous Local Grants	Underground Storage Tanks	District Managed Student Activity
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 18,300	\$ -	\$ -
Tuition and fees	21,426	-	-	-
Extracurricular activities	43,028	-	-	90,664
Gifts and donations	1,491	-	-	8,964
Miscellaneous	-	-	-	25
Total revenues	<u>65,945</u>	<u>18,300</u>	<u>-</u>	<u>99,653</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	18,344	-	-
Special	-	-	-	-
Support services:				
Pupils	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Extracurricular activities	69,046	-	-	92,999
Total expenditures	<u>69,046</u>	<u>18,344</u>	<u>-</u>	<u>92,999</u>
Excess of revenues over (under) expenditures	<u>(3,101)</u>	<u>(44)</u>	<u>-</u>	<u>6,654</u>
Fund balances at beginning of year	<u>38,030</u>	<u>2,056</u>	<u>11,000</u>	<u>5,731</u>
Fund balances at end of year	<u>\$ 34,929</u>	<u>\$ 2,012</u>	<u>\$ 11,000</u>	<u>\$ 12,385</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Textbooks/ Instructional Materials Subsidy</u>
\$ 12,337	\$ 9,832	\$ 3,000	\$ 12,000	\$ 4,000	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,337</u>	<u>9,832</u>	<u>3,000</u>	<u>12,000</u>	<u>4,000</u>	<u>-</u>
-	-	-	-	5,939	64,897
-	-	-	-	-	-
-	-	-	-	-	-
12,672	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	168	-	12,617	-	-
-	-	-	-	-	-
<u>12,672</u>	<u>168</u>	<u>-</u>	<u>12,617</u>	<u>5,939</u>	<u>64,897</u>
<u>(335)</u>	<u>9,664</u>	<u>3,000</u>	<u>(617)</u>	<u>(1,939)</u>	<u>(64,897)</u>
<u>2,487</u>	<u>296</u>	<u>-</u>	<u>9,374</u>	<u>4,050</u>	<u>65,598</u>
<u>\$ 2,152</u>	<u>\$ 9,960</u>	<u>\$ 3,000</u>	<u>\$ 8,757</u>	<u>\$ 2,111</u>	<u>\$ 701</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2001

	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Eisenhower Professional Development Program
<u>Revenues:</u>				
Intergovernmental	\$ 4,000	\$ 3,156	\$ 11,905	\$ 6,712
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,000</u>	<u>3,156</u>	<u>11,905</u>	<u>6,712</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,000	3,156	-	325
Special	-	-	6,106	-
Support services:				
Pupils	-	-	-	-
Instructional staff	-	-	-	6,712
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>8,000</u>	<u>3,156</u>	<u>6,106</u>	<u>7,037</u>
Excess of revenues over (under) expenditures	<u>(4,000)</u>	<u>-</u>	<u>5,799</u>	<u>(325)</u>
Fund balances at beginning of year	<u>4,000</u>	<u>-</u>	<u>2,510</u>	<u>325</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,309</u>	<u>\$ -</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant for Handicapped</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 160,992	\$ 74,238	\$ 11,609	\$ 9,727	\$ 9,076	\$ 23,188	\$ 374,072
-	-	-	-	-	-	21,426
-	-	-	-	-	-	133,692
-	-	-	-	-	-	10,455
-	-	-	-	-	-	25
<u>160,992</u>	<u>74,238</u>	<u>11,609</u>	<u>9,727</u>	<u>9,076</u>	<u>23,188</u>	<u>539,670</u>
-	-	11,854	8,927	-	23,202	144,644
1,162	73,149	-	-	3,600	-	84,017
-	-	-	-	5,655	-	5,655
57,306	-	-	-	-	-	76,690
93,923	-	-	-	-	-	93,923
-	-	-	747	-	-	747
-	-	-	-	-	-	12,785
-	-	-	-	-	-	162,045
<u>152,391</u>	<u>73,149</u>	<u>11,854</u>	<u>9,674</u>	<u>9,255</u>	<u>23,202</u>	<u>580,506</u>
<u>8,601</u>	<u>1,089</u>	<u>(245)</u>	<u>53</u>	<u>(179)</u>	<u>(14)</u>	<u>(40,836)</u>
<u>5,539</u>	<u>5,751</u>	<u>968</u>	<u>-</u>	<u>475</u>	<u>4,473</u>	<u>162,663</u>
<u>\$ 14,140</u>	<u>\$ 6,840</u>	<u>\$ 723</u>	<u>\$ 53</u>	<u>\$ 296</u>	<u>\$ 4,459</u>	<u>\$ 121,827</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Public School Support Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition and fees	\$ 21,039	\$ 21,301	\$ 262
Extracurricular activities	42,000	43,028	1,028
Gifts and donations	2,000	1,491	(509)
Total revenues	<u>65,039</u>	<u>65,820</u>	<u>781</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
School and public service co-curricular activities:			
Materials and supplies	84,844	72,772	12,072
Excess of revenues under expenditures	<u>(19,805)</u>	<u>(6,952)</u>	<u>12,853</u>
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	-	125	125
Operating transfers in	661	932	271
Operating transfers out	(932)	(932)	-
Total other financing sources (uses)	<u>(271)</u>	<u>125</u>	<u>396</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(20,076)	(6,827)	13,249
Fund balance at beginning of year	31,517	31,517	-
Prior year encumbrances appropriated	6,546	6,546	-
Fund balance at end of year	<u>\$ 17,987</u>	<u>\$ 31,236</u>	<u>\$ 13,249</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 18,300	\$ 18,300	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	4,110	3,680	430
Purchased services	11,004	10,870	134
Materials and supplies	3,792	3,750	42
Other	450	44	406
Total regular	19,356	18,344	1,012
Excess of revenues under expenditures	(1,056)	(44)	1,012
Fund balance at beginning of year	2,056	2,056	-
Fund balance at end of year	\$ 1,000	\$ 2,012	\$ 1,012

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Underground Storage Tanks Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	11,000	11,000	-
Fund balance at end of year	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ -</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular activities	\$ 90,090	\$ 90,664	\$ 574
Gifts and donations	8,900	8,964	64
Miscellaneous	-	25	25
Total revenues	<u>98,990</u>	<u>99,653</u>	<u>663</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
Academic and subject oriented activities:			
Materials and supplies	558	558	-
Sports oriented activities:			
Purchased services	36,211	36,063	148
Materials and supplies	48,400	47,837	563
Capital outlay - new	3,622	-	3,622
Other	9,605	8,651	954
Total sports oriented activities	<u>97,838</u>	<u>92,551</u>	<u>5,287</u>
Total expenditures	<u>98,396</u>	<u>93,109</u>	<u>5,287</u>
Excess of revenues over expenditures	594	6,544	5,950
Fund balance at beginning of year	3,989	3,989	-
Prior year encumbrances appropriated	1,741	1,741	-
Fund balance at end of year	<u>\$ 6,324</u>	<u>\$ 12,274</u>	<u>\$ 5,950</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Teacher Development Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 12,337	\$ 12,337	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	4,273	4,273	-
Fringe benefits	702	702	-
Purchased services	3,564	3,564	-
Materials and supplies	6,285	4,349	1,936
Total instructional staff	14,824	12,888	1,936
Excess of revenues under expenditures	(2,487)	(551)	1,936
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	2,487	2,487	-
Fund balance at end of year	\$ -	\$ 1,936	\$ 1,936

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Management Information System Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,832	\$ 9,832	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Capital outlay - new	10,128	296	9,832
Excess of revenues over (under) expenditures	(296)	9,536	9,832
Fund balance at beginning of year	128	128	-
Prior year encumbrances appropriated	168	168	-
Fund balance at end of year	\$ -	\$ 9,832	\$ 9,832

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Entry Year Programs Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 3,000	\$ 3,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Materials and supplies	3,000	-	3,000
Excess of revenues over expenditures	-	3,000	3,000
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 3,000	\$ 3,000

