



**Mary Taylor, CPA**  
Auditor of State



HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

October 22, 2010



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 the 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 could directly and materially affect the District's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Highland Local School District, Medina County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

#### **Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Federal Awards Receipts and Expenditures Schedule**

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

October 22, 2010



HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster			
Special Education Grants to States	84.027	\$78,101	\$108,045
		467,910	449,819
ARRA - Special Education Grants to States, Recovery Act	84.391	286,160	276,908
Total Special Education -Grants to States		832,171	834,772
Special Education - Preschool Grants	84.173	9,389	9,389
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	10,066	8,605
Total Special Education - Preschool Grants		19,455	17,994
Total Special Education Cluster		851,626	852,766
Title I Grants to Local Educational Agencies	84.010	7,956	21,599
		70,664	71,384
Total Title I Grants to Local Educational Agencies		78,620	92,983
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	283,466	133,566
Safe and Drug-Free Schools and Communities-State Grants	84.186	5,010	5,800
Education Technology State Grants	84.318	786	786
Improving Teacher Quality State Grants	84.367	56,679	58,143
<i>Passed through the Educational Service Center of Cuyahoga County</i>			
English Language Acquisition Grants	84.365	3,371	3,402
<b>Total U.S. Department of Education</b>		<b>1,279,558</b>	<b>1,147,446</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	131,563	131,563
Non-Cash Assistance		65,995	63,121
Total Child Nutrition Cluster		197,558	194,684
Total U.S. Department of Agriculture		<b>197,558</b>	<b>194,684</b>
<b>Totals</b>		<b>\$1,477,116</b>	<b>\$1,342,130</b>

The accompanying notes are an integral part of this schedule.

**HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Highland Local School District, Medina County, Ohio, (the District's) federal award programs' receipts and expenditures. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: CFDA 84.027, 84.391, 84.173 and 84.392
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Noncompliance citation – Finding for Recovery Repaid Under Audit: A \$3,181 finding for recovery related to athletic booster club membership sales and athletic event passes was issued against and repaid under audit.	Yes	Finding no longer valid.

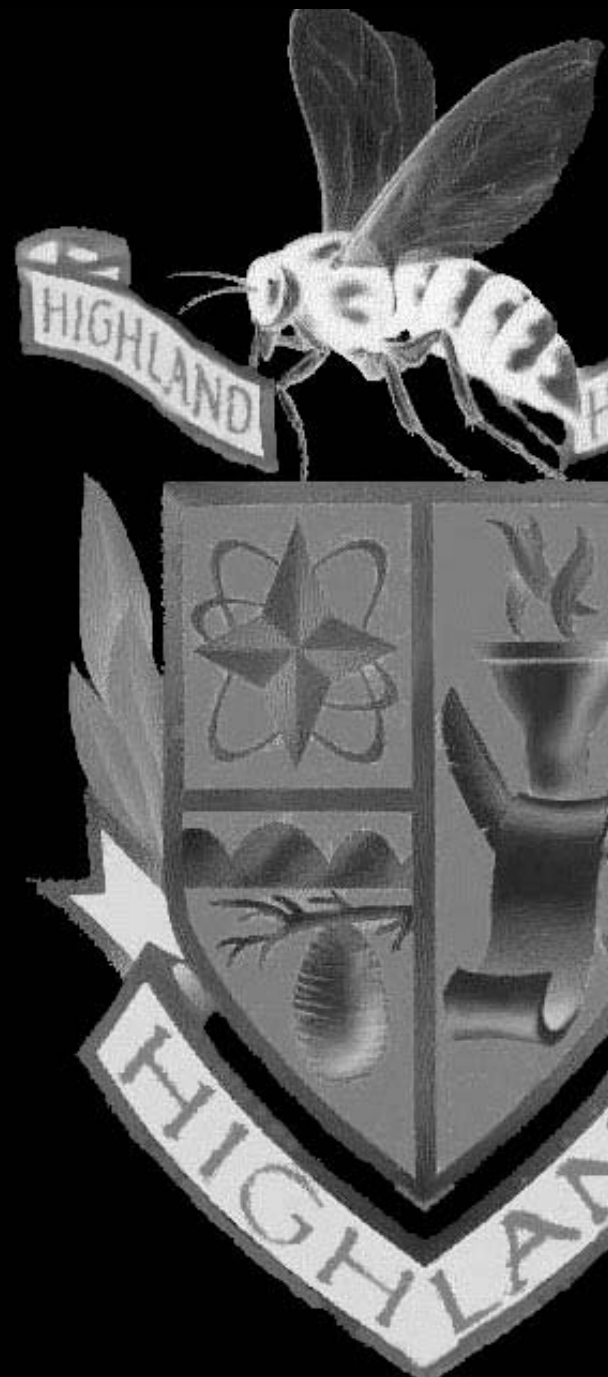
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# 2010

HIGHLAND LOCAL  
SCHOOL DISTRICT  
MEDINA, OHIO

COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT

FOR THE FISCAL YEAR  
ENDED JUNE 30, 2010





# *Highland Local School District*

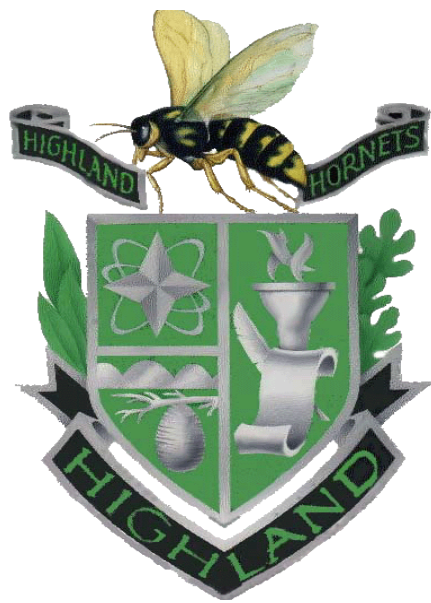
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Medina, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

Prepared By:  
Treasurer and  
Treasurer's Office Staff





**Highland Local School District**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2010**

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**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2010**

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**Highland Local School District**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2010**

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## INTRODUCTORY SECTION





# Highland Local Schools

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

October 22, 2010

Highland Board of Education Members and  
The Citizens 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, 2010, 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 2009-2010 fiscal year.

The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the 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 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.

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, Financial Rating Services, the School District's Financial Advisory Panel, and other interested parties.

Management's discussion and analysis (MD&A) immediately follows the independent accountants' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **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 Hills 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 School 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 joined. In 1952, Hinckley was added to create the Highland Local School District.

These original school buildings were replaced in subsequent years. The Hinckley Elementary School building was constructed in 1952, the Sharon Elementary School and Granger Elementary School buildings were constructed in 1957, and the Highland Middle School was constructed in 1962. Due to increases in enrollment renovations and additions were made to these buildings throughout the years to modernize and increase classroom space.

The award winning Highland High School building was opened in the fall of 2004. The building received the Outstanding Design award from the Council of Educational Facility Planners International and School Planning & Management magazine.

The School District provides a wide array of programs to the students. These programs include; instructional, support services, non-instructional services, and extracurricular activities. The instructional programs provide; regular instruction from kindergarten through twelfth grade, special education for students with learning disabilities and other disabilities, and vocational education to train students for a career. Support services are divided into services that; directly support the instructional programs, provide administrative and fiscal activities, maintenance of buildings and grounds, and pupil transportation. Non-instructional services provide a food service operation for pupils and community activities. The extracurricular activities are designed to enhance the instructional experience for pupils and include student organizations and athletic activities.

The School District has been rated "Excellent" by the State Department of Education for the past 11 years.

As of June 30, 2010, the School District had 3,327 public students enrolled in five schools: Sharon Elementary, Hinckley Elementary, Granger 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. 121 of the 3,327 students in the School District attended the Medina County Career Center during the 2009-2010 school year.



Enrollment is expected to continue to increase slightly in the future. The School District's academic ranking, major housing developments and several smaller ones have attracted a 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, Dr. Norman Christopher, President, Mr. Michael Houska, Vice President, Mr. Robert Kelly, Mr. Daniel Petek, and Mr. John CizMadia. On August 23, 2010 Mr. CizMadia resigned from the Board and on September 20, 2010 Diane Thomas was appointed to fill his position,

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. Mrs. Catherine Aukerman was appointed Superintendent on August 1, 2008. She was given a three-year contract, which ends on July 31, 2011.

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. On October 24, 2007, Mrs. Markle was given a four and ½ year contract expiring July 31, 2012. She has retired with 30 years in the position on July 31, 2010. Mr. Neil Barnes was appointed to serve as the district's Treasurer effective August 1, 2010. He was given a three year contract expiring July 31, 2013.

All other School District employees, with the exception of the Treasurer's department, are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

## **REPORTING ENTITY**

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement Nos. 14 and 39, "The Financial Reporting Entity" and "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the School District for financial reporting purposes, management has considered all boards, funds, agencies, departments and organizations making up the Highland Local School District (the primary government).

Other governmental entities (i.e. Townships of Hinckley, Granger, Sharon, Montville, Brunswick Hills, Copley, and Medina) conducting business activities within School District boundaries are excluded from the accompanying financial statements. The School District's Board does not appoint the boards of those entities, nor are they fiscally dependent on the School District. The School District cannot legally access their resources, has no obligation to finance deficits or provide financial support, and is not obligated for their debts.

A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

## **FINANCIAL INFORMATION**

The School District is required by Ohio law to complete a five-year financial forecast annually. This document is updated regularly and serves as a financial roadmap for the School District. The forecast is designed to provide the administration, board of education and the public a general indication of a probable future financial position of the School District based on information currently available to the School District. The forecast is a critical planning document for the School District. It is a necessary tool focusing discussion and attention on future financial needs while facilitating management's strategic planning.

The School District is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of basic financial statements in conformity with generally accepted accounting principles. 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 the cost of a control does not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management.

### ***Internal Accounting and Budgetary Control***

The School District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Reports for general governmental operations 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.

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, help ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the function level for the general fund and at the fund level for all other funds. All purchase order requests must be approved by either the Superintendent or Assistant Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on-line inquiry system is available at each cost center site. As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the various funds utilized by the Highland Local School District are fully described in Note 1 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

## **ECONOMIC CONDITION AND FUTURE OUTLOOK**

For the future, the School District's overall focus will be to continue to improve the educational program for the benefit of students, parents and community residents. The process involves assessing current programs, identifying strengths and weaknesses, developing and implementing new courses of action, and evaluating the results.

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 seven years, the School District has realized increased activity in commercial development and residential housing continues to increase each year.

## **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 unless an annual Single Audit is required. The Ohio Auditor of State performed the audit for the year ended June 30, 2010. The auditor's unqualified opinion rendered on the School District's basic financial statements 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, 2009. 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, the contents of which 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.

### *Additional Information*

For a more in depth discussion of the financial condition of the Highland Local School District, please refer to the Management's Discussion and Analysis and the Notes to the Basic Financial Statements of the Comprehensive Annual Financial Report.

### *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. In addition, sincere thanks are extended to the Medina County Auditor's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

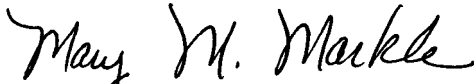
I would also extend my appreciation to the members of the Highland Board of Education for their leadership, commitment to excellence and support. It is with great pride that the Highland Local School District presents the 2010 Comprehensive Annual Financial Report to the citizens and taxpayers of the School District.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Neil Barnes", with a long horizontal flourish at the end.

Neil Barnes

Treasurer (effective August 1, 2010)

A handwritten signature in black ink, appearing to read "Mary M. Markle", with a long horizontal flourish at the end.

Mary M. Markle

Treasurer (through July 31, 2010)

**Highland Local School District**  
**Public Officials Roster**  
**For the Fiscal Year Ended June 30, 2010**

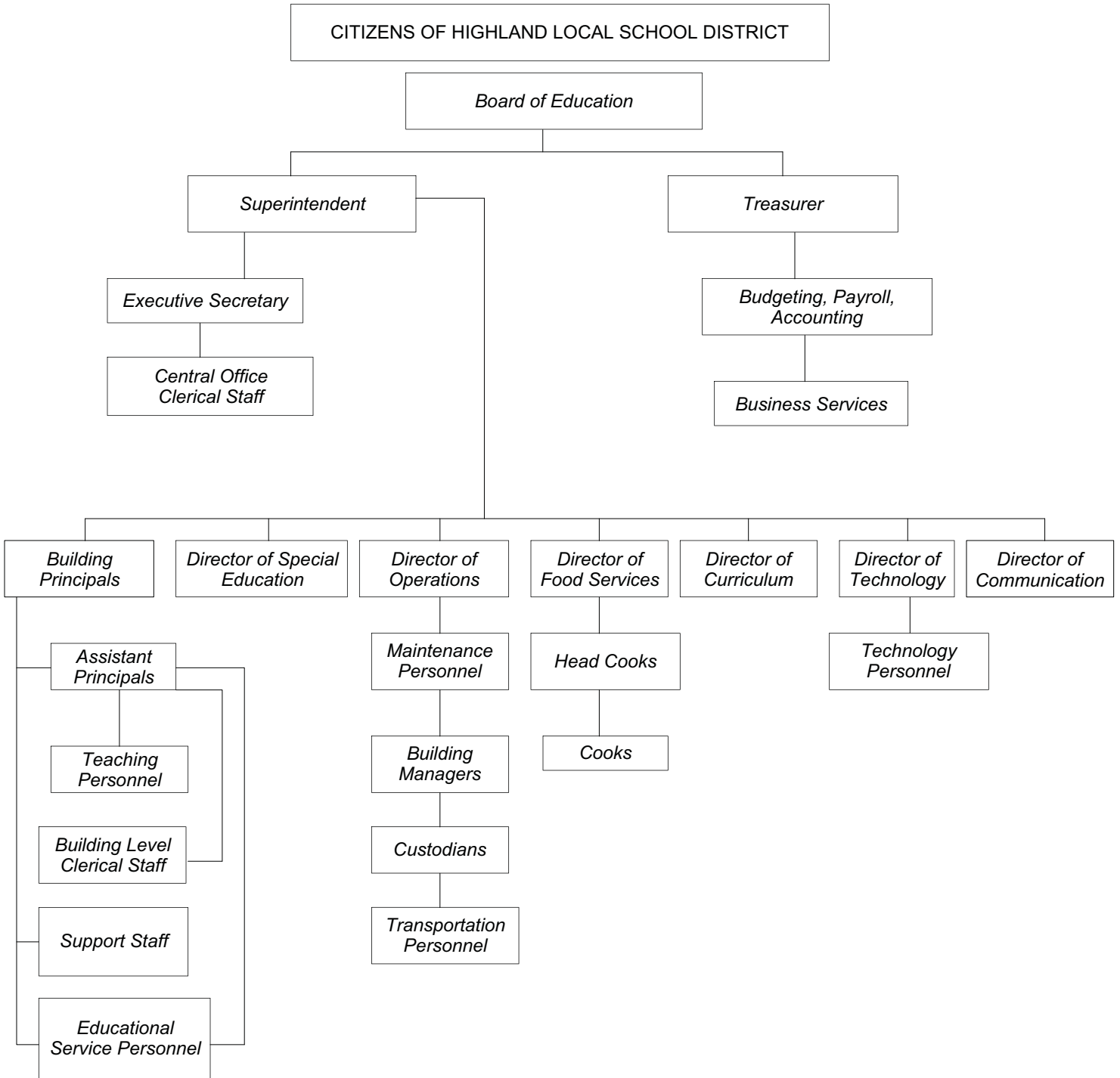
**Board of Education**

Norman Christopher, M.D.	Board Member, President
Michael Houska	Board Member, Vice President
Robert Kelly	Board Member
Daniel Petek	Board Member
John CizMadia	Board Member

**Administration**

Catherine Aukerman	Superintendent
Mary M. Markle	Treasurer (through July 31, 2010)
Dr. John Opperman	Director of Special Education
Laurie Boedicker	Director of Curriculum and Instruction
James Reusch	Supervisor of Operations
Dawn Marzano	Community Information Coordinator
Peter Ulrich	Highland High School Principal
Ray Braunscheidel	Highland High School Assistant Principal
Dr. John Deuber	Highland Middle School Principal
Jonathan Henry	Highland Middle School Assistant Principal
Linda Collins	Granger Elementary School Principal
Stacie Rastok	Hinckley Elementary School Principal
Constance Marzullo	Sharon Elementary School Principal
Evelyn Makarek	Food Service Coordinator
Roger Saffle	Supervisor of Technological Services

**Highland Local School District  
Organizational Chart**



# 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, 2009

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.



A stylized, handwritten signature in black ink, appearing to read "J. J.", positioned above the title "President".

President

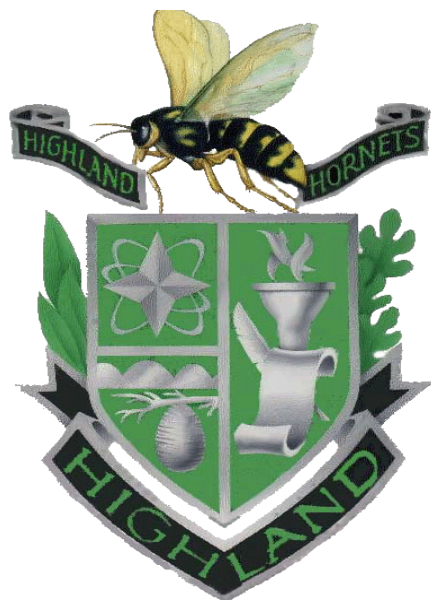
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director



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## FINANCIAL SECTION





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Highland Local School District, Medina County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General 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 October 22, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

October 22, 2010

## ***Highland Local School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

This discussion and analysis of Highland Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the letter of transmittal, basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2010 are as follows:

- Net assets of governmental activities decreased \$1,415,771 representing a 6.9 percent decrease from 2009.
- General revenues accounted for \$28,338,177 in revenue or 89.3 percent of all revenues. Program revenues in the form of charges for services, operating grants, contributions and interest accounted for \$3,391,205 or 10.7 percent of total revenues of \$31,729,382.
- The School District had \$33,145,153 in expenses related to governmental activities; only \$3,391,205 of these expenses was offset by program specific revenues. General revenues of \$28,338,177 were not adequate to provide for these programs.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$10,583,080, a decrease of \$1,609,261 from the prior fiscal year. The decrease was due largely to a decrease within the general fund. The general fund reported a decrease in revenues and an increase in expenditures as compared to the prior year.

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Highland Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Highland Local School District, the general fund and the debt service fund are the most significant funds.

**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities are designed to answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those net assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the School District's activities are considered to be all Governmental Activities.

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial reports provide detailed information about the general and debt service funds, all of which are considered major funds. Data from the other funds are combined into a single, aggregated presentation.

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. A comparative analysis is presented below. Table 1 provides a summary of the School District's net assets for 2010 and 2009:

**Table 1  
Net Assets**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b><u>Assets:</u></b>		
Current and other assets	\$ 32,756,847	\$ 35,320,008
Capital assets, net of depreciation	<u>41,705,630</u>	<u>42,959,749</u>
Total assets	<u>74,462,477</u>	<u>78,279,757</u>
<b><u>Liabilities:</u></b>		
Current and other liabilities	20,163,453	21,187,397
Long-term liabilities:		
Due within one year	2,140,369	1,806,824
Due in more than one year	<u>32,942,096</u>	<u>34,653,206</u>
Total liabilities	<u>55,245,918</u>	<u>57,647,427</u>
<b><u>Net Assets:</u></b>		
Invested in capital assets, net of related debt	8,954,771	8,392,251
Restricted	5,792,139	5,283,915
Unrestricted	<u>4,469,649</u>	<u>6,956,164</u>
Total net assets	<u>\$ 19,216,559</u>	<u>\$ 20,632,330</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the School District's assets exceeded liabilities by \$19,216,559.

