



Dave Yost • Auditor of State



HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1
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 .....	3
Federal Awards Receipts and Expenditures Schedule.....	5
Notes to the Federal Awards Receipts and Expenditures Schedule .....	6
Schedule of Findings.....	7

**This page intentionally left blank.**



# Dave Yost • 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2012. 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, the Board of Education, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

November 9, 2012



# Dave Yost • 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 each of the District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### 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 and issued our unqualified opinion on 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, 2012. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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.



**Dave Yost**  
Auditor of State

November 9, 2012



**HIGHLAND LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster			
Special Education - Grants to States	84.027	\$32,038	\$77,640
		453,425	446,489
ARRA - Special Education Grants to States, Recovery Act	84.391	42,520	31,725
Total Special Education -Grants to States		<u>527,983</u>	<u>555,854</u>
Special Education - Preschool Grants	84.173	9,210	9,210
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	999	1,181
<i>Passed Through the Summit County Educational Service Center:</i>			
Special Education - Preschool Grants	84.173	1,500	1,500
Total Special Education - Preschool Grants		<u>11,709</u>	<u>11,891</u>
Total Special Education Cluster		<u>539,692</u>	<u>567,745</u>
Title I Grants to Local Educational Agencies	84.010	15,921	16,385
		68,840	67,298
Total Title I Grants to Local Educational Agencies		<u>84,761</u>	<u>83,683</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		9,739
Educational Technology State Grants	84.318	616	616
Improving Teacher Quality State Grants	84.367		212
		46,997	46,997
Total Improving Teacher Quality State Grants		<u>46,997</u>	<u>47,209</u>
Education Jobs Fund	84.410	140,463	149,506
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	25,192	26,530
English Language Acquisition Grants	84.365		1,566
<i>Passed through the Educational Service Center of Cuyahoga County</i>			
English Language Acquisition Grants	84.365	5,488	5,488
<b>Total U.S. Department of Education</b>		<b><u>843,209</u></b>	<b><u>892,082</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
National School Lunch Program	10.555	137,070	137,070
Non-Cash Assistance		77,224	77,224
School Breakfast Program	10.553	13,286	13,286
Total Child Nutrition Cluster		<u>227,580</u>	<u>227,580</u>
<b>Total U.S. Department of Agriculture/National School Lunch Program</b>		<b><u>227,580</u></b>	<b><u>227,580</u></b>
<b>Totals</b>		<b><u>\$1,070,789</u></b>	<b><u>\$1,119,662</u></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, 2012**

**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 disbursements. 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, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<ul style="list-style-type: none"> <li>➤ Education Jobs Fund, CFDA 84.410;</li> <li>➤ Nutrition Cluster, CFDA 10.555 / 10.553</li> </ul>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	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

**This page intentionally left blank.**



# HIGHLAND

## Local Schools

*a legacy of excellence*

### COMPREHENSIVE ANNUAL FINANCIAL REPORT *FISCAL YEAR ENDED JUNE 30, 2012*



Highland Local School District  
3880 Ridge Road  
Medina, Ohio 44256  
[www.highlandschools.org](http://www.highlandschools.org)



# ***Highland Local School District***

---

Medina, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

<p>Prepared By: Treasurer and Treasurer's Office Staff</p>
--





**Highland Local School District**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2012**

Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal.....	v
Public Officials Roster .....	xii
Organizational Chart .....	xiii
Certificate of Achievement.....	xiv
<b>Financial Section</b>	
Independent Accountants' Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	14
Statement of Activities .....	15
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to	
Net Assets of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget (Non-GAAP Basis) and Actual – General Fund.....	20
Statement of Fiduciary Net Assets – Fiduciary Funds .....	21
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund.....	22
Notes to the Basic Financial Statements.....	23
Combining Statements for Nonmajor Governmental Funds	
Fund Descriptions.....	48
Combining Balance Sheet – Nonmajor Governmental Funds.....	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds .....	53
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Special Revenue Funds .....	58
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Capital Projects Funds.....	63

**Highland Local School District**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2012**

Table of Contents  
(Continued)

	<b>Page</b>
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Governmental	
Funds - Major and Nonmajor: .....	64
General Fund .....	66
Uniform School Supplies Fund .....	67
Public School Support Fund.....	67
Latchkey and Community Education Fund.....	68
Debt Service Fund .....	69
Food Service Fund.....	70
Special Trust Fund.....	70
Miscellaneous Local Grant Fund.....	71
District Managed Student Activity Fund.....	71
Auxiliary Services Fund.....	72
Data Communications Fund .....	72
Education Jobs Fund .....	73
Race to the Top Fund .....	73
IDEA, Part B Fund .....	74
State Fiscal Stabilization Fund .....	74
Title II Technology Fund .....	75
Title III Limited English Proficiency Fund.....	75
Title I Fund.....	76
EHA Preschool Grant for Handicapped Fund .....	76
Improving Teacher Quality Fund .....	77
Permanent Improvement Fund .....	78
Building Fund.....	78
Sales Tax Fund .....	79
Sharon Elementary Trust Fund.....	80
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual	
Fiduciary Fund: .....	82
Endowment Fund .....	83
Statement of Changes in Assets and Liabilities - Agency Fund.....	84
 <b>Statistical Section</b>	
Table of Contents .....	S-1
Net Assets by Component - Last Ten Fiscal Years .....	S-2
Changes in Net Assets of Governmental Activities	
- Last Ten Fiscal Years.....	S-4
Program Revenues of Governmental Activities by Function	
- Last Ten Fiscal Years.....	S-8

**Highland Local School District**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2012**

Table of Contents  
(Continued)

	<b>Page</b>
Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	S-10
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	S-12
Assessed and Estimated Actual Value of Taxable Property	
- Last Ten Collection Years.....	S-14
Property Tax Rates - Direct and Overlapping Governments	
- Last Ten Collection Years.....	S-16
Property Tax Levies and Collections - Last Ten Collection Years .....	S-19
Principal Taxpayers - Real Estate Tax - 2012 and 2003 .....	S-20
Principal Taxpayers - Public Utility Tax - 2012 and 2003.....	S-21
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years .....	S-22
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	S-23
Computation of Legal Debt Margin - Last Ten Fiscal Years .....	S-24
Computation of Direct and Overlapping Bonded Debt as of June 30, 2012 .....	S-26
Demographic and Economic Statistics - Last Ten Years .....	S-27
Principal Employers in Medina County- 2011 and 2002 .....	S-28
School District Employees by Function/Program - Last Nine Fiscal Years .....	S-29
Operating Statistics - Last Ten Fiscal Years .....	S-30
Building Statistics - Last Ten Fiscal Years .....	S-31
Full-Time Equivalent Certified Staff by Education - Last Ten Fiscal Years .....	S-32
Certified Staff Salaries - Last Ten Fiscal Years .....	S-33
Enrollment Statistics - Last Ten Fiscal Years .....	S-34
Attendance and Graduation Rates - Last Ten Fiscal Years .....	S-35



---

## INTRODUCTORY SECTION





# Highland Local Schools

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

November 9, 2012

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") is hereby submitted for the fiscal year ended June 30, 2012. 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 fiscal year 2012.