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Data Communications Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 12,000	\$ 12,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Purchased services	9,252	9,252	-
Capital outlay - new	12,121	12,121	-
Total central	21,373	21,373	-
Excess of revenues under expenditures	(9,373)	(9,373)	-
Fund balance at beginning of year	9,373	9,373	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 4,000	\$ 4,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,794	4,733	2,061
Purchased services	1,000	1,000	-
Materials and supplies	206	206	-
Total regular	<u>8,000</u>	<u>5,939</u>	<u>2,061</u>
Support services:			
Instructional staff:			
Salaries and wages	50	-	50
Total expenditures	<u>8,050</u>	<u>5,939</u>	<u>2,111</u>
Excess of revenues under expenditures	(4,050)	(1,939)	2,111
Fund balance at beginning of year	4,050	4,050	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,111</u>	<u>\$ 2,111</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Textbooks/Instructional Material Subsidy Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and supplies	66,229	65,527	702
Excess of revenues under expenditures	(66,229)	(65,527)	702
Fund balance at beginning of year	31,678	31,678	-
Prior year encumbrances appropriated	34,551	34,551	-
Fund balance at end of year	\$ -	\$ 702	\$ 702

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Ohio Reads Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 4,000	\$ 4,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	8,000	8,000	-
Excess of revenues under expenditures	(4,000)	(4,000)	-
Fund balance at beginning of year	4,000	4,000	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Summer Intervention Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 3,156	\$ 3,156	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	3,156	3,156	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 11,905	\$ 11,905	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased services	4,600	776	3,824
Materials and supplies	3,025	2,500	525
Capital outlay - new	1,380	50	1,330
Other	2,900	270	2,630
Total special	11,905	3,596	8,309
Excess of revenues over expenditures	-	8,309	8,309
<u>Other financing uses:</u>			
Refund of prior year receipts	(2,510)	(2,510)	-
Excess of revenues over (under) expenditures and other financing uses	(2,510)	5,799	8,309
Fund balance at beginning of year	2,510	2,510	-
Fund balance at end of year	\$ -	\$ 8,309	\$ 8,309

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Eisenhower Professional Development Program Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 6,712	\$ 6,712	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	325	325	-
Support services:			
Instructional staff:			
Salaries and wages	5,160	5,160	-
Fringe benefits	757	757	-
Purchased services	795	795	-
Total instructional staff	6,712	6,712	-
Total expenditures	7,037	7,037	-
Excess of revenues under expenditures	(325)	(325)	-
Fund balance at beginning of year	325	325	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title VI-B Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 160,992	\$ 160,992	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	1,530	680	850
Fringe benefits	236	105	131
Materials and supplies	379	377	2
Capital outlay - new	2,554	2,386	168
Total special	4,699	3,548	1,151
Support services:			
Instructional staff:			
Salaries and wages	40,532	31,992	8,540
Fringe benefits	28,885	22,837	6,048
Total instructional staff	69,417	54,829	14,588
Administration:			
Salaries and wages	75,253	68,010	7,243
Fringe benefits	27,889	24,210	3,679
Total administration	103,142	92,220	10,922
Operation and maintenance of plant:			
Salaries and wages	2,000	-	2,000
Total support services	174,559	147,049	27,510
Total expenditures	179,258	150,597	28,661
Excess of revenues over (under) expenditures	(18,266)	10,395	28,661
Fund balance at beginning of year	18,266	18,266	-
Fund balance at end of year	\$ -	\$ 28,661	\$ 28,661

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title I Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 74,238	\$ 74,238	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	77,003	63,543	13,460
Fringe benefits	14,316	14,137	179
Materials and supplies	3,319	-	3,319
Total special	94,638	77,680	16,958
Operation of non-instructional services:			
Community services:			
Purchased services	1,000	-	1,000
Total expenditures	95,638	77,680	17,958
Excess of revenues under expenditures	(21,400)	(3,442)	17,958
<u>Other financing sources (uses):</u>			
Operating transfers in	4,499	4,499	-
Operating transfers out	-	(4,499)	(4,499)
Total other financing sources (uses)	4,499	-	(4,499)
Excess of revenues and other financing sources under expenditures and other financing uses	(16,901)	(3,442)	13,459
Fund balance at beginning of year	16,901	16,901	-
Fund balance at end of year	\$ -	\$ 13,459	\$ 13,459

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title VI Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 11,609	\$ 11,609	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Capital outlay - new	12,577	12,570	7
Excess of revenues under expenditures	(968)	(961)	7
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	968	968	-
Fund balance at end of year	\$ -	\$ 7	\$ 7

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Drug Free School Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,727	\$ 9,727	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,400	6,400	-
Fringe benefits	989	962	27
Purchased services	1,500	1,500	-
Materials and supplies	91	65	26
Total regular	8,980	8,927	53
Support services:			
Pupil transportation:			
Salaries and wages	649	649	-
Fringe benefits	98	98	-
Total pupil transportation	747	747	-
Total expenditures	9,727	9,674	53
Excess of revenues over expenditures	-	53	53
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 53	\$ 53

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - EHA Preschool Grant for Handicapped Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,076	\$ 9,076	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and supplies	1,794	1,794	-
Capital outlay - new	2,102	2,102	-
Total special	3,896	3,896	-
Support services:			
Pupils:			
Purchased services	5,655	5,655	-
Total expenditures	9,551	9,551	-
Excess of revenues under expenditures	(475)	(475)	-
Fund balance at beginning of year	49	49	-
Prior year encumbrances appropriated	426	426	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 23,188	\$ 23,188	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	27,661	23,202	4,459
Excess of revenues under expenditures	(4,473)	(14)	4,459
Fund balance at beginning of year	4,473	4,473	-
Fund balance at end of year	\$ -	\$ 4,459	\$ 4,459

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional financial statements are presented here.

CAPITAL PROJECTS FUNDS

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

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building

To account for receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

SchoolNet

To account for monies received that are used to help the school district obtain computers and related educational technology equipment and or the necessary infrastructure for educational technology.

Highland Local School District
Combining Balance Sheet
All Capital Projects Funds
June 30, 2001

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Total All Funds</u>
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 587,505	\$ 39,659,520	\$ 34,617	\$ 40,281,642
Receivables:				
Taxes	161,635	-	-	161,635
Total assets	<u>\$ 749,140</u>	<u>\$ 39,659,520</u>	<u>\$ 34,617</u>	<u>\$ 40,443,277</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Deferred revenue	\$ 144,906	\$ -	\$ -	\$ 144,906
Total liabilities	<u>144,906</u>	<u>-</u>	<u>-</u>	<u>144,906</u>
<u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	-	4,498,636	34,000	4,532,636
Unreserved, undesignated	604,234	35,160,884	617	35,765,735
Total fund equity	<u>604,234</u>	<u>39,659,520</u>	<u>34,617</u>	<u>40,298,371</u>
Total liabilities and fund equity	<u>\$ 749,140</u>	<u>\$ 39,659,520</u>	<u>\$ 34,617</u>	<u>\$ 40,443,277</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 2001