Invested in capital assets, net of related debt reported on the government-wide statements represents a large portion of the School District's net assets for fiscal year 2010. Capital assets include land, land improvements, buildings and building improvements, furniture, fixtures, and equipment and vehicles and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$5,792,139 or 30.1 percent, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$3,609,424, or 62.3 percent, is restricted for debt service payments; \$1,656,878, or 28.6 percent, is restricted for capital projects; \$188,359 or 3.2 percent is restricted for food service, \$33,348 or 0.6 percent is restricted for school supplies, \$69,739 or 1.2 percent is restricted for extracurricular, \$43,858 or 0.8 percent is restricted for community services, \$11,000 or 0.2 percent is restricted for underground fuel tanks, \$19,514 or .3 percent is restricted for set-asides and \$160,019 or 2.8 percent is restricted for other purposes. The remaining significant balance of government-wide unrestricted net assets of \$4,469,649 may be used to

**Highland Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2010  
 Unaudited

meet the School District's ongoing obligations to students and staff. Restricted for other purposes for Highland Local School District are net assets restricted for special revenue funds which are used for educational services.

Table 2 shows change in net assets for fiscal years 2010 and 2009.

**Table 2**  
**Change in Net Assets**

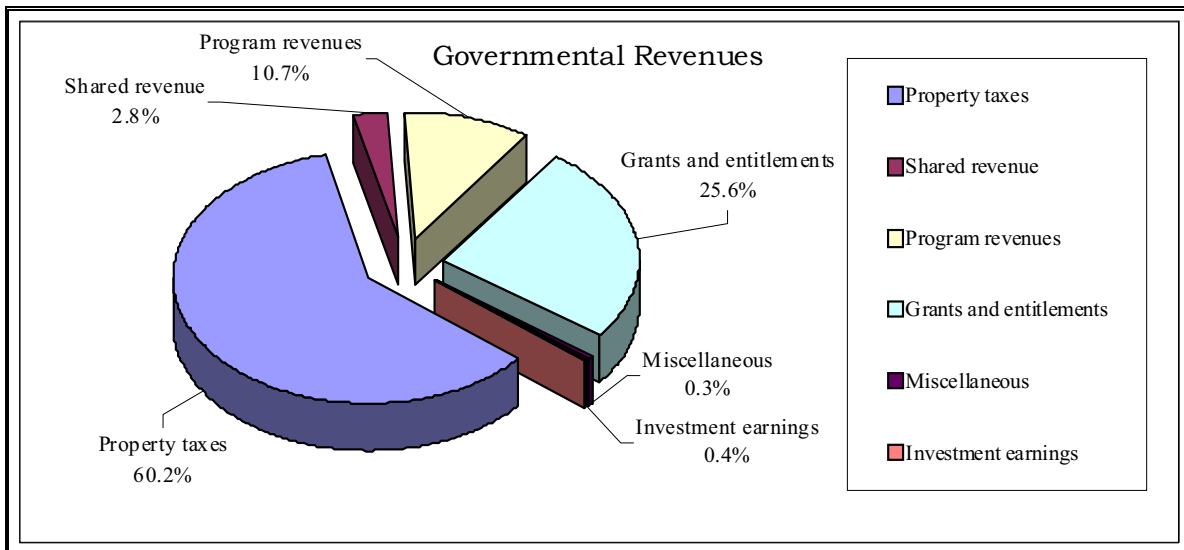
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b><u>Revenues:</u></b>		
Program revenues:		
Charges for services	\$ 1,771,687	\$ 1,705,332
Operating grants, contributions and interest	1,619,518	927,865
Capital grants, contributions and interest	-	28,775
General revenues:		
Property taxes	19,097,708	19,245,900
Shared revenue	903,935	988,270
Grants and entitlements	8,105,796	8,043,456
Investment earnings	126,571	402,579
Miscellaneous	104,167	267,796
Capital contributions	-	40,258
Total revenues	<u>31,729,382</u>	<u>31,650,231</u>
<b><u>Program Expenses:</u></b>		
Instruction:		
Regular	13,533,366	12,267,061
Special	2,851,628	2,843,678
Vocational	278,812	306,980
Other	191,003	265,925
Support services:		
Pupils	1,749,221	1,597,409
Instructional staff	2,083,672	1,708,797
Board of education	33,645	33,633
Administration	2,161,944	2,255,136
Fiscal	827,008	582,842
Business	36,531	50,648
Operation and maintenance of plant	3,110,315	3,408,779
Pupil transportation	1,676,783	1,734,063
Central	264,307	219,387
Food service operations	1,141,808	1,148,334
Community services	176,670	169,629
Extracurricular activities	1,496,114	1,369,821
Interest and fiscal charges	1,532,326	1,577,328
Total expenses	<u>33,145,153</u>	<u>31,539,450</u>
Increase (decrease) in net assets	<u>\$ (1,415,771)</u>	<u>\$ 110,781</u>



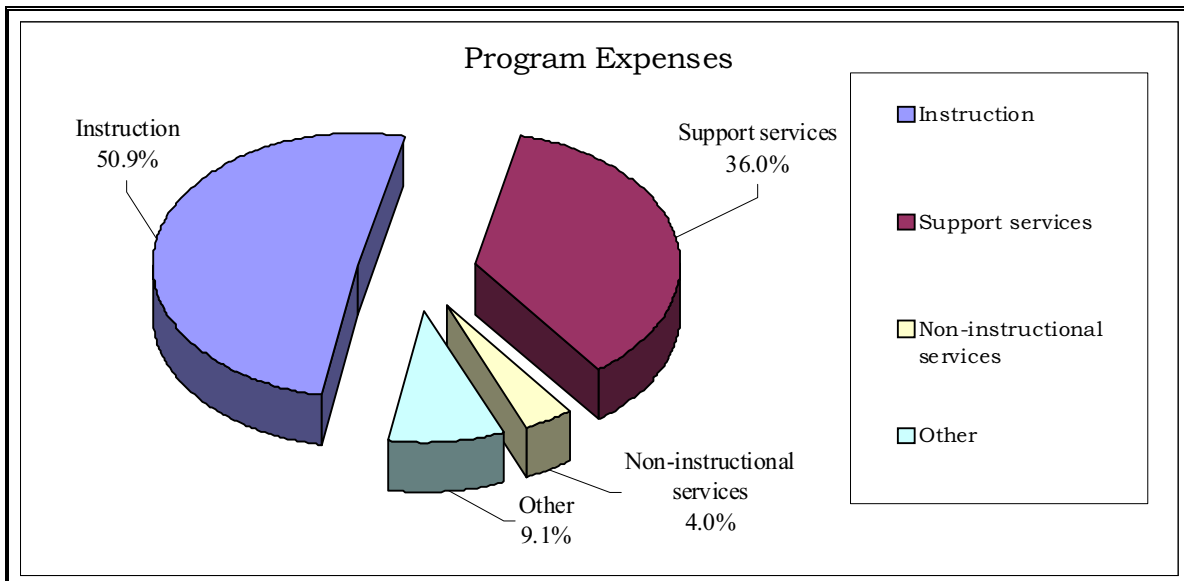
**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Governmental Activities - The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases. Property taxes made up 60.2 percent of revenues for governmental activities for the School District in fiscal year 2010. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating cost.



Instruction comprises 50.9 percent of governmental program expenses. Additional supporting services for pupils, staff, administration and business operations encompassed an additional 36.0 percent. The remaining 13.1 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.



**Highland Local School District**

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2010  
 Unaudited

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2010</u>	Net Cost of Services <u>2009</u>
<b><u>Program Expenses:</u></b>				
Instruction:				
Regular	\$ 13,533,366	\$ 12,267,061	\$ (13,142,223)	\$ (11,959,591)
Special	2,851,628	2,843,678	(2,163,311)	(2,579,623)
Vocational	278,812	306,980	(269,223)	(297,462)
Other	191,003	265,925	(191,003)	(265,925)
Support services:				
Pupils	1,749,221	1,597,409	(1,513,623)	(1,478,373)
Instructional staff	2,083,672	1,708,797	(1,740,897)	(1,468,896)
Board of education	33,645	33,633	(33,645)	(33,633)
Administration	2,161,944	2,255,136	(2,009,513)	(2,113,960)
Fiscal	827,008	582,842	(827,008)	(582,842)
Business	36,531	50,648	(36,531)	(50,648)
Operation and maintenance of plant	3,110,315	3,408,779	(3,110,315)	(3,408,779)
Pupil transportation	1,676,783	1,734,063	(1,676,783)	(1,703,277)
Central	264,307	219,387	(250,794)	(194,881)
Food service operations	1,141,808	1,148,334	(39,348)	(54,164)
Community services	176,670	169,629	(1,814)	(4,694)
Extracurricular activities	1,496,114	1,369,821	(1,215,591)	(1,103,402)
Interest and fiscal charges	<u>1,532,326</u>	<u>1,577,328</u>	<u>(1,532,326)</u>	<u>(1,577,328)</u>
Total	<u>\$ 33,145,153</u>	<u>\$ 31,539,450</u>	<u>\$ (29,753,948)</u>	<u>\$ (28,877,478)</u>

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$31,645,480 and total expenditures and other financing uses were \$33,254,741. The total net change in fund balance across all governmental funds was a decrease of \$1,609,261. Although there was a decrease in fund balance the School District continues to be financially solvent. However, additional local funding will be required in the near future to maintain the current educational programs. The net decrease in fund balance for the year was most significant in the general fund, amounting to \$2,107,204, or 28.5 percent. This change in the general fund is due largely to expenditures exceeding revenues for the current year. Net change in the debt service fund is \$353,583, which was anticipated based on projections of the revenue generated from the tax levy and intergovernmental revenue as compared to the debt service requirements for 2010.

**Highland Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**Table 4**  
**Fund Balances**

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
General	\$ 5,299,154	\$ 7,406,358	\$ (2,107,204)	-28.45%
Debt service	3,641,664	3,288,081	353,583	10.75%
Other governmental	<u>1,642,262</u>	<u>1,497,902</u>	<u>144,360</u>	<u>9.64%</u>
Total	<u>\$ 10,583,080</u>	<u>\$ 12,192,341</u>	<u>\$ (1,609,261)</u>	<u>-13.20%</u>

**General Fund**

The School District's general fund balance decreased \$2,107,204 during the fiscal year. This was due to several factors. The following table assists in illustrating the change in revenues of the general fund.

**Table 5**  
**General Fund - Change in Revenue**

	2010 <u>Amount</u>	2009 <u>Amount</u>	Percent <u>Change</u>
Taxes	\$ 15,921,879	\$ 16,073,732	-0.94%
Intergovernmental	7,698,642	7,647,950	0.66%
Interest	123,785	378,892	-67.33%
Tuition and fees	281,569	232,310	21.20%
Extracurricular activities	93,343	44,781	108.44%
Gifts and donations	29,367	21,670	35.52%
Rent	29,990	9,843	204.68%
Miscellaneous	<u>72,949</u>	<u>233,647</u>	<u>-68.78%</u>
Total revenues	<u>\$ 24,251,524</u>	<u>\$ 24,642,825</u>	

General fund revenues decreased \$391,301 or 1.59 percent. The main reasons for this decrease were due to property tax revenue decreasing \$151,853, and interest decreasing by \$255,107.

The following table assists in illustrating the change in expenditures of the general fund.

**Table 6**  
**General Fund - Change in Expenditures by Type**

<u>Expenditures</u>	2010 <u>Amount</u>	2009 <u>Amount</u>	Percent <u>Change</u>
Instruction	\$ 15,190,161	\$ 14,907,960	1.89%
Support services	10,134,999	10,112,106	0.23%
Extracurricular activities	918,993	808,883	13.61%
Operation of non-instructional services	273	219	24.66%
Capital outlay	42,626	143,460	-70.29%
Debt service	<u>44,676</u>	<u>47,164</u>	<u>-5.28%</u>
Total	<u>\$ 26,331,728</u>	<u>\$ 26,019,792</u>	

**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

General fund expenditures increased \$311,936 or 1.2 percent from the previous year. This increase was not related to any one significant item.

**General Fund Budgeting Highlights**

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

During fiscal year 2010, the School District amended its general fund budget, however not significantly. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$24,009,011, which was lower than the original budget estimate of \$24,125,828. Most of this \$116,817 difference was due to the significant reduction in interest income projections. The actual revenues and other sources received were \$23,977,916, only \$31,095 less than anticipated.

The original expenditures and other financing uses estimate of \$27,399,494 was revised slightly over the fiscal year. The final budgeted expenditures and other financing uses was \$27,150,209, which is a decrease of \$249,285 or 0.9 percent from the original budget. Actual expenditures, including encumbrances and other financing uses were under budget by \$738,219. The largest part of this positive variance is due to expenditures budgeted for regular instruction, operation and maintenance of plant and pupil transportation which were not incurred at the anticipated level for 2010 operations.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the School District had \$41,705,630 invested in capital assets. Table 7 shows fiscal year 2010 balances compared to fiscal year 2009:

**Table 7**  
**Capital Assets, at Fiscal Year End**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 1,299,013	\$ 1,299,013
Land improvements	683,521	743,261
Buildings and building improvements	37,303,962	38,571,571
Furniture, fixtures and equipment	1,405,636	1,472,569
Vehicles	<u>1,013,498</u>	<u>873,335</u>
Total capital assets	<u>\$ 41,705,630</u>	<u>\$ 42,959,749</u>

**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

The most significant change in capital assets reported by the School District during the current year was for the purchase of four new buses. Although the School District did report a net increase in capital assets of \$354,333, the total carrying value of capital assets decreased by \$1,254,119, primarily due to the recognition of \$1,700,222 in depreciation expense. See Note 8 to the basic financial statements for detail on the School District's capital assets.

**Debt**

At June 30, 2010, the School District had \$33,538,239 in bonds (including unamortized bond premium and bond accretion) outstanding with \$1,820,000 due within one year. Table 8 summarizes the bonds outstanding:

**Table 8**  
**Outstanding Debt, at Fiscal Year End**  
**Governmental Activities**

	<u>2010</u>	<u>2009</u>
School improvement bonds	\$ 33,538,239	\$ 35,070,817

During the 2002 fiscal year, the School District issued \$39,900,000 in bonds, the proceeds of which were used to finance the constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and their sites. Later in fiscal year 2006, the School District issued \$29,480,000 in general obligation bonds to advance refund \$29,480,000 of outstanding general obligation bonds.

At June 30, 2010, the School District's overall legal debt margin was \$35,812,008 with an unvoted debt margin of \$705,837. The School District is rated Aa2 by Moody's Investors Service. The School District has budgeted to meet all of its debt requirements, all of which are to be repaid from the debt service fund. See Note 13, to the basic financial statements for details on the School District's debt.

**Current Issues Affecting Financial Condition**

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges. These challenges stem from issues that are both local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations as a result of the State's current funding system. Unfortunately, the School District has been unable to pass an operating levy in the face of increased operational costs. The School District was unsuccessful in its most recent attempts to pass levies in November 2009, May 2010 and August 2010. Another levy request will be made in May 2011. State level challenges continue to evolve as the State of Ohio maintains an educational funding system that has been deemed unconstitutional and is now confronted with an unprecedented budget shortfall. School districts across Ohio will be impacted.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

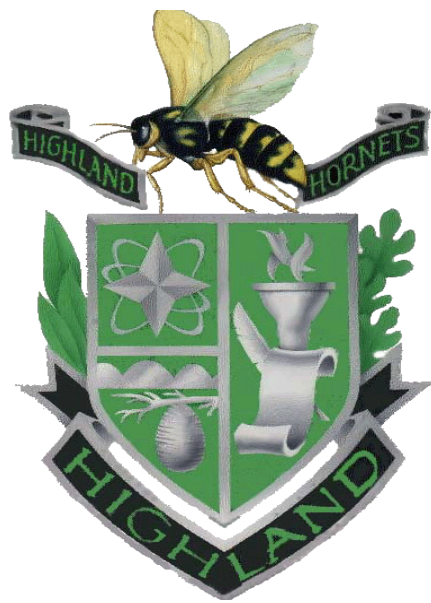
In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

***Highland Local School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional financial information, contact Neil Barnes, Treasurer, Highland Local School District, 3880 Ridge Road, Medina Ohio, 44256.



**Highland Local School District**

**Statement of Net Assets**

**June 30, 2010**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 12,520,559
Cash and cash equivalents:	
With fiscal agents	412
Receivables:	
Taxes	19,079,083
Accounts	11,059
Intergovernmental	850,529
Accrued interest	9,485
Prepaid items	32,971
Inventory held for resale	22,117
Materials and supplies inventory	3,519
Deferred charges	227,113
Capital assets:	
Land	1,299,013
Depreciable capital assets, net	40,406,617
Total assets	<u>74,462,477</u>
<u>Liabilities:</u>	
Accounts payable	181,028
Accrued wages	2,709,281
Intergovernmental payable	872,030
Accrued interest payable	112,521
Matured interest payable	412
Deferred revenue	16,288,181
Long-term liabilities:	
Due within one year	2,140,369
Due in more than one year	32,942,096
Total liabilities	<u>55,245,918</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	8,954,771
Restricted for:	
Capital projects	1,656,878
Debt service	3,609,424
Food service	188,359
School supplies	33,348
Extracurricular	69,739
Community services	43,858
Underground fuel tanks	11,000
Set-asides	19,514
Other purposes	160,019
Unrestricted	<u>4,469,649</u>
Total net assets	<u>\$ 19,216,559</u>

See accompanying notes to the basic financial statements.



**Highland Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 13,533,366	\$ 247,264	\$ 143,879	\$ -	\$ (13,142,223)
Special	2,851,628	137,634	550,683	-	(2,163,311)
Vocational	278,812	-	9,589	-	(269,223)
Other	191,003	-	-	-	(191,003)
Support services:					
Pupils	1,749,221	-	235,598	-	(1,513,623)
Instructional staff	2,083,672	-	342,775	-	(1,740,897)
Board of education	33,645	-	-	-	(33,645)
Administration	2,161,944	-	152,431	-	(2,009,513)
Fiscal	827,008	-	-	-	(827,008)
Business	36,531	-	-	-	(36,531)
Operation and maintenance of plant	3,110,315	-	-	-	(3,110,315)
Pupil transportation	1,676,783	-	-	-	(1,676,783)
Central	264,307	-	13,513	-	(250,794)
Operation of non-instructional services:					
Food service operations	1,141,808	931,813	170,647	-	(39,348)
Community services	176,670	174,856	-	-	(1,814)
Extracurricular activities	1,496,114	280,120	403	-	(1,215,591)
Interest and fiscal charges	1,532,326	-	-	-	(1,532,326)
<b>Total governmental activities</b>	<b>\$ 33,145,153</b>	<b>\$ 1,771,687</b>	<b>\$ 1,619,518</b>	<b>\$ -</b>	<b>(29,753,948)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes					16,066,186
Debt service					3,031,522
Shared revenue restricted for:					
Permanent improvement projects					903,935
Grants and entitlements not restricted to specific programs					8,105,796
Investment earnings					126,571
Miscellaneous					104,167
<b>Total general revenues</b>					<b>28,338,177</b>
Change in net assets					(1,415,771)
Net assets beginning of year					20,632,330
Net assets end of year					<b>\$ 19,216,559</b>

See accompanying notes to the basic financial statements.