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 as well as the School District as a whole.

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 distributed throughout the School District. A copy will be sent to the school buildings, Board of Education members, Financial Rating Services, the School District's Financial Advisory Panel, and other interested parties upon request.

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 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 78-square mile School District is situated in the eastern portion of Medina County with a small portion located in Summit County. The majority of the students educated by the School District reside in picturesque Hinckley, Granger, Sharon, and Montville Townships. The School District's boundaries also include small segments of the City of Wadsworth, Copley Township, Medina Township and Brunswick Hills Township. Interstates 71 and 271 and State Routes 18 and 94 provide easy access to the area. Major hospitals, Cleveland Hopkins International Airport, Akron-Canton Airport, and over ten institutions of higher learning are located 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 merged. In 1952, Hinckley was added to create the Highland Local School District.

These original school buildings were replaced or significantly renovated in subsequent years. The Sharon Elementary School building was constructed in 1922, the Granger Elementary School building was constructed in 1929, the Hinckley Elementary School building was constructed in 1949, and the Highland Middle School was constructed in 1958. 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 and services to students including instruction, support services, non-instructional services, and extracurricular activities. The instructional programs provide regular instruction from preschool through twelfth grade, special education for students with learning and other disabilities, and vocational education. Support services include pupil and staff support, school administration, fiscal and business services, maintenance of buildings and grounds, and pupil transportation. Non-instructional services include a food service operation for pupils, a latchkey program for before and after school child care, and community education 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 Ohio Department of Education for the past 13 years. Most recently, the School District received a rating of "Excellent with Distinction" for the 2011-2012 school year.



As of June 30, 2012, the School District had a total of 3,292 students enrolled in its five school buildings: 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 a bus garage, maintenance facility, and athletic facilities. During the 2011-2012 school year 89 students in the School District attended the Medina County Career Center.

The School District had experienced a significant increase in enrollment over the past 15 years; however, due to the current housing market and increased alternative public school choice options the student population is expected to remain relatively flat for the foreseeable future.

## **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 maker for the School District. The Board is responsible for the adoption of the tax budget and the annual operating budget 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 Mr. Daniel Petek, President, Mr. Michael Houska, Vice President, Mr. Robert Kelly, Dr. Norman Christopher, and Mrs. Diane Thomas.

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 of the School District on August 1, 2008. She is currently employed under a five-year contract, which ends on July 31, 2016.

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. Mr. Neil Barnes was appointed to serve as the Treasurer effective August 1, 2010. He is currently employed under a three-year contract, which ends on July 31, 2014.

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 Governmental Accounting Standards Board Statements No. 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 the 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.

### ***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.

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. 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 valuation of costs and benefits requires estimates and judgments by management.

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 receipts and 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 on or about July 1<sup>st</sup>, then a permanent appropriation measure must subsequently be adopted by October 1<sup>st</sup> of the fiscal year. The permanent appropriation measure may be amended by the Board throughout the fiscal year as necessary.

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 the 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 3.

## **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 attract new businesses to the area. In recent years, the School District has realized increased activity in commercial development and residential housing continues to increase each year.

On May 3, 2011, the Highland community passed a 10-year Emergency Levy that generates in excess of \$4.6 million annually. The passage of this levy will help provide some financial stability in the near term, but significant budget cuts handed down by the State in the most recent biennial budget continue a trend of shifting the burden of funding schools to local taxpayers. These most recent State funding cuts will likely result in a shorter levy cycle for the School District and its taxpayers.

## **OTHER INFORMATION**

### *Independent Audit*

Provisions of State statute require the School District's financial statements to be subjected to a biannual examination by the Ohio Auditor of State unless an annual Single Audit is required. The Ohio Auditor of State performed the audit of the School District for the year ended June 30, 2012. 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, 2011. 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 like to 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 2012 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 W. Barnes". The signature is fluid and cursive, with a long horizontal flourish at the end.