	Permanent Improvement	Building	SchoolNet	Total All Funds
<u>Revenues:</u>				
Taxes	\$ 339,253	\$ -	\$ -	\$ 339,253
Intergovernmental	44,864	-	34,000	78,864
Interest	-	13,127	-	13,127
Miscellaneous	1,920	-	-	1,920
Total revenues	<u>386,037</u>	<u>13,127</u>	<u>34,000</u>	<u>433,164</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	41,168	41,168
Support services:				
Administration	550	-	-	550
Fiscal	4,884	-	-	4,884
Operation and maintenance of plant	98,558	-	-	98,558
Capital outlay	-	258,473	-	258,473
Total expenditures	<u>103,992</u>	<u>258,473</u>	<u>41,168</u>	<u>403,633</u>
Excess of revenues over (under) expenditures	<u>282,045</u>	<u>(245,346)</u>	<u>(7,168)</u>	<u>29,531</u>
<u>Other financing sources:</u>				
Proceeds of notes	-	39,900,000	-	39,900,000
Total other financing sources	<u>-</u>	<u>39,900,000</u>	<u>-</u>	<u>39,900,000</u>
Excess of revenues and other financing sources over (under) expenditures	282,045	39,654,654	(7,168)	39,929,531
Fund balances at beginning of year	<u>322,189</u>	<u>4,866</u>	<u>41,785</u>	<u>368,840</u>
Fund balances at end of year	<u>\$ 604,234</u>	<u>\$ 39,659,520</u>	<u>\$ 34,617</u>	<u>\$ 40,298,371</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 337,669	\$ 339,986	\$ 2,317
Intergovernmental	43,031	44,864	1,833
Miscellaneous	2,000	1,920	(80)
Total revenues	<u>382,700</u>	<u>386,770</u>	<u>4,070</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Administration:			
Other	<u>551</u>	<u>550</u>	<u>1</u>
Fiscal:			
Other	<u>4,885</u>	<u>4,884</u>	<u>1</u>
Operation and maintenance of plant:			
Purchased services	139,592	62,570	77,022
Materials and supplies	20,000	7,498	12,502
Capital outlay - new	39,494	28,490	11,004
Capital outlay - replacement	9,580	-	9,580
Total operation and maintenance of plant	<u>208,666</u>	<u>98,558</u>	<u>110,108</u>
Total support services	<u>214,102</u>	<u>103,992</u>	<u>110,110</u>
Excess of revenues over expenditures	168,598	282,778	114,180
Fund balance at beginning of year	285,640	285,640	-
Prior year encumbrances appropriated	19,086	19,086	-
Fund balance at end of year	<u>\$ 473,324</u>	<u>\$ 587,504</u>	<u>\$ 114,180</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Building Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 13,000	\$ 13,127	\$ 127
<u>Expenditures:</u>			
Current:			
Support services:			
Operation and maintenance of plant:			
Capital outlay - new	4,866	-	4,866
Capital outlay:			
Architecture and engineering services:			
Purchased services	4,850,000	4,757,109	92,891
Total expenditures	4,854,866	4,757,109	97,757
Excess of revenues under expenditures	(4,841,866)	(4,743,982)	97,884
<u>Other financing sources:</u>			
Proceeds of notes	39,900,000	39,900,000	-
Excess of revenues and other financing sources over expenditures	35,058,134	35,156,018	97,884
Fund balance at beginning of year	4,866	4,866	-
Fund balance at end of year	\$ 35,063,000	\$ 35,160,884	\$ 97,884

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - SchoolNet Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 34,000	\$ 34,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Capital outlay - new	41,785	41,168	617
Support services:			
Central:			
Capital outlay - new	34,000	34,000	-
Total expenditures	75,785	75,168	617
Excess of revenues under expenditures	(41,785)	(41,168)	617
Fund balance at beginning of year	38,472	38,472	-
Prior year encumbrances appropriated	3,313	3,313	-
Fund balance at end of year	\$ -	\$ 617	\$ 617

ENTERPRISE FUNDS

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private sector business where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. The following are descriptions of each of the District's enterprise funds:

Food Service

To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the School District students and staff.

Uniform School Supplies

To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the School District.

Latchkey

To account for income and expenses made in connection with goods and services provided by the School District.

Highland Local School District
Combining Balance Sheet
All Enterprise Funds
June 30, 2001

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey</u>	<u>Total All Funds</u>
<u>Assets:</u>				
<u>Current assets:</u>				
Equity in pooled cash and cash equivalents	\$ 94,554	\$ 8,086	\$ 55,738	\$ 158,378
Receivables:				
Intergovernmental	6,787	-	-	6,787
Inventory held for resale	16,415	-	-	16,415
Materials and supplies inventory	800	-	-	800
Total current assets	<u>118,556</u>	<u>8,086</u>	<u>55,738</u>	<u>182,380</u>
<u>Non-current Assets:</u>				
Fixed assets, net of accumulated depreciation	76,331	-	2,788	79,119
Total assets	<u>\$ 194,887</u>	<u>\$ 8,086</u>	<u>\$ 58,526</u>	<u>\$ 261,499</u>
<u>Liabilities and fund equity :</u>				
<u>Current liabilities:</u>				
Accrued wages	\$ 37,103	\$ -	\$ -	\$ 37,103
Intergovernmental payable	24,468	-	-	24,468
Deferred revenue	11,619	-	-	11,619
Total current liabilities	<u>73,190</u>	<u>-</u>	<u>-</u>	<u>73,190</u>
<u>Long-term liabilities</u>				
Compensated absences payable	19,275	-	-	19,275
Total liabilities	<u>92,465</u>	<u>-</u>	<u>-</u>	<u>92,465</u>
<u>Fund equity:</u>				
Contributed capital	14,022	-	-	14,022
Retained earnings:				
Unreserved	88,400	8,086	58,526	155,012
Total fund equity	<u>102,422</u>	<u>8,086</u>	<u>58,526</u>	<u>169,034</u>
Total liabilities and fund equity	<u>\$ 194,887</u>	<u>\$ 8,086</u>	<u>\$ 58,526</u>	<u>\$ 261,499</u>

Highland Local School District
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Fiscal Year Ended June 30, 2001

	Food Service	Uniform School Supplies	Latchkey	Total All Funds
<u>Operating revenues:</u>				
Tuition	\$ -	\$ -	\$ 61,834	\$ 61,834
Sales	548,532	52,953	-	601,485
Other operating revenues	-	-	153	153
Total operating revenues	<u>548,532</u>	<u>52,953</u>	<u>61,987</u>	<u>663,472</u>
<u>Operating expenses:</u>				
Salaries	236,803	-	37,766	274,569
Fringe benefits	90,789	-	6,039	96,828
Purchased services	6,725	-	55	6,780
Material and supplies	26,861	57,447	5,338	89,646
Cost of sales	265,615	-	-	265,615
Depreciation	8,423	-	370	8,793
Total operating expenses	<u>635,216</u>	<u>57,447</u>	<u>49,568</u>	<u>742,231</u>
Operating income (loss)	<u>(86,684)</u>	<u>(4,494)</u>	<u>12,419</u>	<u>(78,759)</u>
<u>Non-operating revenues:</u>				
Federal donated commodities	33,722	-	-	33,722
Operating grants	54,727	-	-	54,727
Interest	3,710	-	-	3,710
Total non-operating revenues	<u>92,159</u>	<u>-</u>	<u>-</u>	<u>92,159</u>
Net income (loss)	5,475	(4,494)	12,419	13,400
Retained earnings at beginning of year	82,925	12,580	46,107	141,612
Retained earnings at end of year	<u>\$ 88,400</u>	<u>\$ 8,086</u>	<u>\$ 58,526</u>	<u>\$ 155,012</u>

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Food Service Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 536,200	\$ 548,532	\$ 12,332
Interest	1,500	3,710	2,210
Intergovernmental	47,900	47,940	40
Total revenues	<u>585,600</u>	<u>600,182</u>	<u>14,582</u>
<u>Expenses:</u>			
Salaries:			
Food service operations	<u>231,939</u>	<u>231,872</u>	<u>67</u>
Fringe benefits:			
Food service operations	<u>89,027</u>	<u>88,979</u>	<u>48</u>
Purchased services:			
Food service operations	<u>6,776</u>	<u>6,725</u>	<u>51</u>
Materials and supplies:			
Food service operations	<u>270,707</u>	<u>255,387</u>	<u>15,320</u>
Capital outlay:			
Capital outlay - new:			
Food service operations	<u>2,000</u>	<u>1,737</u>	<u>263</u>
Capital outlay - replacement:			
Food service operations	<u>1,598</u>	<u>1,506</u>	<u>92</u>
Total capital outlay	<u>3,598</u>	<u>3,243</u>	<u>355</u>
Total expenses	<u>602,047</u>	<u>586,206</u>	<u>15,841</u>
Excess of revenues over (under) expenses	(16,447)	13,976	30,423
Fund equity at beginning of year	80,498	80,498	-
Prior year encumbrances appropriated	80	80	-
Fund equity at end of year	<u>\$ 64,131</u>	<u>\$ 94,554</u>	<u>\$ 30,423</u>

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 45,000	\$ 52,953	\$ 7,953
<u>Expenses:</u>			
Materials and supplies:			
Regular instruction	57,580	57,447	133
Excess of revenues under expenses	(12,580)	(4,494)	8,086
Fund equity at beginning of year	12,580	12,580	-
Fund equity at end of year	\$ -	\$ 8,086	\$ 8,086