**Highland Local School District**

**Balance Sheet**

**Governmental Funds**

**June 30, 2010**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,752,044	\$ 3,289,631	\$ 1,605,180	\$ 11,646,855
Cash and cash equivalents:				
With fiscal agents	-	412	-	412
Receivables:				
Taxes	16,480,944	2,598,139	-	19,079,083
Accounts	10,799	-	260	11,059
Intergovernmental	-	-	850,529	850,529
Interfund	1,509	-	-	1,509
Accrued interest	9,485	-	-	9,485
Inventory held for resale	-	-	22,117	22,117
Materials and supplies inventory	-	-	3,519	3,519
Prepaid items	32,971	-	-	32,971
Equity in pooled cash and cash equivalents (restricted)	19,514	-	-	19,514
<b>Total assets</b>	<b>\$ 23,307,266</b>	<b>\$ 5,888,182</b>	<b>\$ 2,481,605</b>	<b>\$ 31,677,053</b>
<u>Liabilities:</u>				
Accounts payable	\$ 87,430	\$ -	\$ 67,485	\$ 154,915
Accrued wages	2,539,288	-	169,993	2,709,281
Interfund payable	-	-	1,509	1,509
Intergovernmental payable	810,724	-	61,306	872,030
Matured interest payable	-	412	-	412
Deferred revenue	14,570,670	2,246,106	539,050	17,355,826
<b>Total liabilities</b>	<b>18,008,112</b>	<b>2,246,518</b>	<b>839,343</b>	<b>21,093,973</b>
<u>Fund balances:</u>				
Reserved for:				
Encumbrances	49,152	-	202,951	252,103
Prepaid items	32,971	-	-	32,971
Set-asides, capital improvements	19,514	-	-	19,514
Endowments	-	-	8,000	8,000
Unreserved, undesignated, reported in:				
General fund	5,197,517	-	-	5,197,517
Special revenue funds	-	-	483,663	483,663
Debt service fund	-	3,641,664	-	3,641,664
Capital projects funds	-	-	947,648	947,648
<b>Total fund balances</b>	<b>5,299,154</b>	<b>3,641,664</b>	<b>1,642,262</b>	<b>10,583,080</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,307,266</b>	<b>\$ 5,888,182</b>	<b>\$ 2,481,605</b>	<b>\$ 31,677,053</b>

See accompanying notes to the basic financial statements.

**Highland Local School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2010**

Total governmental fund balances		\$ 10,583,080
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		41,705,630
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 528,595	
Intergovernmental receivables	539,050	
Deferred charges	<u>227,113</u>	
		1,294,758
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		828,077
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(112,521)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (29,950,000)	
Capital appreciation bonds	(1,405,000)	
Accretion on bonds	(875,457)	
Premium on bonds	(1,307,782)	
Compensated absences	(1,456,149)	
Capital leases	<u>(88,077)</u>	
Total		<u>(35,082,465)</u>
Net assets of governmental activities		<u>\$ 19,216,559</u>

See accompanying notes to the basic financial statements.

**Highland Local School District**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**For the Fiscal Year Ended June 30, 2010**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 15,921,879	\$ 3,017,717	\$ -	\$ 18,939,596
Intergovernmental	7,698,642	416,742	2,533,910	10,649,294
Interest	123,785	-	253	124,038
Tuition and fees	281,569	-	270,837	552,406
Extracurricular activities	93,343	-	193,682	287,025
Gifts and donations	29,367	-	330	29,697
Charges for services	-	-	931,813	931,813
Rent	29,990	-	-	29,990
Miscellaneous	72,949	-	1,672	74,621
Total revenues	<u>24,251,524</u>	<u>3,434,459</u>	<u>3,932,497</u>	<u>31,618,480</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,321,225	-	577,173	12,898,398
Special	2,412,256	-	419,100	2,831,356
Vocational	261,892	-	-	261,892
Other	194,788	-	-	194,788
Support services:				
Pupils	1,452,632	-	231,310	1,683,942
Instructional staff	1,589,906	-	486,896	2,076,802
Board of education	33,645	-	-	33,645
Administration	1,896,502	5,189	151,187	2,052,878
Fiscal	739,239	31,162	-	770,401
Business	36,180	-	-	36,180
Operation and maintenance of plant	2,667,068	-	43,325	2,710,393
Pupil transportation	1,494,356	-	954	1,495,310
Central	225,471	-	25,195	250,666
Operation of non-instructional services:				
Food service operations	273	-	1,045,801	1,046,074
Community services	-	-	176,825	176,825
Extracurricular activities	918,993	-	242,043	1,161,036
Capital outlay	42,626	-	415,328	457,954
Debt service:				
Principal retirement	39,042	1,655,000	-	1,694,042
Interest and fiscal charges	5,634	1,389,525	-	1,395,159
Total expenditures	<u>26,331,728</u>	<u>3,080,876</u>	<u>3,815,137</u>	<u>33,227,741</u>
Excess of revenues over (under) expenditures	<u>(2,080,204)</u>	<u>353,583</u>	<u>117,360</u>	<u>(1,609,261)</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	27,000	27,000
Transfers out	(27,000)	-	-	(27,000)
Total other financing sources (uses)	<u>(27,000)</u>	<u>-</u>	<u>27,000</u>	<u>-</u>
Net change in fund balances	(2,107,204)	353,583	144,360	(1,609,261)
Fund balances beginning of year	7,406,358	3,288,081	1,497,902	12,192,341
Fund balances end of year	<u>\$ 5,299,154</u>	<u>\$ 3,641,664</u>	<u>\$ 1,642,262</u>	<u>\$ 10,583,080</u>

See accompanying notes to the basic financial statements.

**Highland Local School District**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2010**

Net change in fund balances - total governmental funds	\$	(1,609,261)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital asset additions	\$	457,954
Depreciation expense		<u>(1,700,222)</u>
Excess of depreciation expense over capital asset additions		(1,242,268)
<p>The proceeds from the sale of capital assets are reported as a source of financing in the governmental funds. However, the cost of the capital assets sold is removed from the capital assets account in the statement of net assets and offset against the sales proceeds resulting in a loss on the disposal of capital assets in the statement of activities. Thus, more revenue is reported in the governmental funds and more expenses in the statement of activities.</p>		
		(11,851)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:</p>		
Property taxes	\$	158,112
Intergovernmental		<u>(49,997)</u>
Net change in deferred revenues during the year		108,115
<p>Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		1,694,042
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Increase in compensated absences	\$	(194,055)
Decrease in accrued interest		<u>6,546</u>
Total additional expenditures		(187,509)
<p>The amortization of issuance costs, bond premium and accretion is reflected as an expense in the statement of activities.</p>		
Issuance cost	\$	(21,291)
Premium		122,597
Bond accretion		<u>(245,019)</u>
Total additional expenses		(143,713)
<p>The internal service fund was used by management to charge the excess costs related the closing of their self-insurance plan and to abide to the hold harmless agreement in place to accommodate the change in insurance benefits. The net revenue (expense) of the internal service fund is allocated among the governmental activities.</p>		
		<u>(23,326)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(1,415,771)</u>

See accompanying notes to the basic financial statements.

**Highland Local School District**

**Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
General Fund**

**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 15,282,046	\$ 15,304,242	\$ 15,304,242	\$ -
Intergovernmental	7,784,891	7,698,642	7,698,642	-
Interest	363,096	192,546	161,513	(31,033)
Tuition and fees	253,304	281,568	281,569	1
Extracurricular activities	45,230	93,343	93,343	-
Gifts and donations	9,047	29,367	29,367	-
Rent	32,965	31,534	31,534	-
Miscellaneous	46,582	71,415	71,352	(63)
Total revenues	23,817,161	23,702,657	23,671,562	(31,095)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,293,081	12,480,054	12,244,199	235,855
Special	2,553,752	2,502,796	2,479,002	23,794
Vocational	302,030	280,283	273,935	6,348
Other	287,443	223,269	206,920	16,349
Support services:				
Pupils	1,516,780	1,499,880	1,445,309	54,571
Instructional staff	1,576,759	1,580,257	1,567,397	12,860
Board of education	27,304	37,117	33,887	3,230
Administration	2,012,825	1,965,747	1,930,736	35,011
Fiscal	826,283	820,990	743,905	77,085
Business	58,834	52,649	38,274	14,375
Operation and maintenance of plant	3,134,119	2,838,223	2,712,569	125,654
Pupil transportation	1,635,225	1,637,514	1,528,344	109,170
Central	247,569	262,859	245,627	17,232
Operation of non-instructional services	-	300	273	27
Extracurricular activities	893,688	914,869	907,881	6,988
Capital outlay	33,802	26,402	25,223	1,179
Total expenditures	27,399,494	27,123,209	26,383,481	739,728
Excess of revenues under expenditures	(3,582,333)	(3,420,552)	(2,711,919)	708,633
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	8,005	2,967	2,967	-
Refund of prior year expenditures	300,662	299,562	299,562	-
Advances out	-	-	(1,509)	(1,509)
Transfers in	-	3,825	3,825	-
Transfers out	-	(27,000)	(27,000)	-
Total other financing sources (uses)	308,667	279,354	277,845	(1,509)
Net change in fund balance	(3,273,666)	(3,141,198)	(2,434,074)	707,124
Fund balance at beginning of year	8,876,426	8,876,426	8,876,426	-
Prior year encumbrances appropriated	227,432	227,432	227,432	-
Fund balance at end of year	\$ 5,830,192	\$ 5,962,660	\$ 6,669,784	\$ 707,124

See accompanying notes to the basic financial statements.

***Highland Local School District***  
**Statement of Fund Net Assets**  
**Internal Service Fund**  
**June 30, 2010**

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 854,190
<u>Liabilities:</u>	
Current liabilities:	
Accounts payable	\$ 26,113
<u>Net assets:</u>	
Unrestricted	828,077
Total liabilities and net assets	\$ 854,190

See accompanying notes to the basic financial statements.

***Highland Local School District***  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Self Insurance
<u>Operating revenues:</u>	
Total operating revenues	\$ -
<u>Operating expenses:</u>	
Purchased services	26,113
<u>Non-operating revenues:</u>	
Interest	2,787
Change in net assets	(23,326)
Net assets beginning of year	851,403
Net assets end of year	\$ 828,077

See accompanying notes to the basic financial statements.



**Highland Local School District**  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Net cash provided by (used for) operating activities	\$ -
<u>Cash flows from investing activities:</u>	
Interest on investments	5,128
Net cash provided by investing financing	5,128
Net increase in cash and cash equivalents	5,128
Cash and cash equivalents at beginning of year	849,062
Cash and cash equivalents at end of year	\$ 854,190
<u>Reconciliation of operating loss to net cash provided by (used for) operating activities:</u>	
Operating loss	\$ (26,113)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Increase in liabilities:	
Accounts payable	26,113
Net cash provided by (used for) operating activities	\$ -

See accompanying notes to the basic financial statements.

**Highland Local School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	Private Purpose Trust	
	Endowment	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 66,188	\$ 123,165
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 300
Due to students	-	122,865
Total liabilities	-	\$ 123,165
<u>Net assets:</u>		
Held in trust for scholarships	66,188	
Total net assets	\$ 66,188	

See accompanying notes to the basic financial statements.

***Highland Local School District***  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Private Purpose Trust <hr/> Endowment
<u>Additions:</u>	
Interest	\$ 176
<u>Deductions:</u>	
Payments in accordance with trust agreements	3,000
Change in net assets	(2,824)
Net assets beginning of year	69,012
Net assets end of year	<u>\$ 66,188</u>

See accompanying notes to the basic financial statements.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF REPORTING ENTITY**

---

A. 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 165 non-certificated employees and 210 certificated teaching and support personnel, including 10 administrators that provide services to 3,327 students and other community members.

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. Following are the more significant of the School District's accounting polices.

B. 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. 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 organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves 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, 2010.

The School District is associated with the Lake Erie Educational Computer Association (LEECA) and Ohio Schools' Council Association which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding LEECA and the Ohio Schools' Council Association is presented in Note 15.

## ***HIGHLAND LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

### C. Basis of Presentation - Fund Accounting

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

#### Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund and other internal activity of governmental funds are eliminated to avoid "doubling-up" revenues and expenses of governmental activities. However, the services provided and used are not eliminated in the process of consolidation.

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

#### Fund Financial Statements

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

### D. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

#### Governmental Fund Types

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

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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.

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.

### Proprietary Fund Type

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for amounts paid as part of a hold harmless agreement due to the School District ceasing to be self insured.

### Fiduciary Fund Types

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

### E. Measurement Focus and Basis of Accounting

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

## ***HIGHLAND LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

The private purpose trust fund is reported using the economic resources measurement focus.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The internal service fund, private purpose trust fund and agency fund also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

### Revenue - Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, investment earnings, tuition, grants and entitlements, and student fees.

### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

### Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account. Unused donated commodities are reported in the account "Inventory held for resale" within the basic financial statements.

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.

### F. Budgets and Budgetary Accounting

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 primary level of budgetary control is at the function level for the general fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 amounts reported as the original budget revenue in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2010. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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.



**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**G. Cash and Investments**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all 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 as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, a commercial paper note and an interest in STAROhio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the 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 3.

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 agents".

For presentation on the basic financial statements, 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.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**I. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Interfund balances, not services provided and used, are eliminated in the statement of net assets.

**J. Inventory**

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories of the general fund were not significant at the end of the year. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**K. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended 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. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**L. Capital Assets**

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

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

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and building improvements	20 - 50 years
Furniture, fixtures and equipment	3 - 20 years
Vehicles	10 - 20 years

**M. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's 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. The entire compensated absences liability is reported on the government-wide financial statements.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

### **N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for operating or capital costs for any new and innovative programs designed to enhance or promote education with the School District.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

### **P. Interfund Transactions**

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of activities.

### **Q. 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.

### **R. Fund Balance Reserves**

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances, prepaid items and endowments.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

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While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presentation for the general 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 and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ (2,107,204)
Revenue accruals	(273,608)
Expenditure accruals	47,774
Encumbrances (Budget basis) outstanding at year end	<u>(101,036)</u>
Budget basis	<u>\$ (2,434,074)</u>

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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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 five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies 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;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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 monies 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.

A. Cash on hand

At fiscal year-end, the School District had \$6,060 in petty cash accounts which is included as part of "equity in pooled cash and cash equivalents."

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds. As of June 30, the carrying amount of the School District's deposits was \$10,588,258. The School District's bank balance of \$10,808,955 was 100% covered by FDIC.

C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 105,000	5%	Daily	AAA <sup>(1)</sup>
GE Capital commercial paper	1,998,880	94%	8/6/2010	A1+ <sup>(2)</sup>
STAROhio	18,186	1%	56.0 <sup>(4)</sup>	AAAm <sup>(3)</sup>
	<u>\$ 2,122,066</u>			

<sup>(1)</sup> Standard and Poor's rating of underlying investment

<sup>(2)</sup> Moody's rating

<sup>(3)</sup> Standard and Poor's rating

<sup>(4)</sup> Days (Average)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$105,000 investment in a repurchase agreement is to be secured by the specific securities upon which the repurchase agreements are based. The security, held by the counterparty and not in the School District's name, is a Federal Home Loan Mortgage Corporation (FHLMC) bond. The securities for these type of repurchase agreements must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating and the FHLMC bond an AAA rating. Moody's has assigned the GE Capital commercial paper an A1+ rating. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard service rating. The custodial risk associated with the repurchase agreements is discussed above.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in GE Capital commercial paper and a FHLMC bond. These two investments are 94% and 5% of the School District's total investments, respectively. The investment in StarOhio is a pooled investment and not of a single issuer. The School District's policy places no limit on the amount that may be invested in any one issuer.

All interest is legally required to be placed in the general fund, the food service special revenue fund and the Scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$123,785, which includes \$47,489 assigned from other School District funds.

### **NOTE 4 - PROPERTY TAX**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within 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 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at 25% of true value for capital assets and 23% of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2009 is 0%.

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 alternative payment dates to be established.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Medina and Summit Counties. The Medina County Auditor and the Summit County Fiscal Officer periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent and on the collection of delinquent taxes. The Board has passed a resolution to accept advances of property taxes and make them available for appropriation.

Accrued property tax receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end 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 year-end was \$1,910,274 in the general fund and \$352,033 in the debt service fund, and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

There were no new levies passed during the current fiscal year. The assessed values totaling \$715,713,655 upon which the current fiscal year taxes were collected are:

<u>2009</u> <u>Property Category</u>	<u>Medina</u> <u>County</u>	<u>Summit</u> <u>County</u>
<u>Real Property</u>		
Residential and agricultural	\$ 647,394,320	\$ 6,999,670
Commercial, industrial and minerals	51,427,050	-
Public utilities	16,110	-
<u>Tangible Personal Property</u>		
Public utilities	9,318,790	142,330
Telephone tangible	414,765	620
Total	<u>\$ 708,571,035</u>	<u>\$ 7,142,620</u>



**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**NOTE 5 – SHARED SALES TAX REVENUE**

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During 2007, the voters of Medina County passed an additional one-half percent sales tax to be used for capital improvements at all school districts within the County. Collection began in October 2007. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The County then allocates this tax to the School Districts within the County based on the number of students enrolled.

**NOTE 6 - RECEIVABLES**

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Receivables at year-end consisted of taxes, accounts (tuition and excess costs), accrued interest, and intergovernmental grants and entitlements. 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. Nonmajor governmental funds reported intergovernmental receivables in the amount of \$850,529. Of this amount \$742,318 consisted of shared sales tax revenue.

**NOTE 7 - TRANSFERS**

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Interfund balances at June 30, 2010 consisted of the following:

Due to general fund from:		
Nonmajor governmental funds	\$	1,509

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2010, all interfund loans outstanding are anticipated to be repaid in fiscal year 2011.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfers to nonmajor governmental funds from:		
General fund	\$	27,000

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
<b><u>Governmental Activities</u></b>				
Nondepreciable capital assets				
Land	\$ 1,299,013	\$ -	\$ -	\$ 1,299,013
Depreciable capital assets				
Land improvements, depreciated	1,625,107	5,365	-	1,630,472
Buildings and building improvements	51,969,741	-	-	51,969,741
Furniture, fixtures, and equipment	3,962,415	137,297	(32,798)	4,066,914
Vehicles	2,625,374	315,292	(70,823)	2,869,843
Total depreciable capital assets	<u>60,182,637</u>	<u>457,954</u>	<u>(103,621)</u>	<u>60,536,970</u>
Less accumulated depreciation:				
Land improvements	(881,846)	(65,105)	-	(946,951)
Buildings and building improvements	(13,398,170)	(1,267,609)	-	(14,665,779)
Furniture, fixtures, and equipment	(2,489,846)	(199,461)	28,029	(2,661,278)
Vehicles	(1,752,039)	(168,047)	63,741	(1,856,345)
Total accumulated depreciation	<u>(18,521,901)</u>	<u>(1,700,222)</u>	<u>91,770</u>	<u>(20,130,353)</u>
Depreciable capital assets, net				
Governmental activities	<u>41,660,736</u>	<u>(1,242,268)</u>	<u>(11,851)</u>	<u>40,406,617</u>
Capital assets, net	<u>\$ 42,959,749</u>	<u>\$ (1,242,268)</u>	<u>\$ (11,851)</u>	<u>\$ 41,705,630</u>

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 539,283
Special	22,231
Vocational	9,785
Support services:	
Pupils	55,199
Instructional staff	25,910
Administration	54,241
Fiscal	12,476
Business	351
Operation and maintenance of plant	378,253
Pupil transportation	167,165
Central	10,654
Food service operations	92,093
Extracurricular activities	<u>332,581</u>
Total depreciation expense	<u>\$ 1,700,222</u>

**NOTE 9- RISK MANAGEMENT**

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The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 District has ceased being self-insured to the extent of amounts paid as part of a hold harmless agreement. The governmental funds were not charged for services related to the internal service fund but paid premiums to the insurer instead.