Neil W. Barnes, CPA  
Treasurer

**Highland Local School District**  
**Public Officials Roster**  
**For the Fiscal Year Ended June 30, 2012**

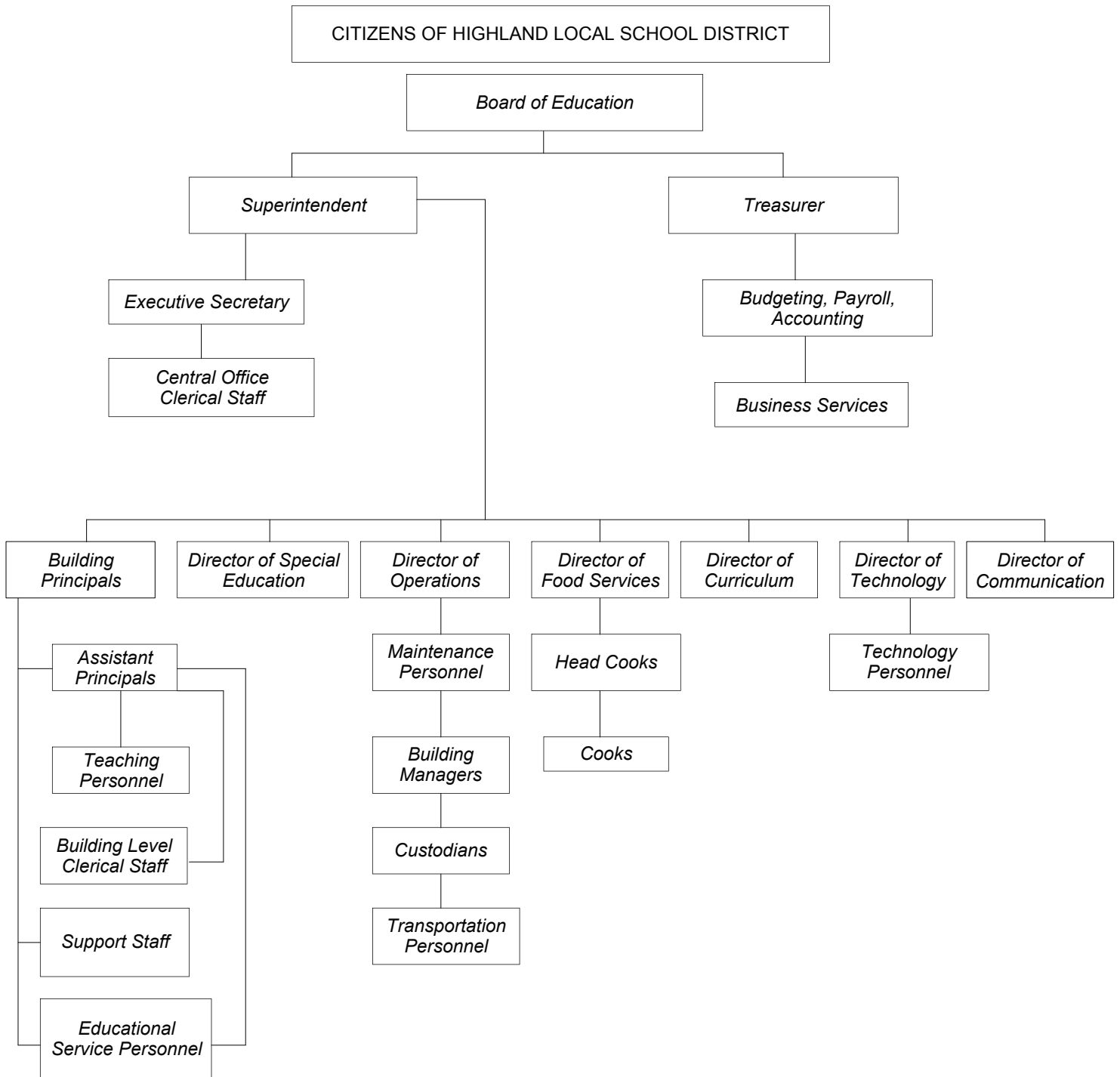
**Board of Education**

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

**Administration**

Catherine Aukerman	Superintendent
Neil Barnes, CPA	Treasurer
Deborah Yorko	Director of Special Education
Laurie Boedicker	Director of Curriculum and Instruction
James Reusch	Director of Operations
Dawn Marzano	Director of Communication
Dana Addis	Highland High School Principal
Ray Braunscheidel	Highland High School Assistant Principal
Dr. John Deuber	Highland Middle School Principal
LeAnn Gausman	Highland Middle School Assistant Principal
Linda Collins	Granger Elementary School Principal
Rob Henry	Hinckley Elementary School Principal
Constance Marzullo	Sharon Elementary School Principal
Evelyn Makarek	Director of Food Services
Roger Saffle	Director of Technology
Curt Johansen	Athletic Director

**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, 2011

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director



---

## FINANCIAL SECTION





# Dave Yost • 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, 2012, 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 the Highland Local School District, Medina County, Ohio, as of June 30, 2012, and the respective changes in financial position, 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 November 9, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



**Dave Yost**  
Auditor of State

November 9, 2012

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

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
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, 2012. 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 2012 are as follows:

- Net assets of governmental activities increased \$1,650,337 representing a 9.1 percent increase from 2011.
- General revenues accounted for \$30,165,213 in revenue or 90 percent of all revenues. Program revenues in the form of charges for services, operating grants, contributions and interest as well as capital grants, contributions and interest accounted for \$3,346,444 or 10 percent of total revenues of \$33,511,657.
- The School District had \$31,861,320 in expenses related to governmental activities; only \$3,346,444 of these expenses was offset by program specific revenues. General revenues of \$30,165,213 were adequate to provide for these programs.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$11,365,133, an increase of \$1,699,578 from the prior fiscal year.
- During the current fiscal year the School District began receiving additional property tax revenues and entitlements in relation to the emergency levy that was passed in May 2011.

### **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, 2012  
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 2012?" 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 9. 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, both of which are considered major funds. Data from the other funds are combined into a single, aggregated presentation.

**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

**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.

**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 2012 and 2011:

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<b><u>Assets:</u></b>		
Current and other assets	\$ 35,927,428	\$ 30,931,823
Capital assets, net of depreciation	<u>39,370,407</u>	<u>40,437,631</u>
Total assets	<u>75,297,835</u>	<u>71,369,454</u>
<b><u>Liabilities:</u></b>		
Current and other liabilities	23,245,826	19,753,544
Long-term liabilities:		
Due within one year	1,484,103	2,288,896
Due in more than one year	<u>30,692,534</u>	<u>31,101,979</u>
Total liabilities	<u>55,422,463</u>	<u>53,144,419</u>
<b><u>Net Assets:</u></b>		
Invested in capital assets, net of related debt	10,755,278	9,669,207
Restricted	5,904,736	5,989,756
Unrestricted	<u>3,215,358</u>	<u>2,566,072</u>
Total net assets	<u>\$ 19,875,372</u>	<u>\$ 18,225,035</u>

***Highland Local School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the School District's assets exceeded liabilities by \$19,875,372.

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 2012. 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, \$5,904,736 or 29.7 percent, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$3,217,874, or 54.5 percent, is restricted for debt service payments; \$2,357,036, or 39.9 percent, is restricted for capital projects; \$205,561 or 3.5 percent is restricted for food service, \$9,449 or 0.2 percent is restricted for scholarships, \$81,931 or 1.4 percent is restricted for extracurricular and \$32,885 or 0.5 percent is restricted for other purposes. Restricted for other purposes for Highland Local School District are net assets restricted for special revenue funds which are used for educational services.

The remaining significant balance of government-wide unrestricted net assets of \$3,215,358 may be used to meet the School District's ongoing obligations to students and staff.



**Highland Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

Table 2 shows change in net assets for fiscal years 2012 and 2011.