Highland Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Latchkey Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$ 61,700	\$ 61,834	\$ 134
Other revenues	-	153	153
Total revenues	<u>61,700</u>	<u>61,987</u>	<u>287</u>
<u>Expenses:</u>			
Salaries:			
Community services	<u>40,000</u>	<u>37,766</u>	<u>2,234</u>
Fringe benefits:			
Community services	<u>6,084</u>	<u>6,039</u>	<u>45</u>
Purchased services:			
Community services	<u>101</u>	<u>55</u>	<u>46</u>
Materials and supplies:			
Community services	<u>5,537</u>	<u>5,338</u>	<u>199</u>
Capital outlay:			
Capital outlay - new:			
Community services	<u>140</u>	<u>-</u>	<u>140</u>
Total expenses	<u>51,862</u>	<u>49,198</u>	<u>2,664</u>
Excess of revenues over expenses	9,838	12,789	2,951
Fund equity at beginning of year	<u>42,949</u>	<u>42,949</u>	<u>-</u>
Fund equity at end of year	<u>\$ 52,787</u>	<u>\$ 55,738</u>	<u>\$ 2,951</u>

Highland Local School District
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 2001

	Food Service	Uniform School Supplies	Latchkey	Total All Funds
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 548,532	\$ 52,953	\$ 61,834	\$ 663,319
Cash received from other operating sources	-	-	153	153
Cash payments to suppliers for goods and services	(263,089)	(57,447)	(5,393)	(325,929)
Cash payments to employees for services	(231,872)	-	(37,766)	(269,638)
Cash payments for employee benefits	(88,979)	-	(6,039)	(95,018)
Net cash provided by (used for) operating activities	<u>(35,408)</u>	<u>(4,494)</u>	<u>12,789</u>	<u>(27,113)</u>
<u>Cash flows from noncapital financing activities:</u>				
Operating grants	47,940	-	-	47,940
Net cash provided by noncapital financing activities	<u>47,940</u>	<u>-</u>	<u>-</u>	<u>47,940</u>
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(2,266)	-	-	(2,266)
Net cash used for capital financing activities	<u>(2,266)</u>	<u>-</u>	<u>-</u>	<u>(2,266)</u>
<u>Cash flows from investing activities:</u>				
Interest on investments	3,710	-	-	3,710
Net cash provided by investing financing	<u>3,710</u>	<u>-</u>	<u>-</u>	<u>3,710</u>
Net increase (decrease) in cash and cash equivalents	13,976	(4,494)	12,789	22,271
Cash and cash equivalents at beginning of year	80,578	12,580	42,949	136,107
Cash and cash equivalents at end of year	<u>\$ 94,554</u>	<u>\$ 8,086</u>	<u>\$ 55,738</u>	<u>\$ 158,378</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>				
Operating income (loss)	\$ (86,684)	\$ (4,494)	\$ 12,419	\$ (78,759)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	8,423	-	370	8,793
Federal donated commodities	33,722	-	-	33,722
Change in assets and liabilities:				
(Increase) decrease in assets:				
Inventory	1,407	-	-	1,407
Increase (decrease) in liabilities:				
Accrued wages	515	-	-	515
Compensated absences payable	4,416	-	-	4,416
Intergovernmental payable	1,810	-	-	1,810
Deferred revenue	983	-	-	983
Total adjustments	<u>51,276</u>	<u>-</u>	<u>370</u>	<u>51,646</u>
Net cash provided by (used for) operating activities	<u>\$ (35,408)</u>	<u>\$ (4,494)</u>	<u>\$ 12,789</u>	<u>\$ (27,113)</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one fund of the District to other funds of the District on a cost reimbursement basis. The title of the fund indicates the type of service provided. The internal service funds are:

Rotary

To account for income and expenses made in connection with goods and services provided by the School District. Some activities using this fund are curricular in nature.

Self Insurance

To account for the cost of medical benefits provided to the School District's employees.

Highland Local School District
Combining Balance Sheet
All Internal Service Funds
June 30, 2001

	<u>Rotary</u>	<u>Self Insurance</u>	<u>Total All Funds</u>
<u>Assets:</u>			
<u>Current assets:</u>			
Equity in pooled cash and cash equivalents	\$ 6,087	\$ 1,575,959	\$ 1,582,046
Cash and cash equivalents:			
In segregated accounts	-	219,667	219,667
Total assets	<u>\$ 6,087</u>	<u>\$ 1,795,626</u>	<u>\$ 1,801,713</u>
<u>Liabilities and fund equity :</u>			
<u>Current liabilities:</u>			
Claims payable	\$ -	\$ 142,843	\$ 142,843
Total liabilities	<u>-</u>	<u>142,843</u>	<u>142,843</u>
<u>Fund equity:</u>			
Retained earnings:			
Unreserved	6,087	1,652,783	1,658,870
Total liabilities and fund equity	<u>\$ 6,087</u>	<u>\$ 1,795,626</u>	<u>\$ 1,801,713</u>

Highland Local School District
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Internal Service Funds
For the Fiscal Year Ended June 30, 2001

	<u>Rotary</u>	<u>Self Insurance</u>	<u>Total All Funds</u>
<u>Operating revenues:</u>			
Charges for services	\$ -	\$ 1,391,935	\$ 1,391,935
Other operating revenues	46,426	-	46,426
Total operating revenues	<u>46,426</u>	<u>1,391,935</u>	<u>1,438,361</u>
<u>Operating expenses:</u>			
Purchased services	1,617	224,481	226,098
Material and supplies	51,017	-	51,017
Claims	-	1,476,336	1,476,336
Total operating expenses	<u>52,634</u>	<u>1,700,817</u>	<u>1,753,451</u>
Operating loss	<u>(6,208)</u>	<u>(308,882)</u>	<u>(315,090)</u>
<u>Non-operating revenues:</u>			
Interest	-	45,491	45,491
Net loss	(6,208)	(263,391)	(269,599)
Retained earnings at beginning of year	12,295	1,916,174	1,928,469
Retained earnings at end of year	<u>\$ 6,087</u>	<u>\$ 1,652,783</u>	<u>\$ 1,658,870</u>

Highland Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Rotary Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Other revenues	\$ 50,660	\$ 46,426	\$ (4,234)
<u>Expenses:</u>			
<u>Purchased services:</u>			
Extracurricular activities	2,813	1,617	1,196
<u>Materials and supplies:</u>			
Extracurricular activities	53,385	51,096	2,289
Total expenses	56,198	52,713	3,485
Excess of revenues under expenses	(5,538)	(6,287)	(749)
Fund equity at beginning of year	12,375	12,375	-
Fund equity at end of year	\$ 6,837	\$ 6,088	\$ (749)

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Self Insurance Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 1,388,000	\$ 1,391,935	\$ 3,935
Interest	45,500	45,491	(9)
Other revenues	19,000	18,731	(269)
Total revenues	<u>1,452,500</u>	<u>1,456,157</u>	<u>3,657</u>
<u>Expenses:</u>			
Purchased services:			
Central support services	<u>225,135</u>	<u>224,481</u>	<u>654</u>
Other:			
Central support services	<u>1,446,287</u>	<u>1,443,089</u>	<u>3,198</u>
Total expenses	<u>1,671,422</u>	<u>1,667,570</u>	<u>3,852</u>
Excess of revenues under expenses	(218,922)	(211,413)	7,509
Fund equity at beginning of year	<u>2,007,039</u>	<u>2,007,039</u>	-
Fund equity at end of year	<u>\$ 1,788,117</u>	<u>\$ 1,795,626</u>	<u>\$ 7,509</u>

Highland Local School District
Combining Statement of Cash Flows
All Internal Service Funds
For the Fiscal Year Ended June 30, 2001

	Rotary	Self Insurance	Total All Funds
<u>Cash flows from operating activities:</u>			
Cash received from other operating sources	\$ 46,426	\$ 18,731	\$ 65,157
Cash received from quasi-external transactions with other funds	-	1,391,935	1,391,935
Cash payments to suppliers for goods and services	(52,713)	(224,481)	(277,194)
Cash payments for claims	-	(1,443,089)	(1,443,089)
Net cash used for operating activities	<u>(6,287)</u>	<u>(256,904)</u>	<u>(263,191)</u>
<u>Cash flows from investing activities:</u>			
Interest on investments	-	45,491	45,491
Net cash provided by investing financing	<u>-</u>	<u>45,491</u>	<u>45,491</u>
Net decrease in cash and cash equivalents	(6,287)	(211,413)	(217,700)
Cash and cash equivalents at beginning of year	12,374	2,007,039	2,019,413
Cash and cash equivalents at end of year	<u>\$ 6,087</u>	<u>\$ 1,795,626</u>	<u>\$ 1,801,713</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>			
Operating loss	<u>\$ (6,208)</u>	<u>\$ (308,882)</u>	<u>\$ (315,090)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:			
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	-	18,731	18,731
Increase (decrease) in liabilities:			
Accounts payable	(79)	-	(79)
Claims payable	-	33,247	33,247
Total adjustments	<u>(79)</u>	<u>51,978</u>	<u>51,899</u>
Net cash used for operating activities	<u>\$ (6,287)</u>	<u>\$ (256,904)</u>	<u>\$ (263,191)</u>

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the District in a trustee capacity. Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments and/or other funds.