The School District has contracted with the Stark County Schools Council of Governments (COG) to provide medical/surgical, dental, vision, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The COG is a shared risk pool comprised of forty-one school districts as well as twenty-two other entities. The employer participants pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$300,000 per participant and an aggregate stop-loss provision of \$146,198,738.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Premium contributions are determined annually in a manner that ensures the pool is funded up to the aggregate stop loss attachment point of \$146,198,738. Premium holidays may be declared by the COG to ensure reserves do not exceed thirty percent. In the event of termination, all participating school districts' claims would be paid without regard to their individual account balances. The COG Board of Directors has authority to return monies to an exiting school district subsequent to the settlement of all claims and expenditures.

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 10- DEFINED BENEFIT PENSION PLANS**

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#### **A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$674,631, \$423,869 and \$405,196 respectively; 50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

#### **B. State Teachers Retirement System of Ohio**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,777,925, \$1,635,014, and \$1,605,017 respectively; 82.5 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$39,365 made by the School District and \$28,118 made by the plan members.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

### **NOTE 11 - POST-EMPLOYMENT BENEFITS**

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#### **A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$77,659, \$257,224, and \$237,114 respectively; 46.03 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$40,119, \$34,973, and \$29,195 respectively; 50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

#### **B. State Teachers Retirement System**

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$136,763, \$125,770, and \$123,463 respectively; 82.5 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 12 – ACCOUNTABILITY**

As of June 30, 2010, two funds had a deficit fund balance. These deficits were caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following funds had a deficit balance:

	<u>Amount</u>
Nonmajor special revenue fund:	
IDEA, Part B	\$ 19,682
Title I	1,951

**NOTE 13 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

<u>Governmental activities</u>	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due within</u> <u>one year</u>
<u>General obligation bonds</u>					
School Improvement Bonds					
Maturing December 1, 2017	\$ 4,595,000	\$ -	\$ (1,375,000)	\$ 3,220,000	\$ 1,530,000
School Improvement Bonds maturing December 1, 2024					
Serial and term bonds	27,010,000	-	(280,000)	26,730,000	290,000
Capital appreciation bonds	1,405,000	-	-	1,405,000	-
Premium on bonds	1,430,379	-	(122,597)	1,307,782	-
Accretion on bonds	630,438	245,019	-	875,457	-
Total general obligation bonds	<u>35,070,817</u>	<u>245,019</u>	<u>(1,777,597)</u>	<u>33,538,239</u>	<u>1,820,000</u>
<u>Other Obligations</u>					
Compensated absences	1,262,094	328,267	(134,212)	1,456,149	279,268
Capital leases	127,119	-	(39,042)	88,077	41,101
Total other obligations	<u>1,389,213</u>	<u>328,267</u>	<u>(173,254)</u>	<u>1,544,226</u>	<u>320,369</u>
Governmental activities long-term liabilities	<u>\$ 36,460,030</u>	<u>\$ 573,286</u>	<u>\$ (1,950,851)</u>	<u>\$ 35,082,465</u>	<u>\$ 2,140,369</u>

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

General Obligation Bonds: During fiscal year 2002, the School District issued \$39,900,000 in School Improvement bonds. The School Improvement bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. The bonds were issued for providing resources for constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and their sites. The bonds and interest are to be repaid by the debt service fund from the proceeds of property taxes collected from a levy that was approved by the taxpayers.

On February 27, 2006, the School District issued \$29,480,000 in General Obligation Bonds with an average interest rate of 4.25% to advance refund \$29,480,000 of outstanding School Improvement Bonds with an average interest rate of 4.68%. The bond proceeds consisted of bond principal and \$1,933,776 of premium. The net proceeds of \$29,144,176 (after payment of \$335,824 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. These bonds include serial and capital appreciation bonds. Current year additions amounted to \$245,019 which represents the accretion of discounted interest. As a result of this issue, a portion of the School Improvement Facilities Bonds are considered to be defeased and the liability has been removed. As of June 30, 2010, \$29,480,000 of the old bonds remain outstanding. These bonds have a final call date of December 2011.

Other Obligations: Compensated absences are typically paid from the fund from which the employee is paid. Compensated absence obligations have been paid from the general fund in prior years.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2010 are as follows:

Fiscal Year	School Improvement Bonds		
	Principal	Interest	Total
2011	\$ 1,820,000	\$ 1,306,925	\$ 3,126,925
2012	1,990,000	1,215,725	3,205,725
2013	1,150,000	1,139,100	2,289,100
2014	1,275,000	1,084,850	2,359,850
2015	1,390,000	1,031,550	2,421,550
2016-2020	5,050,000	8,218,984	13,268,984
2021-2025	12,265,000	2,873,263	15,138,263
2026-2027	<u>6,415,000</u>	<u>285,797</u>	<u>6,700,797</u>
Total	<u>\$ 31,355,000</u>	<u>\$ 17,156,194</u>	<u>\$ 48,511,194</u>

**NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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In a prior year, the School District entered into a capitalized lease agreement for the acquisition of copiers. The terms of each 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 have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.



**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Capital assets acquired by lease have been capitalized as equipment in the amount of \$184,147 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$39,042. Capital lease obligations have been paid from the general fund in prior years.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at year-end.

<u>Fiscal</u> <u>Year</u>	<u>Lease</u> <u>Payments</u>
2011	\$ 44,676
2012	44,676
2013	<u>3,723</u>
Total minimum lease payments	93,075
Less: amount representing interest	<u>(4,998)</u>
Total	<u>\$ 88,077</u>

**NOTE 15 - JOINTLY GOVERNED ORGANIZATION**

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The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of twenty-five 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 2010, the School District contributed \$90,304 to LEECA.

The Ohio Schools' Council Association (Council) is a jointly governed organization among 147 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2010 the School District paid \$83,900, \$700, \$1,606 and \$1,670 to the Council in the form of gas purchases, co-op purchasing, membership fee and tech services respectively. Financial information can be obtained by contacting David Cottrell, the Executive Directive/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**NOTE 16 - CONTINGENCIES**

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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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, 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, 2010.

**NOTE 17 - STATUTORY RESERVES**

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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. Although the School District had qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. 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.

During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Total
Set-aside cash balance as of June 30, 2009	\$ (140,305)	\$ -	\$ (140,305)
Current year set-aside requirement	529,370	529,370	1,058,740
Qualifying disbursements	<u>(471,768)</u>	<u>(509,856)</u>	<u>(981,624)</u>
Total	<u>\$ (82,703)</u>	<u>\$ 19,514</u>	<u>\$ (63,189)</u>
Balance carried forward to future years	<u>\$ (82,703)</u>		<u>\$ (82,703)</u>

**NOTE 18 - NEW ACCOUNTING AND REPORTING STANDARDS**

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In June 2007, the GASB issued Statement No. 51, "Accounting and Reporting for Intangible Assets." This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.

***HIGHLAND LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

In June 2008, the GASB issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” This statement enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.

In December 2009, the GASB issued Statement No. 58, “Accounting and Financial Reporting for Chapter 8 Bankruptcies.” This statement establishes accounting and financial reporting guidance for governments that have petitioned for protections from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The School District has considered the implications of this statement and has determined that it has no impact on the financial statements or note disclosures for the current period.



**Combining Statements for Nonmajor  
Governmental Funds**

# COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

## NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. A description of the School District's nonmajor special revenue funds follows:

### Food Service

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

### Special Trust

To account for the use of donations used to provide educational experiences for the School District's elementary students.

### 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.

### 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 Grant

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

### Latchkey

To account for income and expenditures made in connection with goods and services provided relative to the School District's before and after school care program.

### 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.

### Auxiliary Services

To account for state monies used to provide services and materials for pupils attending non-public schools within the School District.

### Management Information Systems

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

### 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 data acquisition site.

### IDEA, Part 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.

### State Fiscal Stabilization

To account for federal funds provided to support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services.

### Title II Technology

To account for federal funds used for professional development and improving student achievement through the use of advanced technology in elementary and secondary schools.

### Title III Limited English Proficiency

To account for monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I Fund

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

Drug-Free Schools

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.

Improving Teacher Quality

To account for monies to hire additional classroom teachers grades 1 through 3, so that the number of students per teacher will be reduced.



## NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities. The nonmajor capital projects fund 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 the receipts and expenditures related to all special bond funds of the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

### Sales Tax

To account for shared sales tax monies to be used for permanent improvement projects.

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 667,834	\$ 937,346	\$ 1,605,180
Receivables:			
Accounts	189	71	260
Intergovernmental	108,211	742,318	850,529
Inventory held for resale	22,117	-	22,117
Materials and supplies inventory	3,519	-	3,519
Total assets	<u>\$ 801,870</u>	<u>\$ 1,679,735</u>	<u>\$ 2,481,605</u>
<u>Liabilities:</u>			
Accounts payable	\$ 44,628	\$ 22,857	\$ 67,485
Accrued wages	169,993	-	169,993
Interfund payable	1,509	-	1,509
Intergovernmental payable	61,306	-	61,306
Deferred revenue	20,253	518,797	539,050
Total liabilities	<u>297,689</u>	<u>541,654</u>	<u>839,343</u>
<u>Fund balance:</u>			
Reserved for encumbrances	12,518	190,433	202,951
Reserved for endowments	8,000	-	8,000
Unreserved:			
Undesignated, reported in:			
Special revenue funds	483,663	-	483,663
Capital projects funds		947,648	947,648
Total fund balances	<u>504,181</u>	<u>1,138,081</u>	<u>1,642,262</u>
Total liabilities and fund balances	<u>\$ 801,870</u>	<u>\$ 1,679,735</u>	<u>\$ 2,481,605</u>

**Highland Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$ 1,565,905	\$ 968,005	\$ 2,533,910
Interest	253	-	253
Tuition and fees	270,837	-	270,837
Extracurricular activities	193,682	-	193,682
Gifts and donations	330	-	330
Charges for services	931,813	-	931,813
Miscellaneous	444	1,228	1,672
Total revenues	<u>2,963,264</u>	<u>969,233</u>	<u>3,932,497</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	223,719	353,454	577,173
Special	419,100	-	419,100
Support services:			
Pupils	231,310	-	231,310
Instructional staff	352,122	134,774	486,896
Administration	151,187	-	151,187
Operation and maintenance of plant	-	43,325	43,325
Pupil transportation	954	-	954
Central	25,195	-	25,195
Operation of non-instructional services:			
Food service operations	1,045,801	-	1,045,801
Community services	176,825	-	176,825
Extracurricular activities	238,098	3,945	242,043
Capital outlay	77,852	337,476	415,328
Total expenditures	<u>2,942,163</u>	<u>872,974</u>	<u>3,815,137</u>
Excess of revenues over expenditures	<u>21,101</u>	<u>96,259</u>	<u>117,360</u>
<u>Other financing sources:</u>			
Transfers in	<u>25,000</u>	<u>2,000</u>	<u>27,000</u>
Net change in fund balances	46,101	98,259	144,360
Fund balances at beginning of year	458,080	1,039,822	1,497,902
Fund balances at end of year	<u>\$ 504,181</u>	<u>\$ 1,138,081</u>	<u>\$ 1,642,262</u>

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**

	Food Service	Special Trust	Uniform School Supplies	Public School Support
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 266,943	\$ 27,862	\$ 33,348	\$ 48,266
Receivables:				
Accounts	189	-	-	-
Intergovernmental	-	-	-	-
Inventory held for resale	22,117	-	-	-
Materials and supplies inventory	3,519	-	-	-
Total assets	<u>\$ 292,768</u>	<u>\$ 27,862</u>	<u>\$ 33,348</u>	<u>\$ 48,266</u>
<u>Liabilities:</u>				
Accounts payable	\$ 1	\$ -	\$ -	\$ 26,113
Accrued wages	59,899	-	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	26,613	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>86,513</u>	<u>-</u>	<u>-</u>	<u>26,113</u>
<u>Fund balances (deficit):</u>				
Reserved for encumbrances	9	-	-	3,702
Reserved for endowments	-	8,000	-	-
Special revenue funds	206,246	19,862	33,348	18,451
Total fund balances (deficit)	<u>206,255</u>	<u>27,862</u>	<u>33,348</u>	<u>22,153</u>
Total liabilities and fund balances	<u>\$ 292,768</u>	<u>\$ 27,862</u>	<u>\$ 33,348</u>	<u>\$ 48,266</u>

<u>Miscellaneous Local Grant</u>	<u>Latchkey</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communications</u>
\$ 1,654	\$ 62,570	\$ 11,000	\$ 19,724	\$ 8,955	\$ 1,033	\$ 7,345
-	-	-	-	-	-	-
-	-	-	-	2,751	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,654</u>	<u>\$ 62,570</u>	<u>\$ 11,000</u>	<u>\$ 19,724</u>	<u>\$ 11,706</u>	<u>\$ 1,033</u>	<u>\$ 7,345</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,128	\$ 1,033	\$ 7,345
773	11,961	-	-	-	-	-
-	-	-	-	-	-	-
11	5,156	-	-	-	-	-
-	-	-	-	-	-	-
<u>784</u>	<u>17,117</u>	<u>-</u>	<u>-</u>	<u>4,128</u>	<u>1,033</u>	<u>7,345</u>
-	-	-	4,050	4,734	-	-
-	-	-	-	-	-	-
<u>870</u>	<u>45,453</u>	<u>11,000</u>	<u>15,674</u>	<u>2,844</u>	<u>-</u>	<u>-</u>
<u>870</u>	<u>45,453</u>	<u>11,000</u>	<u>19,724</u>	<u>7,578</u>	<u>-</u>	<u>-</u>
<u>\$ 1,654</u>	<u>\$ 62,570</u>	<u>\$ 11,000</u>	<u>\$ 19,724</u>	<u>\$ 11,706</u>	<u>\$ 1,033</u>	<u>\$ 7,345</u>

(Continued)

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**

	IDEA, Part B	State Fiscal Stabilization	Title II Technology	Title III Limited English Proficiency
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 27,343	\$ 149,900	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental	85,663	4,479	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ 113,006</u>	<u>\$ 154,379</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 6,008	\$ -	\$ -
Accrued wages	84,532	-	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	27,903	-	-	-
Deferred revenue	20,253	-	-	-
Total liabilities	<u>132,688</u>	<u>6,008</u>	<u>-</u>	<u>-</u>
<u>Fund balances:</u>				
Reserved for encumbrances	-	-	-	-
Reserved for endowments	-	-	-	-
Special revenue funds	(19,682)	148,371	-	-
Total fund balances (deficit)	<u>(19,682)</u>	<u>148,371</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 113,006</u>	<u>\$ 154,379</u>	<u>\$ -</u>	<u>\$ -</u>

Title I	Drug Free Schools	EHA Preschool Grant for Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 1,462	\$ 429	\$ 667,834
-	-	-	-	189
13,219	790	-	1,309	108,211
-	-	-	-	22,117
-	-	-	-	3,519
<u>\$ 13,219</u>	<u>\$ 790</u>	<u>\$ 1,462</u>	<u>\$ 1,738</u>	<u>\$ 801,870</u>
\$ -	\$ -	\$ -	\$ -	\$ 44,628
12,828	-	-	-	169,993
719	790	-	-	1,509
1,623	-	-	-	61,306
-	-	-	-	20,253
<u>15,170</u>	<u>790</u>	<u>-</u>	<u>-</u>	<u>297,689</u>
23	-	-	-	12,518
-	-	-	-	8,000
<u>(1,974)</u>	<u>-</u>	<u>1,462</u>	<u>1,738</u>	<u>483,663</u>
<u>(1,951)</u>	<u>-</u>	<u>1,462</u>	<u>1,738</u>	<u>504,181</u>
<u>\$ 13,219</u>	<u>\$ 790</u>	<u>\$ 1,462</u>	<u>\$ 1,738</u>	<u>\$ 801,870</u>

**Highland Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Food Service	Special Trust	Uniform School Supplies	Public School Support
<u>Revenues:</u>				
Intergovernmental	\$ 170,466	\$ -	\$ -	\$ -
Interest	180	73	-	-
Tuition and fees	-	-	103,328	32,741
Extracurricular activities	-	-	-	41,042
Gifts and donations	-	-	-	-
Charges for services	931,813	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,102,459</u>	<u>73</u>	<u>103,328</u>	<u>73,783</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	116,645	-
Special	-	-	-	-
Support services:				
Pupils	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,045,801	-	-	-
Community services	-	-	-	-
Extracurricular activities	-	500	-	108,502
Capital outlay	70,707	-	-	-
Total expenditures	<u>1,116,508</u>	<u>500</u>	<u>116,645</u>	<u>108,502</u>
Excess of revenues over (under) expenditures	<u>(14,049)</u>	<u>(427)</u>	<u>(13,317)</u>	<u>(34,719)</u>
<u>Other financing sources:</u>				
Transfers in	-	-	-	-
Net change in fund balances	(14,049)	(427)	(13,317)	(34,719)
Fund balances (deficit) at beginning of year	220,304	28,289	46,665	56,872
Fund balances (deficit) at end of year	<u>\$ 206,255</u>	<u>\$ 27,862</u>	<u>\$ 33,348</u>	<u>\$ 22,153</u>



<u>Miscellaneous Local Grant</u>	<u>Latchkey</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communications</u>
\$ 65,393	\$ -	\$ -	\$ -	\$ 31,643	\$ 2,081	\$ 11,432
-	-	-	-	-	-	-
-	134,768	-	-	-	-	-
-	39,804	-	112,836	-	-	-
-	-	-	330	-	-	-
-	-	-	-	-	-	-
-	284	-	160	-	-	-
<u>65,393</u>	<u>174,856</u>	<u>-</u>	<u>113,326</u>	<u>31,643</u>	<u>2,081</u>	<u>11,432</u>
1,000	-	-	-	24,065	-	-
-	-	-	-	-	-	-
61,523	-	-	-	-	-	-
2,987	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,908	19,287
-	-	-	-	-	-	-
-	176,825	-	-	-	-	-
-	-	-	129,096	-	-	-
-	-	-	-	-	-	7,145
<u>65,510</u>	<u>176,825</u>	<u>-</u>	<u>129,096</u>	<u>24,065</u>	<u>5,908</u>	<u>26,432</u>
<u>(117)</u>	<u>(1,969)</u>	<u>-</u>	<u>(15,770)</u>	<u>7,578</u>	<u>(3,827)</u>	<u>(15,000)</u>
-	-	-	25,000	-	-	-
(117)	(1,969)	-	9,230	7,578	(3,827)	(15,000)
987	47,422	11,000	10,494	-	3,827	15,000
<u>\$ 870</u>	<u>\$ 45,453</u>	<u>\$ 11,000</u>	<u>\$ 19,724</u>	<u>\$ 7,578</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**Highland Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2010**