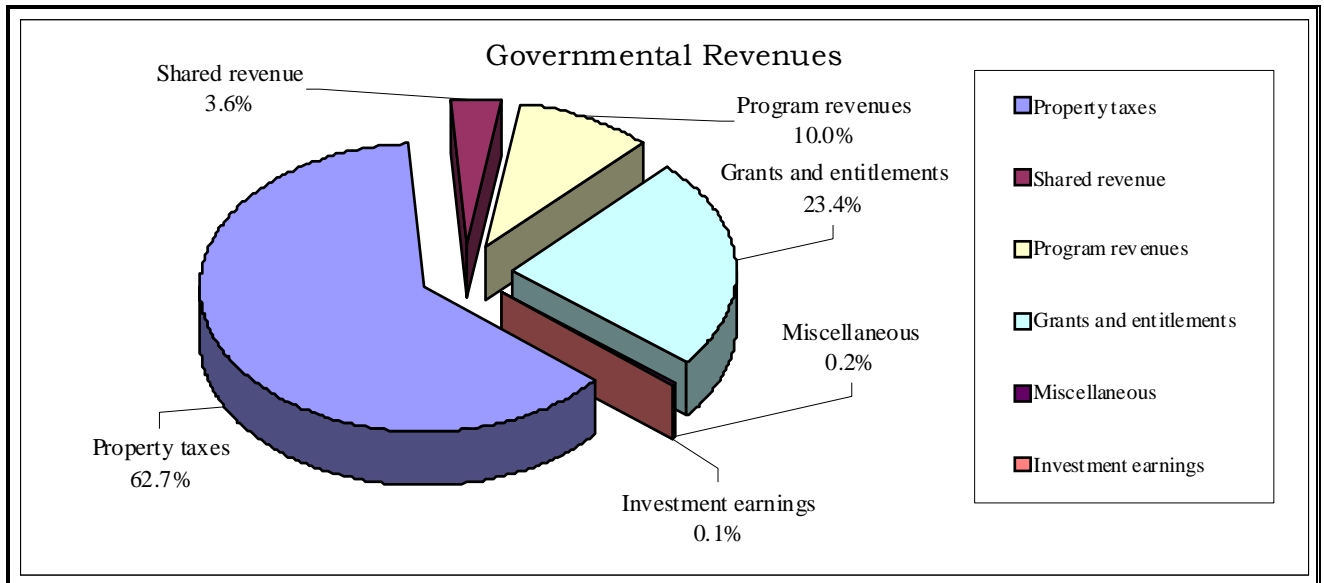
**Table 2**  
**Change in Net Assets**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<b><u>Revenues:</u></b>		
Program revenues:		
Charges for services	\$ 2,223,809	\$ 2,240,201
Operating grants, contributions and interest	1,091,502	1,934,938
Capital grants, contributions and interest	31,133	219,775
General revenues:		
Property taxes	20,996,100	17,318,990
Shared revenue	1,205,228	965,410
Grants and entitlements	7,855,973	7,994,452
Gain on sale of capital assets	-	3,429
Investment earnings	37,648	72,367
Miscellaneous	70,264	79,652
Total revenues	<u>33,511,657</u>	<u>30,829,214</u>
<b><u>Program Expenses:</u></b>		
Instruction:		
Regular	13,295,407	13,252,386
Special	3,057,727	2,900,696
Vocational	124,250	127,409
Other	182,691	144,687
Support services:		
Pupils	1,512,642	1,842,272
Instructional staff	1,596,863	1,738,607
Board of education	28,395	24,458
Administration	2,147,082	1,936,593
Fiscal	828,528	692,848
Business	28,600	22,959
Operation and maintenance of plant	2,655,492	2,802,333
Pupil transportation	1,924,504	1,794,621
Central	254,820	277,615
Operation non-instructional services		
Food service operations	1,176,518	1,203,299
Community services	191,394	198,692
Extracurricular activities	1,438,877	1,383,734
Interest and fiscal charges	1,417,530	1,477,529
Total expenses	<u>31,861,320</u>	<u>31,820,738</u>
Increase (decrease) in net assets	1,650,337	(991,524)
Net assets at beginning of year	<u>18,225,035</u>	<u>19,216,559</u>
Net assets at end of year	<u>\$ 19,875,372</u>	<u>\$ 18,225,035</u>

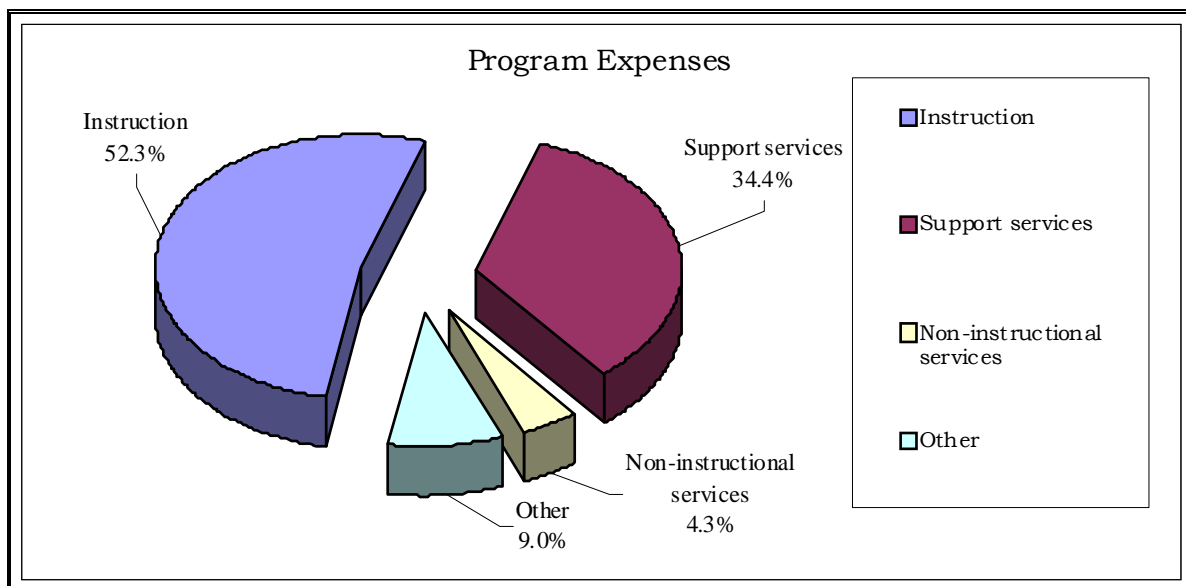
**Highland Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

Governmental Activities - The School District has carefully planned for its financial future 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 62.7 percent of revenues for governmental activities for the School District in fiscal year 2012. 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 costs.



Instruction comprises 52.3 percent of governmental program expenses. Additional supporting services for pupils, staff, administration and business operations encompassed an additional 34.4 percent. The remaining 13.3 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, 2012  
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 2012 and 2011. 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>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2012</u>	Net Cost of Services <u>2011</u>
<b><u>Program Expenses:</u></b>				
Instruction:				
Regular	\$ 13,295,407	\$ 13,252,386	\$ (12,805,923)	\$ (12,209,848)
Special	3,057,727	2,900,696	(2,540,248)	(2,103,314)
Vocational	124,250	127,409	(105,667)	(112,643)
Other	182,691	144,687	(182,691)	(144,687)
Support services:				
Pupils	1,512,642	1,842,272	(1,413,130)	(1,594,837)
Instructional staff	1,596,863	1,738,607	(1,440,222)	(1,398,056)
Board of education	28,395	24,458	(28,395)	(24,458)
Administration	2,147,082	1,936,593	(2,024,551)	(1,784,017)
Fiscal	828,528	692,848	(828,528)	(692,848)
Business	28,600	22,959	(28,600)	(22,959)
Operation and maintenance of plant	2,655,492	2,802,333	(2,631,520)	(2,767,264)
Pupil transportation	1,924,504	1,794,621	(1,924,504)	(1,793,322)
Central	254,820	277,615	(245,820)	(261,240)
Food service operations	1,176,518	1,203,299	(45,731)	(109,606)
Community services	191,394	198,692	33,128	(14,098)
Extracurricular activities	1,438,877	1,383,734	(884,944)	(915,098)
Interest and fiscal charges	<u>1,417,530</u>	<u>1,477,529</u>	<u>(1,417,530)</u>	<u>(1,477,529)</u>
Total	<u>\$ 31,861,320</u>	<u>\$ 31,820,738</u>	<u>\$ (28,514,876)</u>	<u>\$ (27,425,824)</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 \$33,669,114 and total expenditures were \$31,969,536. The total net change in fund balance across all governmental funds was an increase of \$1,699,578. The net increase in fund balance for the year was most significant in the general fund, amounting to \$1,643,741, or 37.7 percent. This change in the general fund was primarily due to an increase in property tax revenues resulting from the passage of an emergency levy collections upon which began in January 2012. The net change in the debt service fund was a decrease of \$172,494, which was anticipated based on projections of the revenue generated from the bond tax levy and intergovernmental revenue as compared to the debt service requirements for 2012.