EXPENDABLE TRUST

Special Trust

To account for assets held by the District in a trustee capacity for individuals and/or private organizations which benefit the student body or the local community.

NONEXPENDABLE TRUST

Endowment

To account for money, securities or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact.

AGENCY

Student Managed Activity

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Highland Local School District
Combining Balance Sheet
All Trust and Agency Funds
June 30, 2001

	<u>Expendable Trust Fund</u>	<u>Nonexpendable Trust Fund</u>	<u>Agency Fund Student Managed</u>	<u>Totals</u>
	<u>Special Trust</u>	<u>Endowment</u>	<u>Activity</u>	
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 20,611	\$ 59,465	\$ 64,148	\$ 144,224
Total assets	<u>\$ 20,611</u>	<u>\$ 59,465</u>	<u>\$ 64,148</u>	<u>\$ 144,224</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Due to students	\$ -	\$ -	\$ 64,148	\$ 64,148
Total liabilities	<u>-</u>	<u>-</u>	<u>64,148</u>	<u>64,148</u>
 <u>Fund equity:</u>				
Fund balance:				
Reserved for endowment	-	56,464	-	56,464
Unreserved, undesignated	20,611	3,001	-	23,612
Total fund equity	<u>20,611</u>	<u>59,465</u>	<u>-</u>	<u>80,076</u>
Total liabilities and fund equity	<u>\$ 20,611</u>	<u>\$ 59,465</u>	<u>\$ 64,148</u>	<u>\$ 144,224</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Trust Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 700	\$ 1,067	\$ 367
Gifts and donations	3,000	3,000	-
Total revenues	<u>3,700</u>	<u>4,067</u>	<u>367</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
School and public service co-curricular activities:			
Purchased services	1,000	-	1,000
Materials and supplies	1,000	-	1,000
Other	1,090	-	1,090
Total school and public service co-curricular activities	<u>3,090</u>	<u>-</u>	<u>3,090</u>
Excess of revenues over expenditures	610	4,067	3,457
Fund balance at beginning of year	16,543	16,543	-
Fund balance at end of year	<u>\$ 17,153</u>	<u>\$ 20,610</u>	<u>\$ 3,457</u>

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Endowment Fund
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 3,300	\$ 3,935	\$ 635
<u>Expenses:</u>			
Other:			
Pupils support	2,600	2,600	-
Excess of revenues over expenses	700	1,335	635
Fund equity at beginning of year	58,130	58,130	-
Fund equity at end of year	\$ 58,830	\$ 59,465	\$ 635

Highland Local School District
Statement of Changes in Assets and Liabilities
Student Managed Activity Agency Fund
For the Fiscal Year Ended June 30, 2001

	Beginning Balance July 1, 2000	Additions	Deductions	Ending Balance June 30, 2001
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 61,637	\$ 2,511	\$ -	\$ 64,148
Total assets	<u>\$ 61,637</u>	<u>\$ 2,511</u>	<u>\$ -</u>	<u>\$ 64,148</u>
 <u>Liabilities:</u>				
Accounts payable	\$ 123	\$ -	\$ (123)	\$ -
Intergovernmental	20	-	(20)	-
Due to students	61,494	2,654		64,148
Total liabilities	<u>\$ 61,637</u>	<u>\$ 2,654</u>	<u>\$ (143)</u>	<u>\$ 64,148</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets is a balanced group of accounts used to establish control and accountability for the costs of all real property and movable equipment owned by the School Board. The investment in General Fixed Assets is carried until the disposition of the property and ownership is relinquished. Depreciation on general fixed assets is not recorded.

Highland Local School District
Schedule of General Fixed Assets by Source
As of June 30, 2001

General Fixed Assets:

Land and Land Improvements	\$ 4,879,705
Buildings*	6,429,727
Furniture, Fixtures and Equipment*	4,330,358
Vehicles	<u>2,045,190</u>
Total General Fixed Assets	<u>\$ 17,684,980</u>

Investment in General Fixed Assets

by Source:

General Fund**	\$ 16,155,702
Special Revenue Funds	157,504
Capital Project Funds	1,366,172
Other Funds**	<u>5,602</u>
Total General Fixed Assets	<u>\$ 17,684,980</u>

*Includes \$61,787 of assets reclassified from FF&E to Buildings.

**Includes \$40,188 of assets reclassified from Other Funds to the General Fund.

Highland Local School District
Schedule of General Fixed Assets by Function and Activity
As of June 30, 2001

Function	Land and Land Improvements	Buildings	Furniture, Fixtures, and Equipment	Vehicles	Total
Instruction:					
Regular	\$ 4,712,510	\$ 5,273,545	\$ 3,025,054	\$ 985,812	\$ 13,996,921
Special	-	-	23,568	-	23,568
Vocational	-	-	-	-	-
Adult/continuing	-	-	-	-	-
Support services:					
Pupils	-	-	10,806	-	10,806
Instructional staff	-	-	552,919	-	552,919
Board of Education	-	-	589	-	589
Administrative	-	-	30,033	-	30,033
Fiscal	-	-	7,416	-	7,416
Business	-	-	69,322	-	69,322
Operation of maintenance of plant	43,841	537,653	393,309	82,847	1,057,650
Pupil transportation	-	-	42,324	976,531	1,018,855
Central	-	-	23,494	-	23,494
Operation of non-instructional services					
Extracurricular activities	-	-	150,321	-	150,321
Capital outlay	123,354	618,529	1,203	-	743,086
Total General Fixed Assets	<u>\$ 4,879,705</u>	<u>\$ 6,429,727</u>	<u>\$ 4,330,358</u>	<u>\$ 2,045,190</u>	<u>\$ 17,684,980</u>

Highland Local School District
Schedule of Changes in General Fixed Assets by Function
For the Fiscal Year Ended June 30, 2001

Function	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Instruction:				
Regular	\$ 14,056,950	\$ 54,089	\$ 114,118	\$ 13,996,921
Special	23,568	-	-	23,568
Vocational	-	-	-	-
Adult/continuing	-	-	-	-
Support services:				
Pupils	12,062	-	1,255	10,807
Instructional staff	527,899	46,747	21,727	552,919
Board of education	589	-	-	589
Administration	27,906	2,127	-	30,033
Fiscal	7,416	-	-	7,416
Business	44,424	24,898	-	69,322
Operation of maintenance of plant	753,605	304,045	-	1,057,650
Pupil transportation	898,925	130,710	10,780	1,018,855
Central	19,981	3,513	-	23,494
Extracurricular activities	143,464	6,856	-	150,320
Capital outlay	657,043	86,043	-	743,086
Total General Fixed Assets	<u>\$ 17,173,832</u>	<u>\$ 659,028</u>	<u>\$ 147,880</u>	<u>\$ 17,684,980</u>

Note - Additions and deletions include adjustments and reclassifications among functions.