	IDEA, Part B	State Fiscal Stabilization	Title II Technology	Title III Limited English Proficiency
<u>Revenues:</u>				
Intergovernmental	\$ 825,661	\$ 287,945	\$ 786	\$ 3,371
Interest	-	-	-	-
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>825,661</u>	<u>287,945</u>	<u>786</u>	<u>3,371</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	15,618	-	-	3,402
Special	177,446	139,574	-	-
Support services:				
Pupils	169,787	-	-	-
Instructional staff	348,349	-	786	-
Administration	151,187	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Community services	-	-	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>862,387</u>	<u>139,574</u>	<u>786</u>	<u>3,402</u>
Excess of revenues over (under) expenditures	<u>(36,726)</u>	<u>148,371</u>	<u>-</u>	<u>(31)</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	-	-
Net change in fund balances	(36,726)	148,371	-	(31)
Fund balances (deficit) at beginning of year	17,044	-	-	31
Fund balances (deficit) at end of year	<u>\$ (19,682)</u>	<u>\$ 148,371</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Title I</u>	<u>Drug Free Schools</u>	<u>EHA Preschool Grant for Handicapped</u>	<u>Improving Teacher Quality</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 83,883	\$ 5,800	\$ 19,456	\$ 57,988	\$ 1,565,905
-	-	-	-	253
-	-	-	-	270,837
-	-	-	-	193,682
-	-	-	-	330
-	-	-	-	931,813
-	-	-	-	444
<u>83,883</u>	<u>5,800</u>	<u>19,456</u>	<u>57,988</u>	<u>2,963,264</u>
-	4,846	-	58,143	223,719
84,086	-	17,994	-	419,100
-	-	-	-	231,310
-	-	-	-	352,122
-	-	-	-	151,187
-	954	-	-	954
-	-	-	-	25,195
-	-	-	-	1,045,801
-	-	-	-	176,825
-	-	-	-	238,098
-	-	-	-	77,852
<u>84,086</u>	<u>5,800</u>	<u>17,994</u>	<u>58,143</u>	<u>2,942,163</u>
<u>(203)</u>	<u>-</u>	<u>1,462</u>	<u>(155)</u>	<u>21,101</u>
-	-	-	-	25,000
(203)	-	1,462	(155)	46,101
<u>(1,748)</u>	<u>-</u>	<u>-</u>	<u>1,893</u>	<u>458,080</u>
<u>\$ (1,951)</u>	<u>\$ -</u>	<u>\$ 1,462</u>	<u>\$ 1,738</u>	<u>\$ 504,181</u>

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2010**

	Permanent Improvement	Building	Sales Tax	Total Nonmajor Capital Projects Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 5,790	\$ 3,822	\$ 927,734	\$ 937,346
Receivables:				
Accounts	71	-	-	71
Intergovernmental	-	-	742,318	742,318
Total assets	<u>\$ 5,861</u>	<u>\$ 3,822</u>	<u>\$ 1,670,052</u>	<u>\$ 1,679,735</u>
<u>Liabilities:</u>				
Accounts payable	\$ 3,945	\$ -	\$ 18,912	\$ 22,857
Deferred revenue	-	-	518,797	518,797
Total liabilities	<u>\$ 3,945</u>	<u>\$ -</u>	<u>\$ 537,709</u>	<u>\$ 541,654</u>
<u>Fund balance:</u>				
Reserved for encumbrances	-	-	190,433	190,433
Unreserved:				
Undesignated, reported in:				
Capital projects funds	1,916	3,822	941,910	947,648
Total fund balance	<u>1,916</u>	<u>3,822</u>	<u>1,132,343</u>	<u>1,138,081</u>
Total liabilities and fund balance	<u>\$ 5,861</u>	<u>\$ 3,822</u>	<u>\$ 1,670,052</u>	<u>\$ 1,679,735</u>

**Highland Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Permanent Improvement	Building	Sales Tax	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 968,005	\$ 968,005
Miscellaneous	1,228	-	-	1,228
Total revenues	<u>1,228</u>	<u>-</u>	<u>968,005</u>	<u>969,233</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	353,454	353,454
Support services:				
Instructional staff	-	-	134,774	134,774
Operation and maintenance of plant	-	-	43,325	43,325
Extracurricular activities	3,945	-	-	3,945
Capital outlay	-	-	337,476	337,476
Total expenditures	<u>3,945</u>	<u>-</u>	<u>869,029</u>	<u>872,974</u>
Excess of revenues over (under) expenditures	<u>(2,717)</u>	<u>-</u>	<u>98,976</u>	<u>96,259</u>
<u>Other financing sources:</u>				
Transfers in	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Net change in fund balances	(717)	-	98,976	98,259
Fund balances at beginning of year	<u>2,633</u>	<u>3,822</u>	<u>1,033,367</u>	<u>1,039,822</u>
Fund balances at end of year	<u>\$ 1,916</u>	<u>\$ 3,822</u>	<u>\$ 1,132,343</u>	<u>\$ 1,138,081</u>

**Individual Fund Schedules of Revenues, Expenditures and Changes  
in Fund Balance – Budget (Non-GAAP Basis) and Actual  
Governmental Funds – Major and Nonmajor**

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Debt Service Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 2,938,256	\$ 2,938,255	\$ (1)
Intergovernmental	416,742	416,742	-
Total revenues	<u>3,354,998</u>	<u>3,354,997</u>	<u>(1)</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Administration	6,545	5,189	1,356
Fiscal	49,844	31,162	18,682
Debt service:			
Principal retirement	1,655,000	1,655,000	-
Interest and fiscal charges	1,389,526	1,389,525	1
Total expenditures	<u>3,100,915</u>	<u>3,080,876</u>	<u>20,039</u>
Excess of revenues over expenditures	<u>254,083</u>	<u>274,121</u>	<u>20,038</u>
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	(31,033)	-	31,033
Refund of prior year expenditures	57,744	57,744	-
Total other financing sources (uses)	<u>26,711</u>	<u>57,744</u>	<u>31,033</u>
Net change in fund balance	280,794	331,865	51,071
Fund balance at beginning of year	2,957,766	2,957,766	-
Fund balance at end of year	<u>\$ 3,238,560</u>	<u>\$ 3,289,631</u>	<u>\$ 51,071</u>

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Food Service Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 133,846	\$ 133,846	\$ -
Interest	181	180	(1)
Charges for services	931,624	931,624	-
Total revenues	<u>1,065,651</u>	<u>1,065,650</u>	<u>(1)</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations	<u>1,179,976</u>	<u>1,080,053</u>	<u>99,923</u>
Net change in fund balance	(114,325)	(14,403)	99,922
Fund balance at beginning of year	232,442	232,442	-
Prior year encumbrances appropriated	48,894	48,894	-
Fund balance at end of year	<u>\$ 167,011</u>	<u>\$ 266,933</u>	<u>\$ 99,922</u>



**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Special Trust Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 73	\$ 73	\$ -
<u>Expenditures:</u>			
Current:			
Extracurricular activities	900	500	400
Net change in fund balance	(827)	(427)	400
Fund balance at beginning of year	28,289	28,289	-
Fund balance at end of year	<u>\$ 27,462</u>	<u>\$ 27,862</u>	<u>\$ 400</u>

**Uniform School Supplies Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 103,328	\$ 103,328	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	116,868	116,645	223
Net change in fund balance	(13,540)	(13,317)	223
Fund balance at beginning of year	46,665	46,665	-
Fund balance at end of year	<u>\$ 33,125</u>	<u>\$ 33,348</u>	<u>\$ 223</u>

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Public School Support Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 32,741	\$ 32,741	\$ -
Extracurricular activities	41,042	41,042	-
Total revenues	<u>73,783</u>	<u>73,783</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	<u>90,033</u>	<u>86,874</u>	<u>3,159</u>
Net change in fund balance	(16,250)	(13,091)	3,159
Fund balance at beginning of year	56,490	56,490	-
Prior year encumbrances appropriated	1,165	1,165	-
Fund balance at end of year	<u>\$ 41,405</u>	<u>\$ 44,564</u>	<u>\$ 3,159</u>

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Miscellaneous Local Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 65,393	\$ 65,393	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,000	1,000	-
Support services:			
Pupils	63,287	61,633	1,654
Instructional staff	2,987	2,987	-
Total expenditures	67,274	65,620	1,654
Net change in fund balance	(1,881)	(227)	1,654
Fund balance at beginning of year	1,881	1,881	-
Fund balance at end of year	\$ -	\$ 1,654	\$ 1,654

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Latchkey Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 134,768	\$ 134,768	\$ -
Extracurricular activities	39,804	39,804	-
Miscellaneous	284	284	-
Total revenues	<u>174,856</u>	<u>174,856</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	179,753	178,258	1,495
Excess of revenues under expenditures	<u>(4,897)</u>	<u>(3,402)</u>	<u>1,495</u>
<u>Other financing uses:</u>			
Transfers out	<u>(3,825)</u>	<u>(3,825)</u>	<u>-</u>
Net change in fund balance	(8,722)	(7,227)	1,495
Fund balance at beginning of year	66,345	66,345	-
Prior year encumbrances appropriated	3,452	3,452	-
Fund balance at end of year	<u>\$ 61,075</u>	<u>\$ 62,570</u>	<u>\$ 1,495</u>

**Underground Storage Tanks Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
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 (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**District Managed Student Activity Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 112,835	\$ 112,836	\$ 1
Gifts and donations	330	330	-
Miscellaneous	160	160	-
Total revenues	<u>113,325</u>	<u>113,326</u>	<u>1</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	<u>145,327</u>	<u>137,546</u>	<u>7,781</u>
Excess of revenues under expenditures	<u>(32,002)</u>	<u>(24,220)</u>	<u>7,782</u>
<u>Other financing sources:</u>			
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	(7,002)	780	7,782
Fund balance at beginning of year	10,494	10,494	-
Prior year encumbrances appropriated	455	455	-
Fund balance at end of year	<u>\$ 3,947</u>	<u>\$ 11,729</u>	<u>\$ 7,782</u>

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Auxiliary Services Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 28,892	\$ 28,892	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	28,892	28,799	93
Net change in fund balance	-	93	93
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 93	\$ 93

**Management Information Systems Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,908	\$ 5,908	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	5,908	5,908	-
Excess of revenues over (under) expenditures	-	-	-
<u>Other financing uses:</u>			
Refund of prior year receipts	(3,827)	(3,827)	-
Net change in fund balance	(3,827)	(3,827)	-
Fund balance at beginning of year	3,827	3,827	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Data Communications Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,432	\$ 11,432	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	26,432	26,432	-
Net change in fund balance	(15,000)	(15,000)	-
Fund balance at beginning of year	15,000	15,000	-
Fund balance at end of year	\$ -	\$ -	\$ -

**IDEA, Part B Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 832,171	\$ 832,171	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	15,618	15,618	-
Special	158,458	158,458	-
Support services:			
Pupils	169,200	169,200	-
Instructional staff	339,965	339,965	-
Administration	151,531	151,531	-
Total expenditures	834,772	834,772	-
Net change in fund balance	(2,601)	(2,601)	-
Fund balance at beginning of year	29,944	29,944	-
Fund balance at end of year	\$ 27,343	\$ 27,343	\$ -

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**State Fiscal Stabilization Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 283,466	\$ 283,466	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	257,390	139,574	117,816
Net change in fund balance	26,076	143,892	117,816
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 26,076	\$ 143,892	\$ 117,816

**Title II Technology Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 786	\$ 786	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	786	786	-
Net change in fund balance	-	-	-
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 (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Title III Limited English Proficiency Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,371	\$ 3,371	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,402	3,402	-
Net change in fund balance	(31)	(31)	-
Fund balance at beginning of year	31	31	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Title I Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 85,339	\$ 78,620	\$ (6,719)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	93,006	93,005	1
Excess of revenues under expenditures	(7,667)	(14,385)	(6,718)
<u>Other financing sources:</u>			
Advances in	-	719	719
Net change in fund balance	(7,667)	(13,666)	(5,999)
Fund balance at beginning of year	13,643	13,643	-
Fund balance at end of year	\$ 5,976	\$ (23)	\$ (5,999)

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Drug-Free Schools Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,800	\$ 5,010	\$ (790)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,846	4,846	-
Support services:			
Pupil transportation	954	954	-
Total expenditures	5,800	5,800	-
Excess of revenues under expenditures	-	(790)	(790)
<u>Other financing sources:</u>			
Advances in	-	790	790
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**EHA Preschool Grant for Handicapped Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 19,456	\$ 19,456	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	17,994	17,994	-
Net change in fund balance	1,462	1,462	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 1,462	\$ 1,462	\$ -

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Improving Teacher Quality Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 57,987	\$ 56,679	\$ (1,308)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	59,880	58,143	1,737
Net change in fund balance	(1,893)	(1,464)	429
Fund balance at beginning of year	1,893	1,893	-
Fund balance at end of year	\$ -	\$ 429	\$ 429

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Permanent Improvement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ 1,399	\$ 1,399	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Operation and maintenance of plant	4,806	-	4,806
Excess of revenues over (under) expenditures	(3,407)	1,399	4,806
<u>Other financing sources:</u>			
Transfers in	2,000	2,000	-
Net change in fund balance	(1,407)	3,399	4,806
Fund balance at beginning of year	2,391	2,391	-
Fund balance at end of year	\$ 984	\$ 5,790	\$ 4,806

**Building Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Capital outlay	3,822	-	3,822
Net change in fund balance	(3,822)	-	3,822
Fund balance at beginning of year	3,822	3,822	-
Fund balance at end of year	\$ -	\$ 3,822	\$ 3,822

**Highland Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Sales Tax Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 967,198	\$ 967,198	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	457,594	421,732	35,862
Support services:			
Instructional staff	160,000	144,902	15,098
Administration	10,000	9,750	250
Operation and maintenance of plant	48,157	23,568	24,589
Pupil transportation	627,724	453,704	174,020
Capital outlay	508,410	55,759	452,651
Total expenditures	1,811,885	1,109,415	702,470
Net change in fund balance	(844,687)	(142,217)	702,470
Fund balance at beginning of year	432,106	432,106	-
Prior year encumbrances appropriated	428,499	428,499	-
Fund balance at end of year	\$ 15,918	\$ 718,388	\$ 702,470

**Internal Service Fund**

**Individual Fund Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual  
Self Insurance Fund**

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**Fiduciary Funds**

**Individual Fund Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual  
Endowment Private Purpose Trust Fund**

**Statement of Changes in Assets and Liabilities – Agency Fund**

**Highland Local School District**  
**Schedule of Revenues, Expenses and Changes in**  
**Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

**Self Insurance Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 5,127	\$ 5,128	\$ 1
<u>Expenses:</u>			
Total expenses	-	-	-
Excess of revenues over expenses	5,127	5,128	1
Transfers out	(849,062)	-	849,062
Net change in fund equity	(843,935)	5,128	849,063
Fund equity at beginning of year	849,062	849,062	-
Fund equity at end of year	<u>\$ 5,127</u>	<u>\$ 854,190</u>	<u>\$ 849,063</u>

**Highland Local School District**  
**Schedule of Revenues, Expenses and Changes in**  
**Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2010**

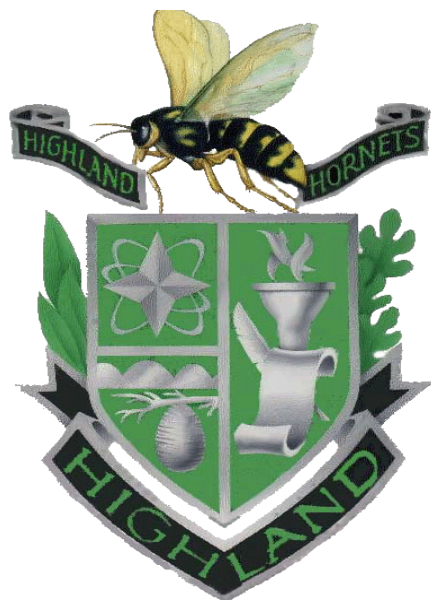
**Endowment Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 175	\$ 176	\$ 1
<u>Expenses:</u>			
Payments in accordance with trust agreement	4,100	3,500	600
Net change in fund equity	(3,925)	(3,324)	601
Fund equity at beginning of year	69,013	69,013	-
Prior year encumbrances appropriated	499	499	-
Fund equity at end of year	<u>\$ 65,587</u>	<u>\$ 66,188</u>	<u>\$ 601</u>



**Highland Local School District**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Beginning Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2010</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 103,089	\$ 237,161	\$ 217,085	\$ 123,165
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 300	\$ -	\$ 300
Due to students	103,089	236,861	217,085	122,865
Total liabilities	<u>\$ 103,089</u>	<u>\$ 237,161</u>	<u>\$ 217,085</u>	<u>\$ 123,165</u>



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## STATISTICAL SECTION



## Statistical Section

This part of the School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	<b>S2 - S13</b>
<b>Revenue Capacity</b>  These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, the property tax.	<b>S14 - S21</b>
<b>Debt Capacity</b>  These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	<b>S22 - S26</b>
<b>Economic and Demographic Information</b>  These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>S27 - S28</b>
<b>Operating Information</b>  These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	<b>S29 - S36</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

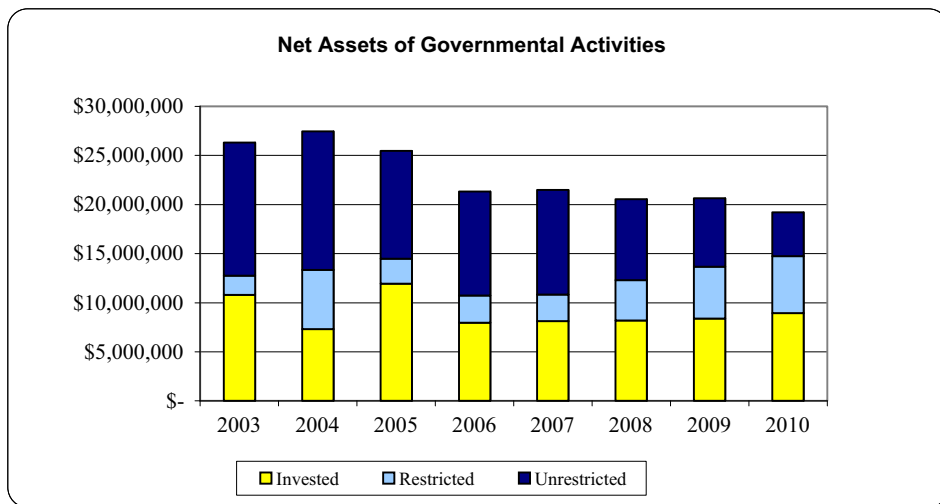
# Highland Local School District

## Net Assets by Component (1)

Last Eight Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Invested in capital assets, net of related debt	\$ 10,813,432	\$ 7,301,012	\$ 11,952,666	\$ 7,964,723	\$ 8,125,241
Restricted for:					
Capital projects	902,184	4,825,593	936,856	106,684	54,671
Debt service	842,811	1,021,635	1,435,244	2,347,308	2,377,566
Food service	-	-	-	-	-
School supplies	-	-	-	-	-
Extracurricular	-	-	-	-	-
Community services	-	-	-	-	-
Underground fuel tanks	-	-	-	-	-
Set-asides	-	-	-	-	-
Permanent fund - scholarships					
Expendable	36,009	-	-	-	-
Nonexpendable	48,969	-	-	-	-
Other purposes	119,509	182,054	150,646	322,883	279,073
Unrestricted	13,555,796	14,098,516	10,981,777	10,570,714	10,644,919
<b>Total net assets</b>	<u>\$ 26,318,710</u>	<u>\$ 27,428,810</u>	<u>\$ 25,457,189</u>	<u>\$ 21,312,312</u>	<u>\$ 21,481,470</u>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	8,177,748	\$ 8,392,251	\$ 8,954,771
	1,141,918	1,622,689	1,656,878
	2,501,332	3,235,491	3,609,424
	-	-	188,359
	-	-	33,348
	-	-	69,739
	-	-	43,858
	-	-	11,000
	-	-	19,514
	-	-	-
	-	-	-
	468,741	425,735	160,019
	8,231,810	6,956,164	4,469,649
\$	<u>20,521,549</u>	<u>\$ 20,632,330</u>	<u>\$ 19,216,559</u>