**Highland Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2012  
 Unaudited

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

	Fund Balance <u>June 30, 2012</u>	Fund Balance <u>June 30, 2011</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
General	\$ 6,008,909	\$ 4,365,168	\$ 1,643,741	37.66%
Debt service	3,246,593	3,419,087	(172,494)	-5.05%
Other governmental	<u>2,109,631</u>	<u>1,881,300</u>	<u>228,331</u>	<u>12.14%</u>
Total	<u>\$ 11,365,133</u>	<u>\$ 9,665,555</u>	<u>\$ 1,699,578</u>	<u>17.58%</u>

**General Fund**

The School District's general fund balance increased \$1,643,741 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**

	2012 <u>Amount</u>	2011 <u>Amount</u>	Percent <u>Change</u>
Taxes	\$ 18,364,483	\$ 14,647,280	25.38%
Intergovernmental	7,495,665	7,625,490	-1.70%
Interest	37,648	72,367	-47.98%
Tuition and fees	766,747	656,457	16.80%
Extracurricular activities	393,761	375,797	4.78%
Gifts and donations	701	2,725	-74.28%
Rent	29,679	29,362	1.08%
Miscellaneous	<u>68,786</u>	<u>77,386</u>	<u>-11.11%</u>
Total revenues	<u>\$ 27,157,470</u>	<u>\$ 23,486,864</u>	

General fund revenues increased \$3,670,606 or 15.6 percent. The main reason for this increase was the \$3,717,203 rise in property tax revenues resulting from the aforementioned new emergency levy.

**Highland Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2012  
 Unaudited

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>	2012 <u>Amount</u>	2011 <u>Amount</u>	Percent <u>Change</u>
Instruction	\$ 14,597,500	\$ 14,587,072	0.07%
Support services	9,711,340	9,549,023	1.70%
Extracurricular activities	941,130	935,803	0.57%
Operation of non-instructional services	193,316	214,146	-9.73%
Capital outlay	25,767	30,161	-14.57%
Debt service	44,676	44,676	0.00%
Total	<u>\$ 25,513,729</u>	<u>\$ 25,360,881</u>	

General fund expenditures increased \$152,848 or 0.6 percent from the previous year. This relatively immaterial increase was not attributable to any one specific event. This negligible increase demonstrates the School District's commitment to contain costs.

**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 2012, 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 \$25,743,707, which was higher than the original budget estimate of \$25,723,707. The entire \$20,000 difference was due to an increase in tuition and fee projections. The actual revenues and other sources received were \$26,021,937, which was \$298,230 more than originally anticipated.

The original expenditures and other financing uses estimate of \$25,708,365 was revised slightly over the course of the fiscal year. The final budgeted expenditures and other financing uses was \$25,866,511, which was an increase of \$158,146 or 0.6 percent from the original budget. Actual expenditures, including encumbrances and other financing uses were under budget by \$530,569. The largest part of this positive variance relates to expenditures budgeted for regular instruction, the operation and maintenance of plant, and pupil transportation which were not incurred at the levels anticipated for 2012 operations.

**Highland Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2012  
 Unaudited

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$39,370,407 invested in capital assets. Table 7 shows fiscal year 2012 balances compared to fiscal year 2011:

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

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land and construction in progress	\$ 1,299,013	\$ 1,415,011
Land improvements	574,512	625,499
Buildings and building improvements	34,981,953	36,088,577
Furniture, fixtures and equipment	1,412,199	1,249,570
Vehicles	<u>1,102,730</u>	<u>1,058,974</u>
Total capital assets	<u>\$ 39,370,407</u>	<u>\$ 40,437,631</u>

Significant additions to capital assets reported by the School District during the current year included the purchase of three new school buses and the installation of a new wireless system that enables students and staff to bring their own technology to school to be used for educational purposes. Despite significant capital asset purchases such as these, the School District did report a net decrease in the total carrying value of capital assets of \$1,067,224, primarily due to the recognition of \$1,696,901 in depreciation expense. See Note 8 to the basic financial statements for detail on the School District's capital assets.

**Debt**

At June 30, 2012, the School District had \$30,068,951 in bonds (including unamortized bond premium and bond accretion) outstanding with \$1,150,000 due within one year. Table 8 summarizes the bonds outstanding:

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

	<u>2012</u>	<u>2011</u>
School improvement bonds	\$ 30,068,951	\$ 31,871,418

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, 2012, the School District's overall legal debt margin was \$38,368,874 with an unvoted debt margin of \$696,622. 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.

***Highland Local School District***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

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 the School District's revenues and expenditures. The five year financial forecast is discussed and updated regularly. The School District will be faced with significant financial challenges in the future. 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.

State level challenges continue to evolve as the State of Ohio maintains an educational funding system that has been deemed unconstitutional and recently enacted a biennial budget that results in significant funding cuts to the School District for both fiscal years 2012 and 2013. The School District anticipates a shortened levy cycle as a result of these State budget cuts.

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.

**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 W. Barnes, CPA, Treasurer, Highland Local School District, 3880 Ridge Road, Medina Ohio, 44256, or email him at nbarnes@highlandschools.org.

**Highland Local School District**

**Statement of Net Assets**

**June 30, 2012**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 11,908,854
Cash and cash equivalents:	
With fiscal agents	412
Receivables:	
Taxes	22,603,754
Accounts	51,115
Intergovernmental	1,031,511
Accrued interest	17,476
Prepaid items	25,902
Inventory held for resale	33,329
Materials and supplies inventory	69,877
Deferred charges	185,198
Capital assets:	
Land and construction in progress	1,299,013
Depreciable capital assets, net	38,071,394
Total assets	<u>75,297,835</u>
<u>Liabilities:</u>	
Accounts payable	91,677
Contracts payable	50
Accrued wages	2,627,066
Intergovernmental payable	736,030
Accrued interest payable	97,321
Matured interest payable	412
Deferred revenue	19,693,270
Long-term liabilities:	
Due within one year	1,484,103
Due in more than one year	30,692,534
Total liabilities	<u>55,422,463</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	10,755,278
Restricted for:	
Capital projects	2,357,036
Debt service	3,217,874
Food service	205,561
Extracurricular	81,931
Permanent fund purpose - scholarships	
Nonexpendable	9,449
Other purposes	32,885
Unrestricted	<u>3,215,358</u>
Total net assets	<u>\$ 19,875,372</u>

See accompanying notes to the basic financial statements.