The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development • The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process •

STATISTICAL SECTION

Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well*

The Highland Local School District is committed to the highest academic and behavioral expectations. Our mission is to guarantee each learner reaches maximum potential, by providing, in partnership with the community, a quality, progressive, educational program in a safe and dynamic, life-long learning environment.

being of society • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family unit is the foundation of society • All people have inherent value • Respect and caring about one another are essential for quality of life • *Safety and security are essential for the well being of society* • Learning is a life long process • Success is a result of hard work and high expectations • Coping with change is an essential aspect of life • Honesty, fairness and personal responsibility are cornerstones in human development The family



Highland Local School District

General Governmental Revenues by Source and Expenditures by Function Last Ten Fiscal Years (1)

	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998
<u>Revenues:</u>				
Property and other local taxes	\$ 12,354,172	\$ 11,223,255	\$ 10,043,853	\$ 9,041,436
Intergovernmental	5,454,444	4,666,518	4,752,187	4,166,741
Interest	597,311	492,076	358,319	350,176
Tuition and fees	42,011	75,626	158,087	176,871
Extracurricular activities	133,692	128,882	122,745	111,345
Gifts and donations	26,312	-	18,307	-
Rentals	-	-	880	-
Miscellaneous	63,981	172,855	119,266	118,625
Total revenues	<u>\$ 18,671,923</u>	<u>\$ 16,759,212</u>	<u>\$ 15,573,644</u>	<u>\$ 13,965,194</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 6,900,655	\$ 6,631,821	\$ 6,526,825	\$ 6,077,644
Special	1,662,633	1,583,534	1,561,221	1,475,902
Vocational	187,423	182,228	171,863	158,581
Adult/continuing	-	-	-	-
Other	36,769	27,121	41,533	23,278
Support services:				
Pupils	682,467	632,375	636,563	714,424
Instructional staff	904,511	838,410	675,836	678,152
Board of education	17,434	13,288	12,271	14,900
Administration	1,358,748	1,251,719	1,290,845	1,262,690
Fiscal	510,379	490,630	405,446	378,076
Business	59,474	43,599	60,813	51,382
Operation and maintenance of plant	1,388,114	2,019,991	1,275,532	1,462,949
Pupil transportation	1,012,720	1,002,971	805,837	906,518
Central	143,765	134,642	84,531	34,356
Operation of non-instructional services	-	122	-	1,270
Extracurricular activities	539,987	526,941	473,288	425,364
Capital outlay	371,270	149,955	158,147	430,507
Debt service:				
Principal retirement	152,721	137,887	138,820	707,372
Interest and fiscal charges	9,402	11,008	18,861	58,859
Total expenditures	<u>\$ 15,938,472</u>	<u>\$ 15,678,242</u>	<u>\$ 14,338,232</u>	<u>\$ 14,862,224</u>

Source: 1992-2001 School District Audit Reports

Note: General Governmental includes all governmental fund types and expendable trust fund.

(1) 1996-2001 were reported on a GAAP basis

1992-1995 were reported on a cash basis

Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995	Fiscal Year Ended June 30, 1994	Fiscal Year Ended June 30, 1993	Fiscal Year Ended June 30, 1992
\$ 8,435,516	\$ 8,115,953	\$ 7,795,368	\$ 7,140,832	\$ 6,224,233	\$ 5,512,331
4,284,951	4,540,713	-	-	-	-
347,174	266,325	173,079	75,079	55,175	96,059
355,390	286,036	235,734	78,504	74,791	79,953
94,816	78,454	69,942	58,723	54,074	76,937
-	-	-	-	-	-
-	-	-	-	-	-
29,949	30,792	46,869	10,023	18,412	11,665
<u>\$ 13,547,796</u>	<u>\$ 13,318,273</u>	<u>\$ 8,320,992</u>	<u>\$ 7,363,161</u>	<u>\$ 6,426,685</u>	<u>\$ 5,776,945</u>
\$ 5,707,087	\$ 5,405,845	\$ 4,919,088	\$ 4,549,105	\$ 4,483,068	\$ 4,406,946
1,300,891	1,215,687	1,088,014	874,031	797,640	802,341
163,814	181,080	176,354	156,166	132,458	93,728
-	-	-	-	-	-
23,696	29,064	17,753	6,173	9,768	22,268
672,101	664,306	551,869	442,107	418,620	376,539
777,892	528,043	479,198	402,695	389,469	349,238
19,713	12,083	11,261	13,387	13,653	14,363
1,233,351	1,101,231	985,932	988,419	935,667	903,721
386,746	313,572	321,997	296,635	282,971	242,263
30,227	28,277	33,999	32,279	30,009	19,559
1,266,195	1,211,117	1,494,339	1,223,126	903,883	919,269
854,209	687,974	763,416	699,849	653,715	758,416
46,620	45,056	50,198	38,125	24,294	15,196
-	426	4,574	-	-	-
377,187	350,573	304,040	289,779	239,482	216,213
151,150	101,238	31,730	74,263	15,534	382
235,459	234,898	250,573	261,127	279,665	290,748
72,111	90,140	-	-	-	-
<u>\$ 13,318,449</u>	<u>\$ 12,200,610</u>	<u>\$ 11,484,335</u>	<u>\$ 10,347,266</u>	<u>\$ 9,609,896</u>	<u>\$ 9,431,190</u>

Highland Local School District

**Property Tax Levies and Collections Real, Public Utility Tax and Tangible Personal Property (1)
Last Ten Calendar Years**

Year (2)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2000	\$ 13,495,738	\$ 12,907,061	95.64%	\$ 334,287	\$ 13,241,348	98.12%	\$ 254,390
1999	12,515,672	11,954,285	95.51%	325,333	12,279,618	98.11%	236,054
1998	10,220,956	9,772,905	95.62%	240,411	10,013,316	97.97%	207,640
1997	9,862,623	9,406,783	95.38%	284,692	9,691,475	98.26%	171,148
1996	9,467,576	9,030,672	95.39%	325,486	9,356,158	98.82%	111,418
1995	9,068,950	8,755,693	96.55%	250,727	9,006,420	99.31%	62,530
1994	8,409,812	7,962,434	94.68%	221,161	8,183,595	97.31%	226,217
1993	7,890,707	7,432,343	94.19%	138,102	7,570,445	95.94%	320,262
1992	6,796,247	6,013,223	88.48%	186,649	6,199,872	91.22%	596,375
1991	6,459,249	5,725,647	88.64%	110,316	5,835,963	90.35%	623,286

Source: Medina County Auditor & Highland Local School District - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year. 2001 information cannot be presented because all collections have not been made by June 30.

Highland Local School District

**Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years**

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2001	\$ 350,293,050	\$ 1,000,837,286	\$ 15,936,500	\$ 18,109,659	\$ 19,629,432	\$ 78,517,728	\$ 385,858,982	\$ 1,097,464,673
2000	333,887,290	953,963,686	15,446,030	17,552,307	14,886,057	59,544,228	364,219,377	1,031,060,221
1999	317,527,910	907,222,600	16,966,630	19,280,261	12,843,740	51,374,960	347,338,280	977,877,821
1998	291,896,800	833,990,857	16,437,240	18,678,682	9,995,510	39,982,040	318,329,550	892,651,579
1997	276,276,820	789,362,343	17,684,610	20,096,148	10,677,000	42,708,000	304,638,430	852,166,491
1996	266,244,040	760,697,257	17,688,120	20,100,136	9,567,270	38,269,080	293,499,430	819,066,474
1995	199,457,968	569,879,909	19,691,670	22,376,898	8,017,625	32,070,500	227,167,263	624,327,306
1994	185,794,916	530,842,617	19,749,520	22,442,636	5,973,062	23,892,248	211,517,498	577,177,502
1993	176,868,584	505,338,811	19,461,400	22,115,227	6,222,928	24,891,712	202,552,912	552,345,751
1992	157,015,070	448,614,486	18,084,880	20,551,000	6,314,468	25,257,872	181,414,418	494,423,358

Source: Medina County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) Real estate value is assessed at 35% of actual value.

(2) Public utility personal is assessed at 88% of actual value, prior to 1991 it was assessed at 100% of actual value.

(3) Tangible personal property is assessed at 25% of actual value.