## Highland Local School District

### Changes in Net Assets of Governmental Activities (1)

#### Last Eight Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>					
Regular instruction	\$ 8,301,672	\$ 9,372,735	\$ 10,782,456	\$ 10,721,321	\$ 11,694,726
Special instruction	2,019,730	2,189,792	2,292,960	2,225,319	2,391,597
Vocational instruction	221,771	237,639	260,976	267,436	278,131
Adult/continuing	-	-	-	986	521
Other	69,763	31,364	65,695	403,904	332,028
Pupil support	935,963	996,550	1,056,613	1,192,215	1,262,276
Instructional staff support	1,339,268	1,402,428	1,605,142	1,549,011	1,657,555
Board of education	18,217	19,977	21,534	25,436	27,888
Administration	1,536,965	1,746,937	2,279,411	2,067,429	2,021,332
Fiscal	652,819	734,167	804,491	706,597	749,712
Business	53,637	50,876	41,990	36,062	78,529
Operation and maintenance of plant	1,825,099	2,316,223	3,493,085	3,768,269	3,203,861
Pupil transportation	1,466,258	1,367,189	1,483,026	1,542,484	1,527,721
Central	191,871	131,127	153,377	153,649	197,879
Community services	95,703	93,682	127,010	135,893	146,024
Food service operations	693,490	741,795	861,737	894,970	986,923
Extracurricular activities	830,425	852,001	1,076,287	1,242,002	1,277,106
Interest and fiscal charges	1,966,421	1,957,796	1,932,645	2,972,182	1,636,900
<i>Total expenses</i>	<u>\$ 22,219,072</u>	<u>\$ 24,242,278</u>	<u>\$ 28,338,435</u>	<u>\$ 29,905,165</u>	<u>\$ 29,470,709</u>
<b>Program Revenues</b>					
Charges for services:					
Regular instruction	\$ 125,212	\$ 159,988	\$ 181,859	\$ 221,451	\$ 225,761
Special instruction	52,626	113,603	90,767	178,437	168,579
Pupil support	-	-	-	-	150
Community services	92,062	95,823	117,373	135,201	139,972
Food service operations	600,071	653,412	715,616	795,779	866,953
Extracurricular activities	203,507	218,588	248,435	209,855	223,847
Operating grants and contributions:					
Regular instruction	81,697	78,459	77,133	76,138	70,745
Special instruction	88,947	126,430	146,590	100,587	116,895
Vocational instruction	-	-	-	-	-
Pupil support	70,312	67,017	102,850	122,762	149,830
Instructional staff support	123,637	171,985	215,483	234,980	263,892
Administration	116,835	120,059	131,533	158,417	116,151
Fiscal	-	16,096	-	-	-
Pupil transportation	-	-	-	-	898
Central	59,571	21,914	46,042	25,146	25,554
Community services	-	12,000	-	-	-
Food service operations	57,668	62,480	53,241	82,847	124,710
Extracurricular activities	4,985	1,313	8,062	8,155	3,923
Capital grants and contributions:					
Vocational instruction	-	-	-	-	11,375
Operation and maintenance of plant					
Pupil transportation	89,869	18,493	19,715	11,102	19,706
<i>Total program revenues</i>	<u>\$ 1,766,999</u>	<u>\$ 1,937,660</u>	<u>\$ 2,154,699</u>	<u>\$ 2,360,857</u>	<u>\$ 2,551,941</u>
<i>Net expense</i>	<u>\$ (20,452,073)</u>	<u>\$ (22,304,618)</u>	<u>\$ (26,183,736)</u>	<u>\$ (27,544,308)</u>	<u>\$ (26,918,768)</u>



<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 11,630,853	\$ 12,267,061	\$ 13,533,366
2,532,361	2,843,678	2,851,628
295,393	306,980	278,812
-	-	-
307,011	265,925	191,003
1,381,581	1,597,409	1,749,221
1,583,859	1,708,797	2,083,672
33,005	33,633	33,645
2,123,603	2,255,136	2,161,944
810,182	582,842	827,008
44,154	50,648	36,531
3,191,462	3,408,779	3,110,315
1,688,917	1,734,063	1,676,783
181,280	219,387	264,307
156,968	169,629	176,670
1,013,841	1,148,334	1,141,808
1,353,162	1,369,821	1,496,114
1,611,869	1,577,328	1,532,326
<u>\$ 29,939,501</u>	<u>\$ 31,539,450</u>	<u>\$ 33,145,153</u>

\$ 239,115	\$ 238,027	\$ 247,264
165,710	98,795	137,634
-	-	-
161,156	164,935	174,856
901,162	950,221	931,813
247,871	253,354	280,120
71,979	69,443	143,879
124,064	165,260	550,683
12,711	9,518	9,589
127,479	119,036	235,598
274,294	239,901	342,775
148,168	141,176	152,431
-	-	-
-	2,011	-
44,882	24,506	13,513
-	-	-
149,554	143,949	170,647
16,217	13,065	403
-	-	-
-	-	-
13,013	28,775	-
<u>\$ 2,697,375</u>	<u>\$ 2,661,972</u>	<u>\$ 3,391,205</u>
<u>\$ (27,242,126)</u>	<u>\$ (28,877,478)</u>	<u>\$ (29,753,948)</u>

(Continued)

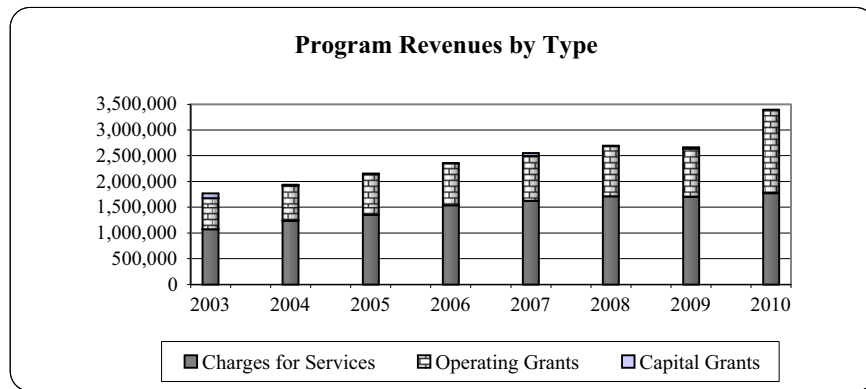
**Highland Local School District**

**Changes in Net Assets of Governmental Activities (1)**

**Last Eight Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General revenues</b>					
Property taxes levied for:					
General purposes	\$ 12,988,609	\$ 13,436,487	\$ 14,206,577	\$ 15,546,822	\$ 15,555,154
Debt service	2,451,517	2,547,077	2,821,355	2,921,464	2,829,115
Shared revenue restricted for:					
Permanent improvement projects	-	-	-	-	-
Grants and entitlements not restricted to specific programs	6,724,999	6,615,473	6,674,999	6,991,349	7,611,072
Investment earnings	796,721	392,812	396,578	703,123	892,439
Miscellaneous	342,303	166,532	112,606	332,223	200,146
Capital contributions	-	-	-	-	-
<b>Total general revenues</b>	<b>\$ 23,304,149</b>	<b>\$ 23,158,381</b>	<b>\$ 24,212,115</b>	<b>\$ 26,494,981</b>	<b>\$ 27,087,926</b>
<b>Change in net assets</b>	<b>\$ 2,852,076</b>	<b>\$ 853,763</b>	<b>\$ (1,971,621)</b>	<b>\$ (1,049,327)</b>	<b>\$ 169,158</b>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 13,853,173	\$ 15,986,234	\$ 16,066,186
2,673,131	3,259,666	3,031,522
1,083,075	988,270	903,935
7,639,433	8,043,456	8,105,796
710,732	402,579	126,571
313,020	267,796	104,167
9,641	40,258	-
<u>\$ 26,282,205</u>	<u>\$ 28,988,259</u>	<u>\$ 28,338,177</u>
<u>\$ (959,921)</u>	<u>\$ 110,781</u>	<u>\$ (1,415,771)</u>

**Highland Local School District**

**Program Revenues of Governmental Activities by Function (1)**

**Last Eight Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Governmental activities:</i>					
<i>Function</i>					
Regular instruction	\$ 206,909	\$ 238,447	\$ 258,992	\$ 297,589	\$ 296,506
Special instruction	141,573	240,033	237,357	279,024	285,474
Vocational	-	-	-	-	11,375
Pupil support	70,312	67,017	102,850	122,762	149,980
Instructional staff support	123,637	171,985	215,483	234,980	263,892
Administration	116,835	120,059	131,533	158,417	116,151
Fiscal	-	16,096	-	-	-
Operation and maintenance of plant	-	-	-	-	23,000
Pupil transportation	89,869	18,493	19,715	11,102	20,604
Central	59,571	21,914	46,042	25,146	25,554
Community services	92,062	107,823	117,373	135,201	139,972
Operation of food service	657,739	715,892	768,857	878,626	991,663
Extracurricular activities	208,492	219,901	256,497	218,010	227,770
<i>Total program revenues</i>	<u>\$ 1,766,999</u>	<u>\$ 1,937,660</u>	<u>\$ 2,154,699</u>	<u>\$ 2,360,857</u>	<u>\$ 2,551,941</u>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	311,094	\$ 307,470	\$ 391,143
	289,774	264,055	688,317
	12,711	9,518	9,589
	127,479	119,036	235,598
	274,294	239,901	342,775
	148,168	141,176	152,431
	-	-	-
	-	-	-
	13,013	30,786	-
	44,882	24,506	13,513
	161,156	164,935	174,856
	1,050,716	1,094,170	1,102,460
	264,088	266,419	280,523
	<u>\$ 2,697,375</u>	<u>\$ 2,661,972</u>	<u>\$ 3,391,205</u>

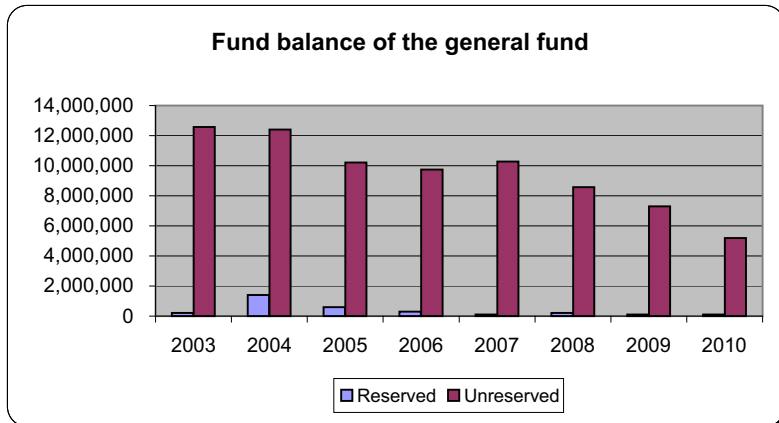
**Highland Local School District**

**Fund Balances, Governmental Funds (1)**

**Last Eight Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund					
Reserved	\$ 216,728	\$ 1,399,594	\$ 601,718	\$ 287,675	\$ 116,287
Unreserved	12,576,405	12,398,551	10,214,184	9,744,608	10,272,640
<i>Total general fund</i>	<u>12,793,133</u>	<u>13,798,145</u>	<u>10,815,902</u>	<u>10,032,283</u>	<u>10,388,927</u>
All other governmental funds					
Reserved	18,044,278	4,706,876	986,902	127,283	36,621
Unreserved, undesignated, Reported in:					
Special revenue funds	188,398	210,152	128,677	246,377	293,424
Debt service funds	914,696	1,083,866	1,494,645	2,370,836	2,410,054
Capital projects funds	4,700,851	159,114	(23,406)	19,408	34,983
Permanent funds	36,009	-	-	-	-
<i>Total all other governmental funds</i>	<u>23,884,232</u>	<u>6,160,008</u>	<u>2,586,818</u>	<u>2,763,904</u>	<u>2,775,082</u>
<i>Total governmental funds</i>	<u>\$ 36,677,365</u>	<u>\$ 19,958,153</u>	<u>\$ 13,402,720</u>	<u>\$ 12,796,187</u>	<u>\$ 13,164,009</u>

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 213,153	\$ 102,151	\$ 101,637
<u>8,583,272</u>	<u>7,304,207</u>	<u>5,197,517</u>
<u>8,796,425</u>	<u>7,406,358</u>	<u>5,299,154</u>
374,093	435,824	210,951
434,316	400,804	483,663
2,546,384	3,288,081	3,641,664
245,512	661,274	947,648
-	-	-
<u>3,600,305</u>	<u>4,785,983</u>	<u>5,283,926</u>
<u>\$ 12,396,730</u>	<u>\$ 12,192,341</u>	<u>\$ 10,583,080</u>

# Highland Local School District

## Changes in Fund Balances, Governmental Funds (1)

### Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 12,354,172	\$ 14,538,929	\$ 15,463,889	\$ 15,935,352	\$ 17,036,615	\$ 18,346,454	\$ 18,515,726	\$ 16,681,532	\$ 19,345,857	\$ 18,939,596
Intergovernmental	5,454,444	6,817,025	7,323,901	7,262,704	7,428,957	7,790,850	8,557,524	9,091,172	9,979,017	10,649,294
Interest	597,311	1,747,965	800,782	393,402	398,030	696,365	882,484	696,463	380,224	124,038
Tuition and fees	42,011	184,042	276,194	377,354	399,927	537,938	539,674	552,810	498,531	552,406
Extracurricular activities	133,692	215,505	197,212	210,318	237,995	206,545	218,351	255,761	256,581	287,025
Gifts and donations	26,312	25,217	34,694	9,975	66,080	36,089	26,461	52,627	33,718	29,697
Charges for services	-	-	600,072	653,513	715,617	795,779	867,103	906,356	950,221	931,813
Rentals	-	-	1,981	1,995	3,831	5,748	26,510	32,119	9,843	29,990
Miscellaneous	63,981	35,291	381,192	155,841	50,706	297,765	149,295	243,554	248,812	74,621
<b>Total revenues</b>	18,671,923	23,563,974	25,079,917	25,000,454	26,337,758	28,713,533	29,783,128	28,512,394	31,702,804	31,618,480
<b>Expenditures</b>										
<b>Current:</b>										
Instruction:										
Regular	6,900,655	7,446,830	7,833,998	8,577,629	10,080,539	10,329,294	11,047,306	10,902,743	11,907,554	12,898,398
Special	1,662,633	2,011,976	2,051,324	2,152,969	2,248,712	2,227,555	2,357,378	2,497,941	2,825,726	2,831,356
Vocational	187,423	200,031	211,230	228,428	250,990	261,950	263,085	282,569	293,248	261,892
Adult/Continuing	-	-	-	-	-	986	521	-	-	-
Other	36,769	37,726	69,763	31,364	65,695	394,844	330,157	305,858	265,997	194,788
Support services:										
Pupil	682,467	791,643	900,198	957,325	1,039,059	1,107,738	1,227,954	1,300,439	1,516,857	1,683,942
Instructional staff	904,511	1,066,087	1,256,031	1,329,558	1,517,063	1,315,844	1,397,604	1,367,298	1,612,960	2,076,802
Board of education	17,434	21,438	18,217	19,977	21,534	25,436	27,888	33,005	33,633	33,645
Administration	1,358,748	1,386,350	1,512,600	1,711,485	2,209,790	2,056,772	1,922,082	2,037,368	2,185,130	2,052,878
Fiscal	510,379	576,577	639,893	708,440	789,342	710,315	734,019	800,733	567,240	770,401
Business	59,474	43,337	52,562	49,801	41,217	36,062	78,529	44,154	50,472	36,180
Operation and maintenance of plant	1,388,114	1,444,642	1,736,157	2,144,278	3,100,399	3,440,335	2,806,910	2,830,797	3,049,780	2,710,393
Pupil transportation	1,012,720	1,151,899	1,308,460	1,165,311	1,321,704	1,395,312	1,369,076	1,520,887	1,573,226	1,495,310
Central	143,765	162,936	189,741	127,471	149,469	151,015	193,570	173,502	211,344	250,666
Operation of non-instructional services	-	-	91,238	97,207	124,162	138,676	145,140	156,897	168,472	176,825
Food service operations	-	-	639,626	701,968	787,355	827,147	899,504	923,041	1,042,087	1,046,074
Extracurricular activities	539,987	712,490	788,751	807,874	869,346	914,522	946,786	1,007,783	1,039,040	1,161,036
Capital outlay	371,270	2,967,386	17,504,007	18,299,864	5,324,396	1,591,189	532,441	330,717	548,996	457,954
Debt service:										
Principal retirement	152,721	39,922,064	63,719	759,504	828,787	930,327	1,566,967	1,436,075	1,549,562	1,694,042
Interest and fiscal charges	9,402	2,116,347	1,966,521	1,959,583	1,934,825	1,464,747	1,571,389	1,524,434	1,465,869	1,395,159
Issuance costs	-	-	-	-	-	335,824	-	-	-	-
<b>Total expenditures</b>	15,938,472	62,059,759	38,834,036	41,830,036	32,704,384	29,655,890	29,418,306	29,476,241	31,907,193	33,227,741

(Continued)



**Highland Local School District**

**Changes in Fund Balances, Governmental Funds (1)**

**Last Ten Fiscal Years (Continued)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>Excess of revenues over (under) expenditures</i>	2,733,451	(38,495,785)	(13,754,119)	(16,829,582)	(6,366,626)	(942,557)	364,822	(963,847)	(204,389)	(1,609,261)
<b>Other financing sources (uses)</b>										
Sale of capital assets	7,142	700	-	39,573	30,700	-	3,000	-	-	-
Inception of capital lease	91,806	-	-	128,471	-	-	-	196,568	-	-
Proceeds of notes	39,900,000	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	29,480,000	-	-	-	-
Proceeds of bonds	-	40,617,557	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	1,933,776	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(31,077,952)	-	-	-	-
Transfers in	-	-	230,841	-	49,275	23,750	20,670	18,750	13,100	27,000
Transfers out	-	-	(230,841)	-	(49,275)	(23,750)	(20,670)	(18,750)	(13,100)	(27,000)
<b>Total other financing sources (uses)</b>	39,998,948	40,618,257	-	168,044	30,700	335,824	3,000	196,568	-	-
<b>Net change in fund balances</b>	\$ 42,732,399	\$ 2,122,472	\$ (13,754,119)	\$ (16,661,538)	\$ (6,335,926)	\$ (606,533)	\$ 367,822	\$ (767,279)	\$ (204,389)	\$ (1,609,261)

Debt service as a percentage of noncapital expenditures

	1.0%	71.1%	9.5%	11.6%	10.1%	9.7%	10.9%	10.2%	9.6%	9.4%
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(1) Modified accrual basis of accounting.

Note: For 2001 - 2002, Governmental Funds includes governmental fund types and expendable trust funds; for 2003 - 2010, Governmental Funds includes general, debt service, special revenue, capital projects and permanent funds.