**Highland Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

	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	\$ 13,295,407	\$ 309,651	\$ 148,700	\$ 31,133	\$ (12,805,923)
Special	3,057,727	184,196	333,283	-	(2,540,248)
Vocational	124,250	-	18,583	-	(105,667)
Other	182,691	-	-	-	(182,691)
Support services:					
Pupils	1,512,642	-	99,512	-	(1,413,130)
Instructional staff	1,596,863	-	156,641	-	(1,440,222)
Board of education	28,395	-	-	-	(28,395)
Administration	2,147,082	-	122,531	-	(2,024,551)
Fiscal	828,528	-	-	-	(828,528)
Business	28,600	-	-	-	(28,600)
Operation and maintenance of plant	2,655,492	23,972	-	-	(2,631,520)
Pupil transportation	1,924,504	-	-	-	(1,924,504)
Central	254,820	-	9,000	-	(245,820)
Operation of non-instructional services:					
Food service operations	1,176,518	930,344	200,443	-	(45,731)
Community services	191,394	224,522	-	-	33,128
Extracurricular activities	1,438,877	551,124	2,809	-	(884,944)
Interest and fiscal charges	1,417,530	-	-	-	(1,417,530)
<b>Total governmental activities</b>	<b>\$ 31,861,320</b>	<b>\$ 2,223,809</b>	<b>\$ 1,091,502</b>	<b>\$ 31,133</b>	<b>(28,514,876)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes					18,322,249
Debt service					2,673,851
Shared revenue restricted for:					
Permanent improvement projects					1,205,228
Grants and entitlements not restricted to specific programs					7,855,973
Investment earnings					37,648
Miscellaneous					70,264
<b>Total general revenues</b>					<b>30,165,213</b>
Change in net assets					1,650,337
Net assets beginning of year					18,225,035
Net assets end of year					<b>\$ 19,875,372</b>

See accompanying notes to the basic financial statements.

**Highland Local School District**

**Balance Sheet**

**Governmental Funds**

**June 30, 2012**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,997,282	\$ 2,962,432	\$ 1,949,140	\$ 11,908,854
Cash and cash equivalents:				
With fiscal agents	-	412	-	412
Receivables:				
Taxes	19,910,243	2,693,511	-	22,603,754
Accounts	50,026	-	1,089	51,115
Intergovernmental	53,215	-	978,296	1,031,511
Interfund	1,500	-	-	1,500
Accrued interest	17,476	-	-	17,476
Inventory held for resale	-	-	33,329	33,329
Materials and supplies inventory	64,953	-	4,924	69,877
Prepaid items	25,902	-	-	25,902
Total assets	<u>\$ 27,120,597</u>	<u>\$ 5,656,355</u>	<u>\$ 2,966,778</u>	<u>\$ 35,743,730</u>
<u>Liabilities:</u>				
Accounts payable	\$ 76,836	\$ -	\$ 14,841	\$ 91,677
Contracts payable	50	-	-	50
Accrued wages	2,464,400	-	162,666	2,627,066
Interfund payable	-	-	1,500	1,500
Intergovernmental payable	656,062	-	79,968	736,030
Matured interest payable	-	412	-	412
Deferred revenue	17,914,340	2,409,350	598,172	20,921,862
Total liabilities	<u>21,111,688</u>	<u>2,409,762</u>	<u>857,147</u>	<u>24,378,597</u>
<u>Fund balances:</u>				
Nonspendable	90,855	-	46,253	137,108
Restricted	-	3,246,593	2,082,127	5,328,720
Committed	11,000	-	-	11,000
Assigned	991,561	-	-	991,561
Unassigned	4,915,493	-	(18,749)	4,896,744
Total fund balances	<u>6,008,909</u>	<u>3,246,593</u>	<u>2,109,631</u>	<u>11,365,133</u>
Total liabilities and fund balances	<u>\$ 27,120,597</u>	<u>\$ 5,656,355</u>	<u>\$ 2,966,778</u>	<u>\$ 35,743,730</u>

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, 2012**

Total governmental fund balances		\$ 11,365,133
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.		39,370,407
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 577,205	
Intergovernmental receivables	598,138	
Tuition and fees	53,215	
Miscellaneous	34	
Deferred charges	<u>185,198</u>	
		1,413,790
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(97,321)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (26,140,000)	
Capital appreciation bonds	(1,405,000)	
Accretion on bonds	(1,457,529)	
Premium on bonds	(1,066,422)	
Compensated absences	(2,103,979)	
Capital leases	<u>(3,707)</u>	
Total		<u>(32,176,637)</u>
Net assets of governmental activities		<u>\$ 19,875,372</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, 2012**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 18,364,483	\$ 2,700,445	\$ -	\$ 21,064,928
Intergovernmental	7,495,665	378,891	2,293,082	10,167,638
Interest	37,648	-	533	38,181
Tuition and fees	766,747	-	-	766,747
Extracurricular activities	393,761	-	188,579	582,340
Gifts and donations	701	-	2,744	3,445
Charges for services	-	-	930,344	930,344
Rent	29,679	-	-	29,679
Miscellaneous	68,786	-	11,826	80,612
Total revenues	<u>27,157,470</u>	<u>3,079,336</u>	<u>3,427,108</u>	<u>33,663,914</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,762,812	-	486,217	12,249,029
Special	2,597,986	-	360,369	2,958,355
Vocational	112,849	-	-	112,849
Other	123,853	-	33,828	157,681
Support services:				
Pupils	1,419,487	-	113,069	1,532,556
Instructional staff	1,334,216	-	173,818	1,508,034
Board of education	28,395	-	-	28,395
Administration	1,976,286	4,660	122,114	2,103,060
Fiscal	775,378	41,445	-	816,823
Business	28,266	-	-	28,266
Operation and maintenance of plant	2,210,093	-	45,231	2,255,324
Pupil transportation	1,707,351	-	3,054	1,710,405
Central	231,868	-	9,000	240,868
Operation of non-instructional services:				
Food service operations	-	-	1,079,686	1,079,686
Community services	193,316	-	-	193,316
Extracurricular activities	941,130	-	163,436	1,104,566
Capital outlay	25,767	-	614,155	639,922
Debt service:				
Principal retirement	43,269	1,990,000	-	2,033,269
Interest and fiscal charges	1,407	1,215,725	-	1,217,132
Total expenditures	<u>25,513,729</u>	<u>3,251,830</u>	<u>3,203,977</u>	<u>31,969,536</u>
Excess of revenues over (under) expenditures	<u>1,643,741</u>	<u>(172,494)</u>	<u>223,131</u>	<u>1,694,378</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	-	5,200	5,200
Net change in fund balances	1,643,741	(172,494)	228,331	1,699,578
Fund balances beginning of year	<u>4,365,168</u>	<u>3,419,087</u>	<u>1,881,300</u>	<u>9,665,555</u>
Fund balances end of year	<u>\$ 6,008,909</u>	<u>\$ 3,246,593</u>	<u>\$ 2,109,631</u>	<u>\$ 11,365,133</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, 2012**