Highland Local School District
Property Tax Rates - Direct and Overlapping Governments
Last Ten Calendar Years

Collection Year		School Levy	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Total
2001	Brunswick Hills	66.58	8.19	12.60	3.05	-	0.50	1.25	92.17
	Granger Twp.	66.58	8.19	4.10	3.05	-	0.50	1.25	83.67
	Hinckley Twp.	66.58	8.19	11.05	3.05	-	1.55	1.25	91.67
	Medina Twp.	66.58	8.19	5.60	3.05	-	0.50	1.25	85.17
	Montville Twp.	66.58	8.19	9.95	3.05	-	0.50	1.25	89.52
	Sharon Twp.	66.58	8.19	7.40	3.05	-	0.50	1.25	86.97
	Wadsworth City	66.58	8.19	-	3.05	5.80	0.50	1.25	85.37
2000	Brunswick Hills	65.38	8.20	12.60	3.05	-	1.75	1.25	92.23
	Granger Twp.	65.38	8.20	2.60	3.05	-	1.75	1.25	82.23
	Hinckley Twp.	65.38	8.20	11.05	3.05	-	2.80	1.25	91.73
	Medina Twp.	65.38	8.20	5.60	3.05	-	1.75	1.25	85.23
	Montville Twp.	65.38	8.20	10.95	3.05	-	1.75	1.25	90.58
	Sharon Twp.	65.38	8.20	8.40	3.05	-	1.75	1.25	88.03
	Wadsworth City	65.38	8.20	-	3.05	5.80	1.75	1.25	85.43
1999	Brunswick Hills	64.18	7.92	7.60	3.05	-	1.75	1.25	85.75
	Granger Twp.	64.18	7.92	2.60	3.05	-	1.75	1.25	80.75
	Hinckley Twp.	64.18	7.92	11.05	3.05	-	2.80	1.25	90.25
	Medina Twp.	64.18	7.92	5.60	3.05	-	1.75	1.25	83.75
	Montville Twp.	64.18	7.92	10.95	3.05	-	1.75	1.25	89.10
	Sharon Twp.	64.18	7.92	8.40	3.05	-	1.75	1.25	86.55
	Wadsworth City	64.18	7.92	-	3.05	5.80	1.75	1.25	83.95
1998	Brunswick Hills	58.68	7.95	7.60	3.05	-	1.75	1.25	80.28
	Granger Twp.	58.68	7.95	2.60	3.05	-	1.75	1.25	75.28
	Hinckley Twp.	58.68	7.95	11.05	3.05	-	2.80	1.25	84.78
	Medina Twp.	58.68	7.95	5.60	3.05	-	1.75	1.25	78.28
	Montville Twp.	58.68	7.95	10.95	3.05	-	1.75	1.25	83.63
	Sharon Twp.	58.68	7.95	8.40	3.05	-	1.75	1.25	81.08
	Wadsworth City	58.68	7.95	-	3.05	5.80	1.75	1.25	78.48
1997	Brunswick Hills	59.28	7.97	7.60	3.05	-	1.75	1.25	80.90
	Granger Twp.	59.28	7.97	2.60	3.05	-	1.75	1.25	75.90
	Hinckley Twp.	59.28	7.97	11.05	3.05	-	2.80	1.25	85.40
	Medina Twp.	59.28	7.97	5.60	3.05	-	1.75	1.25	78.90
	Montville Twp.	59.28	7.97	9.45	3.05	-	1.75	1.25	82.75
	Sharon Twp.	59.28	7.97	8.40	3.05	-	1.75	1.25	81.70
	Wadsworth City	59.28	7.97	-	3.05	5.80	1.75	1.25	79.10
1996	Brunswick Hills	59.28	7.98	7.60	3.05	-	1.75	1.25	80.91
	Granger Twp.	59.28	7.98	2.60	3.05	-	1.75	1.25	75.91
	Hinckley Twp.	59.28	7.98	11.05	3.05	-	2.80	1.25	85.41
	Medina Twp.	59.28	7.98	5.60	3.05	-	1.75	1.25	78.91
	Montville Twp.	59.28	7.98	10.45	3.05	-	1.75	1.25	83.76
	Sharon Twp.	59.28	7.98	8.40	3.05	-	1.75	1.25	81.71
	Wadsworth City	59.28	7.98	-	3.05	5.80	1.75	1.25	79.11
1995	Brunswick Hills	59.97	8.09	7.60	3.05	-	1.75	1.25	81.71
	Granger Twp.	59.97	8.09	2.60	3.05	-	1.75	1.25	76.71
	Hinckley Twp.	59.97	8.09	11.05	3.05	-	2.80	1.25	86.21
	Medina Twp.	59.97	8.09	5.60	3.05	-	1.75	1.25	79.71
	Montville Twp.	59.97	8.09	10.45	3.05	-	1.75	1.25	84.56
	Sharon Twp.	59.97	8.09	8.40	3.05	-	1.75	1.25	82.51
	Wadsworth City	59.97	8.09	-	3.05	5.80	1.75	1.25	79.91

Highland Local School District
Property Tax Rates - Direct and Overlapping Governments
Last Ten Calendar Years

Collection Year		School Levy	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Total
1994	Brunswick Hills	58.24	8.10	7.10	3.05	-	1.75	1.25	79.49
	Granger Twp.	58.24	8.10	2.60	3.05	-	1.75	1.25	74.99
	Hinckley Twp.	58.24	8.10	11.05	3.05	-	2.80	1.25	84.49
	Medina Twp.	58.24	8.10	5.60	3.05	-	1.75	1.25	77.99
	Montville Twp.	58.24	8.10	10.45	3.05	-	1.75	1.25	82.84
	Sharon Twp.	58.24	8.10	8.40	3.05	-	1.75	1.25	80.79
	Wadsworth City	58.24	8.10	-	3.05	5.80	1.75	1.25	78.19
1993	Brunswick Hills	57.54	8.12	7.10	3.05	-	1.75	1.25	78.81
	Granger Twp.	57.54	8.12	2.60	3.05	-	1.75	1.25	74.31
	Hinckley Twp.	57.54	8.12	11.05	3.05	-	2.80	1.25	83.81
	Medina Twp.	57.54	8.12	5.60	3.05	-	1.75	1.25	77.31
	Montville Twp.	57.54	8.12	9.15	3.05	-	1.75	1.25	80.86
	Sharon Twp.	57.54	8.12	8.40	3.05	-	1.75	1.25	80.11
	Wadsworth City	57.54	8.12	-	3.05	5.80	1.75	1.25	77.51
1992	Brunswick Hills	51.63	8.20	4.60	3.05	-	1.25	0.75	69.48
	Granger Twp.	51.63	8.20	2.60	3.05	-	1.25	0.75	67.48
	Hinckley Twp.	51.63	8.20	12.05	3.05	-	2.30	0.75	77.98
	Medina Twp.	51.63	8.20	5.60	3.05	-	1.25	0.75	70.48
	Montville Twp.	51.63	8.20	10.15	3.05	-	1.25	0.75	75.03
	Sharon Twp.	51.63	8.20	8.40	3.05	-	1.25	0.75	73.28
	Wadsworth City	51.63	8.20	-	3.05	5.80	1.25	0.75	70.68

Source: Medina County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

Note: The rates are per \$1,000 of assessed valuation.

Highland Local School District

Computation of Legal Debt Margin

June 30, 2001

Assessed Valuation (2001)	<u>\$ 385,858,982</u>
Bonded Debt Limit - 9% of Assessed Value (1)	34,727,308
Outstanding debt:	
Bond anticipation notes	39,900,000
Less: Amount available in debt service fund	<u>-</u>
Total outstanding debt	<u>\$ 39,900,000</u>
Amount of debt applicable to debt limit	39,900,000
Voted Debt Margin	<u>\$ (5,172,692)</u>
Bonded Debt Limit - .10% of Assessed Value (1)	385,859
Outstanding debt:	
Bond anticipation notes	39,900,000
Less: Amount available in debt service fund	<u>-</u>
Total outstanding debt	<u>\$ 39,900,000</u>
Less exemptions:	
Bond anticipation notes	<u>39,900,000</u>
	<u>39,900,000</u>
Amount of debt applicable to debt limit	-
Unvoted Debt Margin	<u>\$ 385,859</u>

Source: Medina County Auditor and School District financial records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

Highland Local School District

Ratio of Net General Obligation Bonded Debt to

Assessed Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)/(3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2001	\$ -	\$ 385,858,982	22,708	0.00%	\$0.00
2000	130,000	364,219,377	19,722	0.04%	6.59
1999	260,000	347,338,280	19,722	0.07%	13.18
1998	390,000	318,329,550	19,722	0.12%	19.77
1997	1,089,200	304,638,430	19,722	0.36%	55.23
1996	1,317,100	293,499,430	19,722	0.45%	66.78
1995	1,545,000	227,167,263	19,722	0.68%	78.34
1994	1,284,500	211,517,498	19,722	0.61%	65.13
1993	1,468,000	202,552,912	19,722	0.72%	74.43
1992	1,651,500	181,414,418	19,722	0.91%	83.74

Source: U.S. Census Bureau

(1) No debt is applicable to enterprise funds.