**Highland Local School District**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Collection Years**

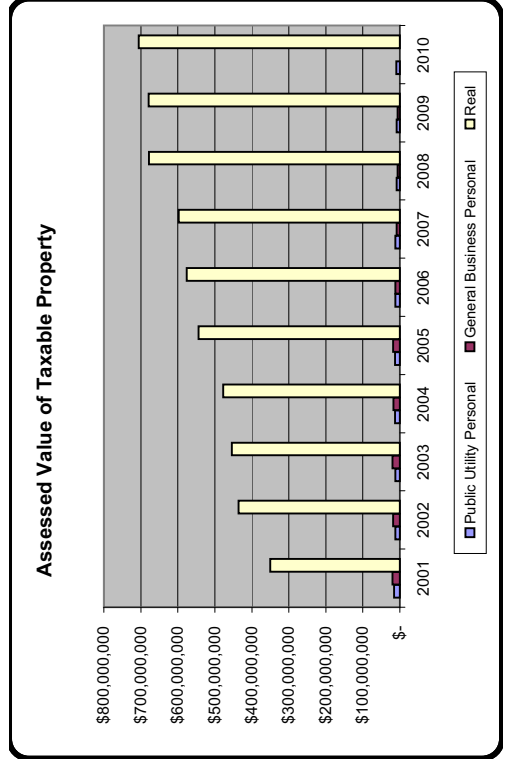
Collection Year	Real Property			Tangible Personal Property			Tangible Personal Property			Tangible Personal Property			Total	Weighted Average Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility		Estimated Actual Value	Telephone		Estimated Actual Value	General Business/		Estimated Actual Value		
	Residential/Agricultural	Commercial/Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value		
2001	\$ 328,484,360	\$ 21,808,690	\$ 1,000,837,286	\$ 15,936,500	\$ 18,109,659	\$ 19,629,432	\$ 78,517,728	\$ 385,858,982	\$ 1,097,464,673	35.16%	66.58			
2002	405,577,570	29,882,420	1,244,171,400	11,900,010	13,522,739	18,012,416	72,049,664	465,372,416	1,329,743,803	35.00%	71.32			
2003	423,787,780	30,447,300	1,297,814,514	12,435,380	14,131,114	20,009,825	80,039,300	486,680,285	1,391,984,928	34.96%	71.61			
2004	445,909,650	31,788,530	1,364,851,943	12,701,290	14,433,284	17,197,552	68,790,208	507,597,022	1,448,075,435	35.05%	71.41			
2005	505,890,970	38,374,600	1,555,044,486	13,079,750	14,863,352	17,980,743	71,922,972	575,326,063	1,641,830,810	35.04%	71.41			
2006	528,513,190	47,560,400	1,645,924,543	11,688,790	13,282,716	12,482,341	49,929,364	600,244,721	1,709,136,623	35.12%	70.55			
2007	549,534,630	47,995,290	1,707,228,343	11,998,520	13,634,682	8,320,613	33,282,452	617,849,053	1,754,145,477	35.22%	70.55			
2008	625,654,910	52,722,710	1,938,221,771	8,692,020	9,877,295	5,679,255	22,717,020	692,748,895	1,970,816,087	35.15%	70.55			
2009	626,177,390	52,480,250	1,939,021,829	8,692,560	9,877,909	5,670,445	22,681,780	693,020,645	1,971,581,518	35.15%	70.55			
2010	654,393,990	51,443,160	2,016,677,571	9,461,120	10,751,273	415,385	1,661,540	715,713,655	2,029,090,384	35.27%	69.90			

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property is 35% of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25% for machinery and equipment. General business inventory tangible personal property tax was being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, the 2 1/2% and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

**Source:** Medina County Auditor and Summit County Fiscal Officer.



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

Collection Year	Collection	Direct Rates				Overlapping rates						Total	
		Operating Millage	Improvement Millage	Debt Service Millage	School District	County Levy	Township	Vocational Education	Wadsworth City	Medina County Library			
										Other	County		Library
2010	Brunswick Hills	65.50	-	4.40	69.90	8.04	11.85	3.05	-	0.75	2.05	95.64	
	Granger Twp.	65.50	-	4.40	69.90	8.04	5.60	3.05	-	0.75	2.05	89.39	
	Hinckley Twp.	65.50	-	4.40	69.90	8.04	13.05	3.05	-	1.85	2.05	97.94	
	Medina Twp.	65.50	-	4.40	69.90	8.04	6.60	3.05	-	0.75	2.05	90.39	
	Montville Twp.	65.50	-	4.40	69.90	8.04	10.95	3.05	-	0.75	2.05	94.74	
	Sharon Twp.	65.50	-	4.40	69.90	8.04	7.40	3.05	-	0.75	2.05	91.19	
	Wadsworth City	65.50	-	4.40	69.90	8.04	-	3.05	5.80	0.75	2.05	89.59	
2009	Brunswick Hills	65.50	-	5.05	70.55	8.07	11.85	3.05	-	0.75	2.25	96.52	
	Granger Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27	
	Hinckley Twp.	65.50	-	5.05	70.55	8.07	13.05	3.05	-	1.85	2.25	98.82	
	Medina Twp.	65.50	-	5.05	70.55	8.07	6.60	3.05	-	0.75	2.25	91.27	
	Montville Twp.	65.50	-	5.05	70.55	8.07	10.95	3.05	-	0.75	2.25	95.62	
	Sharon Twp.	65.50	-	5.05	70.55	8.07	7.40	3.05	-	0.75	2.25	92.07	
	Wadsworth City	65.50	-	5.05	70.55	8.07	-	3.05	5.80	0.75	2.25	90.47	
2008	Brunswick Hills	65.50	-	5.05	70.55	8.07	11.85	3.05	-	0.75	2.25	96.52	
	Granger Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27	
	Hinckley Twp.	65.50	-	5.05	70.55	8.07	13.05	3.05	-	1.85	2.25	98.82	
	Medina Twp.	65.50	-	5.05	70.55	8.07	6.60	3.05	-	0.75	2.25	91.27	
	Montville Twp.	65.50	-	5.05	70.55	8.07	10.95	3.05	-	0.75	2.25	95.62	
	Sharon Twp.	65.50	-	5.05	70.55	8.07	7.40	3.05	-	0.75	2.25	92.07	
	Wadsworth City	65.50	-	5.05	70.55	8.07	-	3.05	5.80	0.75	2.25	90.47	
2007	Brunswick Hills	65.50	-	5.05	70.55	8.07	11.85	3.05	-	0.75	2.25	96.52	
	Granger Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27	
	Hinckley Twp.	65.50	-	5.05	70.55	8.07	13.05	3.05	-	1.85	2.25	98.82	
	Medina Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27	
	Montville Twp.	65.50	-	5.05	70.55	8.07	10.95	3.05	-	0.75	2.25	95.62	
	Sharon Twp.	65.50	-	5.05	70.55	8.07	7.40	3.05	-	0.75	2.25	92.07	
	Wadsworth City	65.50	-	5.05	70.55	8.07	-	3.05	5.80	0.75	2.25	90.47	

(Continued)

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

Collection Year	Direct Rates										Overlapping rates					Total
	Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Wadsworth		Total			
											City	Other				
2006	Brunswick Hills	65.50	-	5.05	70.55	8.21	11.85	3.05	-	0.50	2.25	96.41				
	Granger Twp.	65.50	-	5.05	70.55	8.21	4.60	3.05	-	0.50	2.25	89.16				
	Hinckley Twp.	65.50	-	5.05	70.55	8.21	13.05	3.05	-	1.85	2.25	98.96				
	Medina Twp.	65.50	-	5.05	70.55	8.21	5.60	3.05	-	0.50	2.25	90.16				
	Montville Twp.	65.50	-	5.05	70.55	8.21	10.95	3.05	-	0.50	2.25	95.51				
	Sharon Twp.	65.50	-	5.05	70.55	8.21	7.40	3.05	-	0.50	2.25	91.96				
	Wadsworth City	65.50	-	5.05	70.55	8.21	-	3.05	5.80	0.50	2.25	90.36				
2005	Brunswick Hills	65.50	-	5.82	71.32	8.22	11.85	3.05	-	1.50	1.25	97.19				
	Granger Twp.	65.50	-	5.82	71.32	8.22	4.10	3.05	-	1.50	1.25	89.44				
	Hinckley Twp.	65.50	-	5.82	71.32	8.22	13.05	3.05	-	2.85	1.25	99.74				
	Medina Twp.	65.50	-	5.82	71.32	8.22	5.60	3.05	-	1.50	1.25	90.94				
	Montville Twp.	65.50	-	5.82	71.32	8.22	9.95	3.05	-	1.50	1.25	95.29				
	Sharon Twp.	65.50	-	5.82	71.32	8.22	7.40	3.05	-	1.50	1.25	92.74				
	Wadsworth City	65.50	-	5.82	71.32	8.22	-	3.05	5.80	1.50	1.25	91.14				
2004	Brunswick Hills	65.50	-	5.82	71.32	8.23	12.35	3.05	-	1.50	1.25	97.70				
	Granger Twp.	65.50	-	5.82	71.32	8.23	4.10	3.05	-	1.50	1.25	89.45				
	Hinckley Twp.	65.50	-	5.82	71.32	8.23	13.05	3.05	-	2.55	1.25	99.45				
	Medina Twp.	65.50	-	5.82	71.32	8.23	5.60	3.05	-	1.50	1.25	90.95				
	Montville Twp.	65.50	-	5.82	71.32	8.23	9.95	3.05	-	1.50	1.25	95.30				
	Sharon Twp.	65.50	-	5.82	71.32	8.23	7.40	3.05	-	1.50	1.25	92.75				
	Wadsworth City	65.50	-	5.82	71.32	8.23	-	-	5.80	1.00	1.25	87.60				
2003	Brunswick Hills	65.50	-	5.82	71.32	8.24	12.35	3.05	-	1.75	1.25	97.96				
	Granger Twp.	65.50	-	5.82	71.32	8.24	4.10	3.05	-	1.75	1.25	89.71				
	Hinckley Twp.	65.50	-	5.82	71.32	8.24	13.05	3.05	-	2.80	1.25	99.71				
	Medina Twp.	65.50	-	5.82	71.32	8.24	5.60	3.05	-	1.75	1.25	91.21				
	Montville Twp.	65.50	-	5.82	71.32	8.24	9.95	3.05	-	1.75	1.25	95.56				
	Sharon Twp.	65.50	-	5.82	71.32	8.24	7.40	3.05	-	1.75	1.25	93.01				
	Wadsworth City	65.50	-	5.82	71.32	8.24	-	3.05	5.80	2.25	1.25	91.91				

(Continued)

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

Collection Year	Direct Rates				Overlapping rates							Total
	Operating Millage	Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library		
										County Library	Total	
2002	Brunswick Hills	65.50	-	5.82	71.32	8.06	12.60	3.05	-	1.75	1.25	98.03
	Granger Twp.	65.50	-	5.82	71.32	8.06	4.10	3.05	-	1.75	1.25	89.53
	Hinckley Twp.	65.50	-	5.82	71.32	8.06	13.05	3.05	-	2.80	1.25	99.53
	Medina Twp.	65.50	-	5.82	71.32	8.06	5.60	3.05	-	1.75	1.25	91.03
	Montville Twp.	65.50	-	5.82	71.32	8.06	9.95	3.05	-	1.75	1.25	95.38
	Sharon Twp.	65.50	-	5.82	71.32	8.06	7.40	3.05	-	1.75	1.25	92.83
	Wadsworth City	65.50	-	5.82	71.32	8.06	-	3.05	5.80	1.75	1.25	91.23
2001	Brunswick Hills	65.50	1.08	-	66.58	8.19	12.60	3.05	-	0.50	1.25	92.17
	Granger Twp.	65.50	1.08	-	66.58	8.19	4.10	3.05	-	0.50	1.25	83.67
	Hinckley Twp.	65.50	1.08	-	66.58	8.19	11.05	3.05	-	1.55	1.25	91.67
	Medina Twp.	65.50	1.08	-	66.58	8.19	5.60	3.05	-	0.50	1.25	85.17
	Montville Twp.	65.50	1.08	-	66.58	8.19	9.95	3.05	-	0.50	1.25	89.52
	Sharon Twp.	65.50	1.08	-	66.58	8.19	7.40	3.05	-	0.50	1.25	86.97
	Wadsworth City	65.50	1.08	-	66.58	8.19	-	3.05	5.80	0.50	1.25	85.37

**Source:** Medina County Auditor and Summit County Fiscal Officer.

Note: The rates are per \$1,000 of assessed valuation. Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County.

**Highland Local School District**

**Property Tax Levies and Collections (1)**

**Last Ten Collection Years**

<u>Collection Year (2)</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
2000	\$ 13,495,738	\$ 12,907,061	95.64%	\$ 334,287	\$ 13,241,348	98.12%
2001	14,733,328	14,053,399	95.39	289,297	14,342,696	97.35
2002	15,269,275	14,524,680	95.12	473,574	14,998,254	98.23
2003	18,447,500	17,412,606	94.39	739,750	18,152,356	98.40
2004	19,386,200	18,483,598	95.34	650,423	19,134,021	98.70
2005	18,470,364	16,863,692	91.30	643,627	17,507,319	94.79
2006	18,751,591	16,788,682	89.53	699,932	17,488,614	93.26
2007	17,186,195	16,464,824	95.80	627,470	17,092,294	99.45
2008	20,488,832	19,683,214	96.07	724,530	20,407,744	99.60
2009	20,563,147	19,806,060	96.32	708,418	20,514,478	99.76

**Source:** Medina County Auditor and Summit County Fiscal Officer.

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

(2) The 2010 information cannot be presented because all collections have not been made by June 30, 2010.

(3) The County does not identify delinquent tax collections by tax year.

**Highland Local School District**

**Principal Taxpayers**

**Real Estate Tax**

**2010 and 2003 (1)**

Name of Taxpayer	2010		
	Assessed Value	Rank	Percent of Real Property Assessed Value
Carter Lumber Company	\$ 1,684,870	1	0.24%
Akron-Medina Corporate Park	1,427,410	2	0.20%
Montville Lakes Development	1,419,120	3	0.20%
Pride One	1,268,960	4	0.18%
Pinnacle Sports Complex LLC	1,230,190	5	0.17%
NB Thiry-Three Inc.	1,220,180	6	0.17%
Structured Management Inc.	1,184,830	7	0.17%
EBB Investments LLC	1,141,130	8	0.16%
BNB Partners	1,111,370	9	0.16%
Auction Acquisition	1,090,220	10	0.15%
Totals	<u>\$ 12,778,280</u>		<u>1.81%</u>
Total assessed valuation	<u>\$ 705,837,150</u>		

Name of Taxpayer	2003 (2)		
	Assessed Value	Rank	Percent of Real Property Assessed Value
Kimball Hill Homes	\$ 1,605,960	1	0.35%
Structured Management	1,151,510	2	0.25%
Wakefield Run Development	1,129,060	3	0.25%
Nicholas J. Demetra K. Spiritos	1,002,790	4	0.22%
Sharon Club Company	899,980	5	0.20%
Batizy, Levente & Patricia	868,320	6	0.19%
Grandview Group	762,140	7	0.17%
Ironwood Golf Course	759,640	8	0.17%
SFS Stadler Inc.	744,800	9	0.16%
Portside Corporate	720,990	10	0.16%
Totals	<u>\$ 9,645,190</u>		<u>2.12%</u>
Total assessed valuation	<u>\$ 454,235,080</u>		

**Source:** Medina County Auditor and Summit County Fiscal Officer.

(1) The amounts presented represent the assessed values upon which 2010 and 2003 collections were based.

(2) Information prior to 2003 is not available.

**Highland Local School District**

**Principal Taxpayers**

**Tangible Personal Property Tax**

**2010 and 2003 (1)**

<u>Name of Taxpayer</u>	<u>2010 (2)</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Verizon North Inc.	\$ 401,630	1	96.69%
New Par	154,200	2	37.12%
New Cingular Wireless PCS LLC	148,260	3	35.69%
Windstream Western Reserve Inc.	100,120	4	24.10%
Sprintcom Inc.	88,420	5	21.29%
Alltel Ohio Limited Partnership	71,200	6	17.14%
Totals	<u>\$ 963,830</u>		<u>232.03%</u>
Total assessed valuation	<u>\$ 415,385</u>		

<u>Name of Taxpayer</u>	<u>2003 (3)</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
A Schulman Inc.	\$ 1,686,170	1	8.43%
SFS Stadler Inc.	1,228,690	2	6.14%
Atlantic Tool & Die Co.	1,210,150	3	6.05%
Avalon RV Center Inc.	1,165,310	4	5.82%
Partners in Plastic	1,092,900	5	5.46%
Power Transmission Technology Inc.	871,320	6	4.35%
Inflatable Survival Systems Inc.	676,650	7	3.38%
Ruhlin Company	662,930	8	3.31%
Kenmore Asphalt Products, Inc.	491,370	9	2.46%
Rental Service Corp USA Inc.	390,870	10	1.95%
Totals	<u>\$ 9,476,360</u>		<u>47.36%</u>
Total assessed valuation	<u>\$ 20,009,825</u>		

**Source:** Medina County Auditor and Summit County Fiscal Officer.

(1) The amounts presented represent the assessed values upon which 2010 and 2003 collections were based.

(2) The School District's total assessed value is an estimate provided by the County Auditor that is reduced to reflect collections based upon the phase out of personal property. Reduced valuation amounts are not available by individual taxpayers.

(3) Information prior to 2003 is not available.



**Highland Local School District**

**Principal Taxpayers**

**Public Utilities Tax**

**2010 and 2003 (1)**

Name of Taxpayer	2010 (2)		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 7,110,580	1	75.16%
Columbia Gas of Ohio	1,002,780	2	10.60%
American Transmission	860,740	3	9.10%
East Ohio Gas	414,480	4	4.38%
Cleveland Electric Illuminating	137,860	5	1.46%
Verizon North	45,810	6	0.48%
Western Reserve Telephone	37,060	7	0.39%
Wheeling and Lake Erie Railroad	16,110	8	0.17%
David & Pamela Stec	4,820	9	0.05%
Totals	<u>\$ 9,630,240</u>		<u>101.79%</u>
Total assessed valuation	<u>\$ 9,461,120</u>		

Name of Taxpayer	2003 (3)		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 5,380,300	1	43.27%
Verizon North	2,270,400	2	18.26%
American Transmission	1,012,500	3	8.14%
Columbia Gas of Ohio	677,930	4	5.45%
Western Reserve Telephone	524,760	5	4.22%
AT & T Communications	519,210	6	4.18%
East Ohio Gas	412,280	7	3.32%
New Par	404,180	8	3.25%
Sprint	260,580	9	2.10%
Alltell Ohio Limited	176,860	10	1.42%
Totals	<u>\$ 11,639,000</u>		<u>93.60%</u>
Total assessed valuation	<u>\$ 12,435,380</u>		

**Source:** Medina County Auditor and Summit County Fiscal Officer.

(1) The amounts presented represent the assessed values upon which 2010 and 2003 collections were based.

(2) The School District's total assessed value is an estimate provided by the County Auditor that is reduced to reflect collections based upon the phase out of personal property. Reduced valuation amounts are not available by individual taxpayers.

(3) Information prior to 2003 is not available.

**Highland Local School District**

**Ratio of Outstanding Debt By Type**

**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Population	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases				
2001	\$ -	\$ 39,900,000	\$ 69,085	\$ 39,969,085	11.38%	22,708	\$ 1,760.13
2002	39,900,000	-	47,021	39,947,021	11.06%	22,708	1,759.16
2003	39,860,000	-	23,302	39,883,302	8.05%	22,708	1,756.35
2004	39,145,000	-	107,269	39,252,269	6.50%	22,708	1,728.57
2005	38,340,000	-	83,482	38,423,482	5.96%	22,708	1,692.07
2006	37,435,000	-	58,155	37,493,155	5.53%	22,708	1,651.10
2007	35,895,000	-	31,188	35,926,188	4.93%	22,708	1,582.09
2008	34,520,000	-	166,681	34,686,681	4.70%	22,708	1,527.51
2009	33,010,000	-	127,119	33,137,119	n/a	22,708	1,459.27
2010	31,355,000	-	88,077	31,443,077	n/a	22,708	1,384.67

**Source:** School District Financial Records.

n/a - information is not available at this time.

(1) Personal income information is available on S - 27.

**Highland Local School District**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>General Bonded Debt</u>	<u>Resources Available to Pay Principal</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value (1)</u>	<u>Net Bonded Debt per Capita</u>
2001	22,708	\$ -	\$ -	\$ -	0.00%	\$ -
2002	22,708	39,900,000	-	39,900,000	3.00%	1,757
2003	22,708	39,860,000	914,696	38,945,304	2.80%	1,715
2004	22,708	39,145,000	1,083,866	38,061,134	2.63%	1,676
2005	22,708	38,340,000	1,494,645	36,845,355	2.24%	1,623
2006	22,708	37,435,000	2,370,836	35,064,164	2.05%	1,544
2007	22,708	35,895,000	2,410,054	33,484,946	1.91%	1,475
2008	22,708	34,520,000	2,546,384	31,973,616	1.62%	1,408
2009	22,708	33,010,000	3,288,081	29,721,919	1.51%	1,309
2010	22,708	31,355,000	3,641,664	27,713,336	1.37%	1,220

**Source:** School District Financial Records.

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page S-14 for property value data.