Net change in fund balances - total governmental funds		\$	1,699,578
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
Capital asset additions	\$	639,922	
Capital contributions		31,133	
Depreciation expense		<u>(1,696,901)</u>	
Excess of depreciation expense over capital asset additions			(1,025,846)
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.			
			(41,378)
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:			
Property taxes	\$	(68,828)	
Intergovernmental		(18,913)	
Tuition and fees		(89,804)	
Rent		(5,707)	
Miscellaneous		<u>(138)</u>	
Net change in deferred revenues during the year			(183,390)
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.			
			2,033,269
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:			
Increase in compensated absences	\$	(631,498)	
Decrease in accrued interest		<u>7,979</u>	
Total additional expenditures			(623,519)
The amortization of issuance costs, bond premium and accretion is reflected as an expense in the statement of activities.			
Issuance cost	\$	(20,844)	
Premium		120,026	
Bond accretion		<u>(307,559)</u>	
Total additional expenses			<u>(208,377)</u>
Change in net assets of governmental activities		\$	<u>1,650,337</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 17,473,172	\$ 17,473,172	\$ 17,562,076	\$ 88,904
Intergovernmental	7,411,256	7,411,256	7,495,665	84,409
Interest	50,000	50,000	52,440	2,440
Tuition and fees	374,730	394,730	495,499	100,769
Extracurricular activities	306,399	306,399	303,979	(2,420)
Gifts and donations	2,700	2,700	701	(1,999)
Rent	20,000	20,000	20,834	834
Miscellaneous	64,450	64,450	55,392	(9,058)
Total revenues	<u>25,702,707</u>	<u>25,722,707</u>	<u>25,986,586</u>	<u>263,879</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,027,255	11,835,365	11,741,197	94,168
Special	2,524,042	2,620,908	2,581,038	39,870
Vocational	112,380	114,830	112,708	2,122
Other	116,300	128,550	127,504	1,046
Support services:				
Pupils	1,448,051	1,500,649	1,461,935	38,714
Instructional staff	1,184,408	1,306,662	1,268,380	38,282
Board of education	32,025	30,690	28,653	2,037
Administration	2,015,228	1,999,079	1,975,837	23,242
Fiscal	793,473	791,083	779,042	12,041
Business	39,900	31,445	27,869	3,576
Operation and maintenance of plant	2,372,165	2,344,842	2,253,301	91,541
Pupil transportation	1,755,104	1,929,079	1,810,861	118,218
Central	243,789	248,739	232,098	16,641
Operation of non-instructional services	100	100		100
Extracurricular activities	983,262	945,607	910,683	34,924
Capital outlay	35,883	28,883	23,336	5,547
Total expenditures	<u>25,683,365</u>	<u>25,856,511</u>	<u>25,334,442</u>	<u>522,069</u>
Excess of revenues over (under) expenditures	<u>19,342</u>	<u>(133,804)</u>	<u>652,144</u>	<u>785,948</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	1,000	1,000	13,394	12,394
Refund of prior year expenditures	20,000	20,000	21,957	1,957
Advances out	(25,000)	(7,500)	(1,500)	6,000
Transfers out	-	(2,500)	-	2,500
Total other financing sources (uses)	<u>(4,000)</u>	<u>11,000</u>	<u>33,851</u>	<u>22,851</u>
Net change in fund balance	15,342	(122,804)	685,995	808,799
Fund balance at beginning of year	5,896,798	5,896,798	5,896,798	-
Prior year encumbrances appropriated	148,478	148,478	148,478	-
Fund balance at end of year	<u>\$ 6,060,618</u>	<u>\$ 5,922,472</u>	<u>\$ 6,731,271</u>	<u>\$ 808,799</u>

See accompanying notes to the basic financial statements.

**Highland Local School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Private Purpose Trust	
	Endowment	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 59,688	\$ 118,852
Total assets	<u>59,688</u>	<u>\$ 118,852</u>
 <u>Liabilities:</u>		
Due to students	\$ -	\$ 118,852
Total liabilities	<u>-</u>	<u>\$ 118,852</u>
 <u>Net assets:</u>		
Held in trust for scholarships	59,688	
Total net assets	<u>\$ 59,688</u>	

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, 2012**

	Private Purpose Trust <hr/> Endowment <hr/>
<u>Additions:</u>	
Interest	\$ 97
<u>Deductions:</u>	
Payments in accordance with trust agreements	<hr/> 3,099
Change in net assets	(3,002)
Net assets beginning of year	<hr/> 62,690
Net assets end of year	<hr/> <hr/> \$ 59,688

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, 2012

### **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 152 non-certificated employees, 185 certificated teaching and support personnel, and 16 administrators that provide services to 3,292 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 policies.

#### 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, 2012.

The School District is associated with the Lake Erie Educational Computer Association (LEECA) and Ohio Schools Council which are defined as jointly governed organizations. LEECA became the North Coast Council effective July 1, 2012. 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, 2012

### 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 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 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. 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 two categories: governmental 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, 2012

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.

### 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.

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

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 private purpose trust fund and agency fund also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### 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, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### 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 2012. 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.

### 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, commercial paper notes 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 4.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account's balance is presented in the account "Cash and cash equivalents with fiscal 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.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, 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 primarily include maintenance and custodial supplies, paper supplies and fuel. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

### 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 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 restriction.

### 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.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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.

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. 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.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### P. Estimates

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

### Q. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.



**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

**NOTE 2 – FUND BALANCES**

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

Fund Balances	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>				
Materials and supplies inventory	\$ 64,953	\$ -	\$ 38,253	\$ 103,206
Prepays	25,902	-	-	25,902
Permanent fund principal	-	-	8,000	8,000
Total nonspendable	<u>90,855</u>	<u>-</u>	<u>46,253</u>	<u>137,108</u>
<u>Restricted for</u>				
Food service	-	-	188,249	188,249
Athletics and music	-	-	68,085	68,085
Auxiliary services	-	-	18,708	18,708
Instructional	-	-	116	116
Drug awareness education	-	-	3,605	3,605
Scholarships and awards	-	-	15,295	15,295
Capital improvements	-	-	1,788,069	1,788,069
Debt service payments	-	3,246,593	-	3,246,593
Total restricted	<u>-</u>	<u>3,246,593</u>	<u>2,082,127</u>	<u>5,328,720</u>
<u>Committed</u>				
Underground storage tanks	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
<u>Assigned</u>				
Uniform school supplies	15,843	-	-	15,843
Public school support	61,862	-	-	61,862
After school care	68,988	-	-	68,988
Encumbrances	67,179	-	-	67,179
Next fiscal year budget	777,689	-	-	777,689
Total assigned	<u>991,561</u>	<u>-</u>	<u>-</u>	<u>991,561</u>
Unassigned (deficit)	<u>4,915,493</u>	<u>-</u>	<u>(18,749)</u>	<u>4,896,744</u>
Total fund balances	<u>\$ 6,008,909</u>	<u>\$ 3,246,593</u>	<u>\$ 2,109,631</u>	<u>\$ 11,365,133</u>

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

---

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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ 1,643,741
Net adjustment for revenue accruals	(771,341)
Current year adjustment to fair market value of investments	(3,162)
Net adjustment for expenditure accruals	(59,806)
Encumbrances (Budget basis) outstanding at year-end	(92,895)
Perspective differences from funds budgeted as special revenue funds:	
Revenues	(361,030)
Expenditures	330,488
Budget basis	<u>\$ 685,995</u>

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 4 - DEPOSITS AND INVESTMENTS**

---

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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, 2012

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. 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 \$6,394,091. The School District's bank balance of \$6,563,766 was not exposed to custodial credit risk as it was insured or collateralized by securities held by the School District's agent in the School District's name.