(2) Population data for 1990 through 1999 was assumed to be the same as the 1990 census as interim data was not available.

(3) Population estimates for Brunswick Hills Twp., Granger Twp., Hinckley Twp., Montville Twp. and Sharon Twp. were used to compile Highland Local Schools population.

Highland Local School District

**Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total Governmental Expenditures
Last Ten Fiscal Years**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures (Percentages)</u>
2001	\$ 130,000	\$ 3,575	\$ 133,575	\$ 15,938,472	0.84%
2000	130,000	10,725	140,725	15,678,242	0.90%
1999	130,000	17,875	147,875	14,338,232	1.03%
1998	699,200	57,219	756,419	14,862,224	5.09%
1997	227,900	69,865	297,765	13,318,449	2.24%
1996	227,900	87,332	315,232	12,200,610	2.58%
1995	183,500	67,073	250,573	11,484,335	2.18%
1994	183,500	77,627	261,127	10,347,266	2.52%
1993	183,500	96,165	279,665	9,609,896	2.91%
1992	183,500	107,248	290,748	9,431,190	3.08%

Source: School District records and Audit Reports

Highland Local School District
Demographic Statistics

Selected Population Characteristic	2000	1990
<u>Population</u>	22,708	16,875
<u>Age Distribution</u>		
Median	40	36
< 17 Years	5,942	4,463
18-64 Years	14,323	10,825
65+ Years	2,443	1,587
<u>Race</u>		
White	22,216	16,721
Black	105	40
Other	387	114

Source: U.S. Census Bureau
 Used only significant townships: Granger Twp., Hinckley Twp., Medina Twp., Sharon Twp.

Highland Local School District
Property Values, Bank Deposits and Construction
Last Ten Calendar Years

<u>Year</u>	<u>Total Assessed Values</u>	<u>Certified Bank Deposits</u>	<u>Value of New Construction</u>
2001	\$ 385,858,982	\$ 151,846,000	\$ 13,517,380
2000	364,219,377	129,769,000	12,789,550
1999	347,338,280	159,232,558	10,897,380
1998	318,329,550	618,560,551	13,366,420
1997	304,638,430	97,862,101	9,749,260
1996	293,499,430	873,151,487	9,334,270
1995	227,167,263	811,794,038	8,632,930
1994	211,517,498	726,886,234	7,547,130
1993	202,552,912	801,579,645	6,256,250
1992	181,414,418	775,068,420	4,750,390

Sources:

Total Assessed Value - Medina County Auditor
Financial Institution Deposits - Cleveland Federal Reserve Board
Value of New Construction - Highland Local School District

Highland Local School District

Principal Taxpayers

Top Taxpayers	Assessed Valuations					Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility	Total
Ohio Edison Company	\$ -	\$ -	\$ 7,659,680	\$ 7,659,680	2.10%	\$ -	\$ -	\$ 30,638,720	\$ 30,638,720
Columbia Gas of Ohio	-	-	2,086,620	2,086,620	0.57%	-	-	8,346,480	8,346,480
GTE North Inc.	-	-	2,008,740	2,008,740	0.55%	-	-	8,034,960	8,034,960
A Schulman, Inc.	-	1,814,367	-	1,814,367	0.50%	-	2,061,781	-	2,061,781
SFS Stadler Inc.	1,004,350	804,759	-	1,809,109	0.50%	2,869,571	914,499	-	3,784,070
Avalon RV Center, Inc.	-	1,133,346	-	1,133,346	0.31%	-	1,287,893	-	1,287,893
East Ohio Gas	-	-	1,020,750	1,020,750	0.28%	-	-	4,083,000	4,083,000
Cornelius Mihalca	1,012,000	-	-	1,012,000	0.28%	2,891,429	-	-	2,891,429
Nicholas J. & Demetrak Spirtos	959,120	-	-	959,120	0.26%	2,740,343	-	-	2,740,343
Petros Family Ltd. Partners	797,480	-	-	797,480	0.22%	2,278,514	-	-	2,278,514
Sharon Club Company	732,970	-	-	732,970	0.20%	2,094,200	-	-	2,094,200
Atlantic Tool & Die Co.	-	712,219	-	712,219	0.20%	-	809,340	-	809,340
DeLange Landen Oper. Services	-	711,685	-	711,685	0.20%	-	808,733	-	808,733
Total Top Ten Taxpayers	\$ 4,505,920	\$ 5,176,376	\$ 12,775,790	\$ 22,458,086	6.17%	\$ 12,874,057	\$ 5,882,246	\$ 51,103,160	\$ 69,859,463
Total All Assessed Valuations	333,887,290	14,886,057	15,446,030	364,219,377	100.00%				

Highland Local School District

Computation of Direct and Overlapping Bonded Debt

June 30, 2001

	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable Highland Local School District</u>
Highland Local School District	\$ 364,219,377	\$ 39,900,000	100.00%	\$ 39,900,000
Brunswick Hills Township	107,072,115	-	3.30%	-
Granger Township	112,323,990	-	96.32%	-
Hinckley Township	174,403,900	-	71.74%	-
Medina Township	244,767,023	-	76.61%	-
Montville Township	146,667,730	-	14.79%	-
Sharon Township	124,905,670	-	96.75%	-
Wadsworth City	329,714,640	-	0.23%	-
		<u>\$ 39,900,000</u>		<u>\$ 39,900,000</u>

Sources: Medina County Auditor & Local finance departments

(1) Includes all general obligation bonds and notes at December 31, 2000.

(2) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

Highland Local School District

Directory of School Facilities

June 30, 2001

<u>FACILITY</u>	<u>ADDRESS</u>	<u>PRINCIPAL</u>	<u>GRADES</u>
Highland High School	3880 Ridge Road Medina, OH 44256	Dr. Bruce Hulme	9-12
Highland Middle School	3940 Ridge Road Medina, OH 44256	Mr. Joe Wise	6-8
Hinckley Elementary School	1586 Center Road Hinckley, OH 44233	Mr. John Giles	K-5
Sharon Elementary School	6335 Ridge Road P.O. Box 179 Sharon Center, OH 44274	Mrs. Constance Marzullo	K-5

Source: Highland Local School District records

Highland Local School District

Miscellaneous Statistics

Last Ten Fiscal Years (1)

	<u>Fiscal Year Ended June 30, 2000</u>	<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>	<u>Fiscal Year Ended June 30, 1997</u>
Fall Enrollment	2,396	2,380	2,340	2,223
Average Teacher Salary	41,545	39,976	47,468	46,317
Pupil Attendance Rate	95.50	96.30	96.31	95.86
Graduation Rate	93.80	93.10	93.14	86.59
Average Number of Students Per Teacher	20.5	20.6	22.6	24.3
Teacher Attendance Rate	96.00	95.80	96.32	96.35
Annual Spending Per Pupil	6,940	6,174	6,186	5,551

Source: Ohio Department of Education and School District records

(1) Information not available for 2001

<u>Fiscal Year Ended June 30, 1996</u>	<u>Fiscal Year Ended June 30, 1995</u>	<u>Fiscal Year Ended June 30, 1994</u>	<u>Fiscal Year Ended June 30, 1993</u>	<u>Fiscal Year Ended June 30, 1992</u>	<u>Fiscal Year Ended June 30, 1991</u>
2,197	2,111	2,075	2,002	1,959	1,893
44,020	39,881	37,505	35,756	35,756	34,389
95.97	95.60	95.86	95.79	95.79	95.59
90.73	95.74	90.20	91.50	89.87	85.55
24.5	22.4	22.9	22.2	20.4	20.1
96.72	97.06	97.06	97.24	96.19	96.12
5,245	5,051	4,841	4,823	4,484	4,337



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HIGHLAND LOCAL SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 4, 2001**