**Highland Local School District**

**Computation of Legal Debt Margin**

**Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tax Valuation (2)	<u>\$ 385,858,982</u>	<u>\$ 465,372,416</u>	<u>\$ 486,680,285</u>	<u>\$ 507,597,022</u>	<u>\$ 575,326,063</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>34,727,308</u>	<u>41,883,517</u>	<u>43,801,226</u>	<u>45,683,732</u>	<u>51,779,346</u>
Amount of Debt Applicable to Debt Limit					
General Obligation Bonds	-	39,900,000	39,860,000	39,145,000	38,340,000
Less Amount Available in Debt Service	-	(139,280)	(914,696)	(1,083,866)	(1,494,645)
Amount of Debt Subject to Limit	<u>-</u>	<u>39,760,720</u>	<u>38,945,304</u>	<u>38,061,134</u>	<u>36,845,355</u>
Legal Debt Margin	<u>\$ 34,727,308</u>	<u>\$ 2,122,797</u>	<u>\$ 4,855,922</u>	<u>\$ 7,622,598</u>	<u>\$ 14,933,991</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	5.07%	11.09%	16.69%	28.84%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 385,859	\$ 465,372	\$ 486,680	\$ 507,597	\$ 575,326
Amount of Debt Subject to Limit	-	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 385,859</u>	<u>\$ 465,372</u>	<u>\$ 486,680</u>	<u>\$ 507,597</u>	<u>\$ 575,326</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%

**Source:** School District Financial Records.

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

(2) Beginning in fiscal year 2006, HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>\$ 576,073,590</u>	<u>\$ 597,529,920</u>	<u>\$ 678,377,620</u>	<u>\$ 678,657,640</u>	<u>\$ 705,837,150</u>
<u>51,846,623</u>	<u>53,777,693</u>	<u>61,053,986</u>	<u>61,079,188</u>	<u>63,525,344</u>
<u>37,435,000</u> <u>(2,370,836)</u>	<u>35,895,000</u> <u>(2,410,054)</u>	<u>34,520,000</u> <u>(2,546,384)</u>	<u>33,010,000</u> <u>(3,288,081)</u>	<u>31,355,000</u> <u>(3,641,664)</u>
<u>35,064,164</u>	<u>33,484,946</u>	<u>31,973,616</u>	<u>29,721,919</u>	<u>27,713,336</u>
<u>\$ 16,782,459</u>	<u>\$ 20,292,747</u>	<u>\$ 29,080,370</u>	<u>\$ 31,357,269</u>	<u>\$ 35,812,008</u>
32.37%	37.73%	47.63%	51.34%	56.37%
\$ 576,074	\$ 597,530	\$ 678,378	\$ 678,658	\$ 705,837
-	-	-	-	-
<u>\$ 576,074</u>	<u>\$ 597,530</u>	<u>\$ 678,378</u>	<u>\$ 678,658</u>	<u>\$ 705,837</u>
100.00%	100.00%	100.00%	100.00%	100.00%

**Highland Local School District**

**Computation of Direct and Overlapping Bonded Debt**

**June 30, 2010**

<u>Jurisdiction</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable Highland Local School District</u>
Direct:			
Highland Local School District	\$ 31,355,000	100.00%	\$ 31,355,000
Overlapping:			
Medina County	4,939,360	14.60%	721,147
Summit County	34,090,000	0.05%	17,045
Wadsworth City	930,000	1.11%	10,323
Copley Township	-	1.35%	-
Akron Metro Regional Transit Authority	485,000	0.05%	243
Akron-Summit County Library District	47,440,000	0.08%	37,952
Medina County Library District	32,265,000	17.10%	5,517,315
Medina County Park District	-	10.33%	-
	<u>120,149,360</u>		<u>6,304,024</u>
Total direct and overlapping debt:	<u>\$ 151,504,360</u>		<u>\$ 37,659,024</u>

**Source:** Medina County Auditor and Summit County Fiscal Officer.

(1) All debt reported as of December 31, 2009, except for Highland Local School District which is reported as of June 30, 2010.

(2) Percentages were determined by dividing the assessed valuation of the political subdivisions located within the boundaries of the School District by the total assessed valuation of the political subdivisions.

**Highland Local School District**

**Demographic and Economic Statistics**

**Last Ten Years**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate (3)</u>
2001	22,708	\$ 351,150,627	\$ 15,464	4.4%
2002	22,708	361,095,883	15,902	5.0%
2003	22,708	495,261,296	21,810	5.4%
2004	22,708	603,420,464	26,573	5.2%
2005	22,708	645,001,301	28,404	4.6%
2006	22,708	677,430,933	29,832	4.8%
2007	22,708	728,558,614	32,084	5.8%
2008	22,708	737,869,542	32,494	6.8%
2009	22,708	n/a	n/a	9.3%
2010	22,708	n/a	n/a	8.2%

**Sources:** (1) U.S. Bureau of Census, Census of Population.

(2) Ohio Department of Taxation.

(3) U.S. Department of Labor.

n/a - information is not available at this time.

**Highland Local School District**  
**Principal Employers in Medina County**  
**2009 and 2000**

Employer	2009 (1)		
	Number of Employees	Rank	Percentage of Total District Employment
Westfield Group	1,560	1	3.07%
Medina County	1,500	2	2.96%
Medina General Hospital	1,000	3	1.97%
Medina City School District	850	4	1.68%
Brunswick City School District	789	5	1.56%
Shilo Industries Inc.	610	6	1.20%
MTD Products	500	7	0.99%
Wadsworth City School District	485	8	0.96%
Discount Drug Mart	420	9	0.83%
Sandridge Food Corporation	400	10	0.79%
<b>Total</b>	<b>8,114</b>		<b>16.01%</b>
<b>Total employment within the County</b>	<b>50,732</b>		

Employer	2000		
	Number of Employees	Rank	Percentage of Total District Employment
Discount Drug Mart Inc.	2,600	1	3.91%
MTD Products	2,190	2	3.29%
Medina County	1,525	3	2.29%
Plasticpak Packaging Incorporated	1,467	4	2.21%
Westfield Companies	1,292	5	1.94%
Medina General Hospital	920	6	1.38%
Brunswick City School District	850	7	1.28%
Schneider National Carriers	800	8	1.20%
Medina City School District	780	9	1.18%
Fricition Products/Hawk	557	10	0.84%
<b>Total</b>	<b>12,981</b>		<b>19.52%</b>
<b>Total employment within the County</b>	<b>66,501</b>		

**Source:** Medina County Economic Development Corporation.

(1) 2009 information is the most current information available.



**Highland Local School District**  
**School District Employees by Function/Program**  
**Last Seven Fiscal Years**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Regular instruction							
Elementary classroom teachers	46.5	56	56	57	56	56	58.5
Middle school classroom teachers	24	25	27	28	28	30	32
High school classroom teachers	36	37	38.5	41	41	41	43.5
Art, Music, Phys Ed	11	11	11	11	10	10	8
I/E Tutors	11	13	11	9.5	10	13	9
Special instruction							
Academically gifted teachers	2	2	2	1	2	2	1
Multi handicapped teachers	2	2	2	2	3	3	3
Developmentally handicapped teachers	2	3	3	3	2	2	2
Specific learning disabled teachers	3	3	3	3	4	7	7
Preschool teachers	2	2	2	2	2	2	2
Special Ed. Tutors	6	7	9.5	12	12.5	10	10
Vocational instruction							
High school classroom teachers	3	3	3	3	3	3	2
Pupil support services							
Guidance counselors	5	5	6	5	5	7	6
Librarians	3	3	3	3	3	3	0
Psychologists	2	2.5	5	3	3	3	3
Speech and language pathologists	2	2	2.5	2.5	2.5	2.5	2.5
Aides	31	31	29.5	30	36	37.5	31
Computer	3	3	3	3	3	3	3
Library Aides	4	5	5	5	5	5	4
Secretaries	16.5	19.5	17.4	16.5	17.5	17.5	17
Latchkey	4.5	5	6	6	6	6	7
Administrators							
Central Office	9	9	9	9	9	9	9
Elementary	2	3	3	3	3	3	3
Middle School	2	2	2	2	2	2	2
High school	2	2	2	2	2	2	2
Operation of plant							
Custodians & Maintenance	19	28	26.5	27.5	27.5	27.5	24.5
Pupil transportation							
Bus drivers	21.5	21.5	29	29	28	30.5	30.5
Bus Mechanics	4	2	3	3	3	3	2
Food service program							
Director	1	1	1	1	1	1	1
Cooks	15	15.5	16	15.5	15	15	15.5

**Source:** School District records.

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2004 is not available.

**Highland Local School District**

**Operating Statistics**

**Last Ten Fiscal Years**

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of students receiving free or reduced lunches
2001	n/a	2,421	n/a	n/a	133.0	18.2	5.62%
2002	n/a	2,494	n/a	n/a	134.0	18.6	4.93%
2003	\$ 22,219,072	2,585	\$ 8,595	n/a	138.0	18.7	4.67%
2004	\$ 24,242,278	2,735	\$ 8,864	3.12%	135.5	20.2	5.28%
2005	\$ 28,338,435	2,914	\$ 9,725	9.72%	147.1	19.8	4.46%
2006	\$ 29,905,165	3,055	\$ 9,789	0.66%	153.5	19.9	6.95%
2007	\$ 29,470,709	3,211	\$ 9,178	-6.24%	155.8	20.6	5.67%
2008	\$ 29,939,501	3,269	\$ 9,159	-0.21%	160.1	20.4	5.87%
2009	\$ 31,539,450	3,269	\$ 9,648	5.34%	169.2	19.3	7.15%
2010	\$ 33,145,153	3,327	\$ 9,962	3.26%	174.3	19.1	8.28%

**Source:** School District Records, Ohio Department of Education.

## Highland Local School District

### Building Statistics

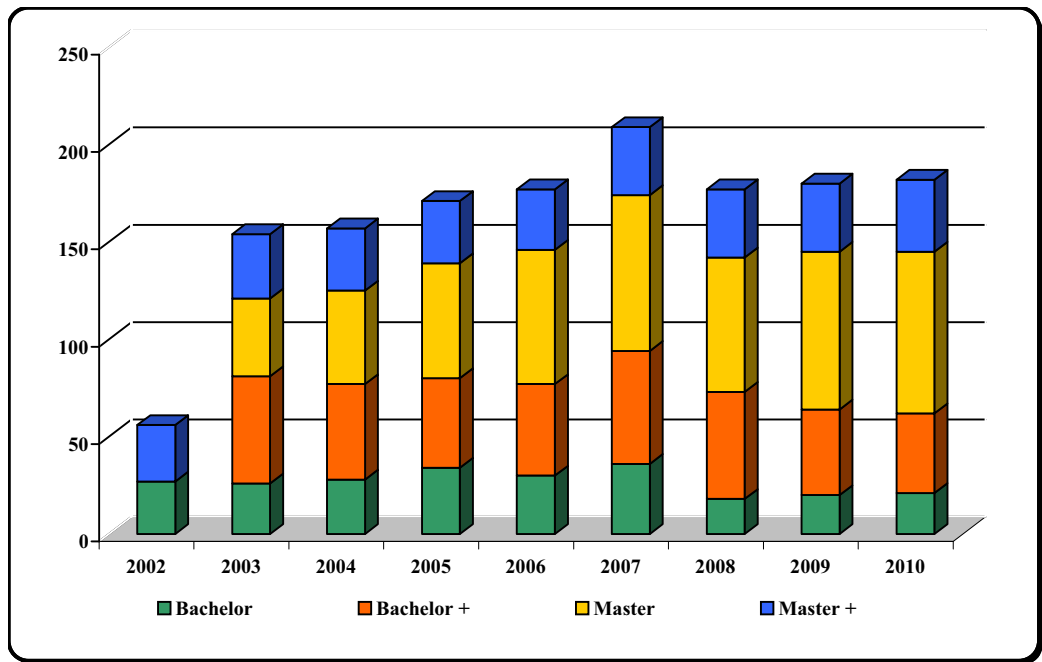
#### Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Highland High School</b>										
Constructed in 2004										
Total building square footage	105,972	105,972	105,972	105,972	234,000	234,000	234,000	234,000	234,000	234,000
Enrollment grades 9-12										
Student capacity	750	750	750	750	1,000	1,000	1,000	1,000	1,000	1,000
Regular instruction classrooms	30	30	30	30	45	45	45	45	45	45
Regular instruction teachers	37	37	41	38	39	41	41	45	45	44
Special instruction classrooms	5	5	5	5	4	4	4	4	4	4
Special instruction teachers	8	8	8	8	8	8	8	7	7	7
<b>Highland Middle School</b>										
Constructed in 1958										
Total building square footage	60,081	60,081	60,081	60,081	115,972	115,972	115,972	115,972	115,972	115,972
Enrollment grades 6-8										
Student capacity	525	525	525	525	750	750	750	750	750	750
Regular instruction classrooms	25	25	25	25	30	30	30	30	30	30
Regular instruction teachers	29	28	32	28	29	32	32	32	38	32
Special instruction classrooms	5	5	5	5	5	5	5	5	5	5
Special instruction teachers	7	8	12	12	10	10	10	10	8	10
<b>Granger Elementary School</b>										
Constructed in 1929										
Total building square footage	n/a	n/a	n/a	n/a	60,081	60,081	60,081	60,081	60,081	60,081
Enrollment grades K-5										
Student capacity	n/a	n/a	n/a	n/a	525	525	525	525	525	525
Regular instruction classrooms	n/a	n/a	n/a	n/a	25	25	25	25	25	25
Regular instruction teachers	n/a	n/a	n/a	n/a	23	24	24	24	25	24
Special instruction classrooms	n/a	n/a	n/a	n/a	5	5	5	5	5	5
Special instruction teachers	n/a	n/a	n/a	n/a	5	7	7	7	5	7
<b>Hinckley Elementary School</b>										
Constructed in 1949										
Total building square footage	41,365	41,365	41,365	52,265	52,265	52,265	52,265	52,265	52,265	52,265
Enrollment grades K-5										
Student capacity	400	400	400	400	400	400	400	400	400	400
Regular instruction classrooms	20	20	20	20	20	20	20	20	20	20
Regular instruction teachers	23	22	23	23	19	21	21	21	22	21
Special instruction classrooms	3	3	3	3	3	3	3	3	3	3
Special instruction teachers	7	6	8	8	6	4	4	6	4	6
<b>Sharon Elementary School</b>										
Constructed in 1922										
Total building square footage	54,960	54,960	54,960	54,960	54,960	54,960	54,960	54,960	54,960	54,960
Enrollment grades K-5										
Student capacity	450	450	450	450	450	450	450	450	450	450
Regular instruction classrooms	24	24	24	24	24	24	24	24	24	24
Regular instruction teachers	29	28	31	20	24	24	24	24	22	22
Special instruction classrooms	3	3	3	3	3	3	3	3	3	3
Special instruction teachers	11	10	12	13	8	5	5	5	3	5

Source: School District Records.

**Highland Local School District**  
**Full-Time Equivalent Teachers by Education**  
**Last Nine Fiscal Years**

<u>Degree</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Bachelor's Degree	27	26	28	34	30	36	18	20	21
Bachelor + 15	22	25	17	17	18	26	26	17	20
Bachelor + 30	36	30	32	29	29	32	29	27	20
Master's Degree	35	40	48	59	69	80	69	81	83
Master's + 15	11	14	13	12	12	15	16	14	15
Master's + 30	18	19	19	20	19	20	19	21	19
<b>Total</b>	<b>149</b>	<b>154</b>	<b>157</b>	<b>171</b>	<b>177</b>	<b>209</b>	<b>177</b>	<b>180</b>	<b>178</b>



Source: School District Records. Information prior to 2002 is not available.

***Highland Local School District***

**Teachers' Salaries**

**Last Ten Fiscal Years**

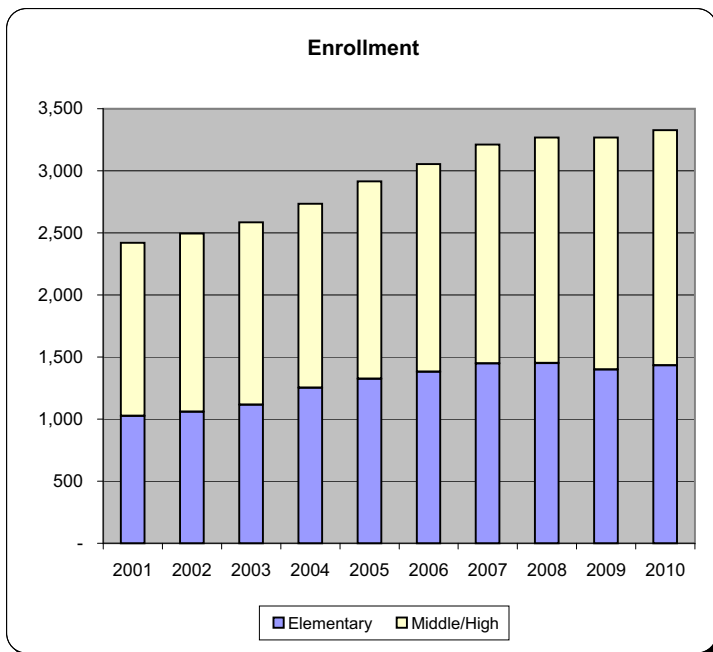
<u>Fiscal Year</u>	<u>Highland Local School District Average Salary</u>	<u>Statewide Average Salary</u>
2001	\$ 42,350	\$ 42,995
2002	43,807	43,755
2003	46,759	45,645
2004	48,040	47,659
2005	46,327	49,438
2006	50,400	50,772
2007	54,684	53,536
2008	54,990	53,410
2009	56,451	54,656
2010	58,053	55,958

**Source:** Ohio Department of Education.

**Highland Local School District**

**Enrollment Statistics  
Last Ten Fiscal Years**

Fiscal Year	Highland Elementary Schools	Highland Middle/High School	Total
2001	1,025	1,396	2,421
2002	1,060	1,434	2,494
2003	1,115	1,470	2,585
2004	1,253	1,482	2,735
2005	1,324	1,590	2,914
2006	1,382	1,673	3,055
2007	1,448	1,763	3,211
2008	1,452	1,817	3,269
2009	1,400	1,869	3,269
2010	1,432	1,895	3,327



Source: Ohio Department of Education.

***Highland Local School District***  
**Average Number of Students per Teacher**  
**Last Ten Fiscal Years**

Fiscal Year	Highland Local School District Average	State Average
2001	20.20	18.00
2002	20.50	16.90
2003	20.20	16.50
2004	16.10	18.50
2005	14.87	18.50
2006	15.28	18.60
2007	20.61	19.60
2008	20.42	18.60
2009	19.32	18.47
2010	19.09	n/a

**Source:** Ohio Department of Education.

n/a - information is not available at this time.

***Highland Local School District***

**Attendance and Graduation Rates**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Highland Local School District Attendance Rate</u>	<u>State Average</u>	<u>Highland Local School District Graduation Rate</u>	<u>State Average</u>
2001	95.50%	93.90%	94.10%	81.10%
2002	95.90%	94.30%	96.60%	82.70%
2003	96.00%	94.50%	96.10%	84.30%
2004	96.20%	94.50%	96.50%	85.90%
2005	96.00%	94.30%	96.00%	86.20%
2006	96.00%	94.10%	98.30%	86.10%
2007	96.30%	94.10%	98.10%	86.90%
2008	96.40%	94.20%	98.10%	84.60%
2009	96.20%	94.30%	98.40%	83.00%
2010	96.20%	94.30%	99.20%	83.00%

**Source:** School District Records.





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**Mary Taylor, CPA**  
Auditor of State

**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  
DECEMBER 7, 2010**