B. 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	\$ 1,680,000	29%	Daily	AAA <sup>(1)</sup>
GE Capital commercial paper	2,998,438	53%	9/10/2012	A1+ <sup>(2)</sup>
UBS commercial paper	996,519	18%	8/3/2012	A1+ <sup>(2)</sup>
STAROhio	18,758	0%	52.5 <sup>(4)</sup>	AAAm <sup>(3)</sup>
	<u>\$ 5,693,715</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)

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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, 2012.

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 \$1,680,000 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 and UBS 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, UBS commercial paper and a FHLMC bond. These three investments are 53%, 18% and 29% 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 and auxiliary services special revenue funds and the Scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$37,648, which includes \$17,496 assigned from other School District funds.

### **NOTE 5 - PROPERTY TAX**

---

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The tax was phased out by reducing the assessment rate on the property over several years. The bill provided reimbursements to the School District equivalent to the revenue lost due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. House Bill No. 153 was signed into law on June 30, 2011. This bill dramatically reduced these reimbursements to the School District from \$1,225,547 to \$301,989.

The School District receives property taxes from Medina and Summit Counties. The Medina County Auditor periodically advances 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 taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at year-end was \$2,049,118 in the general fund and \$284,161 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.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

The assessed values totaling \$696,622,220 upon which the current fiscal year taxes were collected are:

2011 <u>Property Category</u>	Medina <u>County</u>	Summit <u>County</u>
<u>Real Property</u>		
Residential and agricultural	\$ 627,199,430	\$ 6,619,790
Commercial, industrial and minerals	52,551,190	-
<u>Tangible Personal Property</u>		
Public utilities	<u>10,097,730</u>	<u>154,080</u>
Total	<u>\$ 689,848,350</u>	<u>\$ 6,773,870</u>

**NOTE 6 – SHARED SALES TAX REVENUE**

---

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 7 - RECEIVABLES**

---

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), accrued interest, interfund, 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. The general fund and nonmajor governmental funds reported intergovernmental receivables in the amounts of \$53,215 and \$978,296 respectively. Of this amount \$821,511 consisted of shared sales tax revenue.

**HIGHLAND LOCAL SCHOOL DISTRICT**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
<b><u>Governmental Activities</u></b>				
Nondepreciable capital assets				
Land	\$ 1,299,013	\$ -	\$ -	\$ 1,299,013
Construction in progress	115,998	52,162	(168,160)	-
Total nondepreciable capital assets	<u>1,415,011</u>	<u>52,162</u>	<u>(168,160)</u>	<u>1,299,013</u>
Depreciable capital assets				
Land improvements, depreciated	1,637,541	14,283	-	1,651,824
Buildings and building improvements	52,023,875	168,160	-	52,192,035
Furniture, fixtures, and equipment	4,079,198	348,081	(14,210)	4,413,069
Vehicles	3,002,171	256,529	(420,790)	2,837,910
Total depreciable capital assets	<u>60,742,785</u>	<u>787,053</u>	<u>(435,000)</u>	<u>61,094,838</u>
Less accumulated depreciation:				
Land improvements	(1,012,042)	(65,270)	-	(1,077,312)
Buildings and building improvements	(15,935,298)	(1,274,784)	-	(17,210,082)
Furniture, fixtures, and equipment	(2,829,628)	(184,787)	13,545	(3,000,870)
Vehicles	(1,943,197)	(172,060)	380,077	(1,735,180)
Total accumulated depreciation	<u>(21,720,165)</u>	<u>(1,696,901)</u>	<u>393,622</u>	<u>(23,023,444)</u>
Depreciable capital assets, net				
Governmental activities	<u>39,022,620</u>	<u>(909,848)</u>	<u>(41,378)</u>	<u>38,071,394</u>
Capital assets, net	<u>\$ 40,437,631</u>	<u>\$ (857,686)</u>	<u>\$ (209,538)</u>	<u>\$ 39,370,407</u>



**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 547,515
Special	22,197
Vocational	9,784
Support services:	
Pupils	49,425
Instructional staff	28,324
Administration	28,642
Fiscal	9,773
Business	334
Operation and maintenance of plant	397,137
Pupil transportation	165,705
Central	13,403
Food service operations	94,059
Extracurricular activities	<u>330,603</u>
Total depreciation expense	<u>\$ 1,696,901</u>

**NOTE 9 - RISK MANAGEMENT**

---

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

The School District 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 seventy-five member school districts, educational service centers, and related agencies. 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. This plan contains a stop-loss provision of \$500,000 per participant and an aggregate stop-loss provision of \$178,787,124. Premium contributions are determined annually in a manner that ensures the pool is funded up to the aggregate stop loss attachment point. Premium holidays may be declared by the COG to ensure reserves do not exceed thirty percent.

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.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### **NOTE 10- DEFINED BENEFIT PENSION PLANS**

---

#### **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 2011 (the latest information available), 11.81 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, 2012, 2011 and 2010 were \$490,571, \$505,573 and \$674,631 respectively; 60 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

#### **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).

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.

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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, 2011 (the latest information available), 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 2010, 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, 2012, 2011 and 2010 were \$1,654,179, \$1,727,210 and \$1,777,925 respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$48,952 made by the School District and \$34,966 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, 2012, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

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

---

### **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.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

For 2011 (the latest information available), 1.43 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 2011, 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, 2012, 2011, and 2010 were \$120,051, \$109,986 and \$77,659 respectively; 60 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011 (the latest information available), 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, 2012, 2011 and 2010 were \$31,569, \$32,535 and \$40,119 respectively; 40 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**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.

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 2011 (the latest information available), 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, 2012, 2011 and 2010 were \$127,245, \$132,862 and \$136,763 respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 12 – ACCOUNTABILITY**

---

As of June 30, 2012, 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>
<u>Nonmajor special revenue fund:</u>	
IDEA, Part B	\$ 17,360
Title I	1,389

**HIGHLAND LOCAL SCHOOL DISTRICT**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**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, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due within</u> <u>one year</u>
<u>General obligation bonds</u>					
School Improvement Bonds					
Maturing December 1, 2011	\$ 1,690,000	\$ -	\$ (1,690,000)	\$ -	\$ -
School Improvement Bonds maturing December 1, 2026					
Serial and term bonds	26,440,000	-	(300,000)	26,140,000	1,150,000
Capital appreciation bonds	1,405,000	-	-	1,405,000	-
Premium on bonds	1,186,448	-	(120,026)	1,066,422	-
Accretion on bonds	<u>1,149,970</u>	<u>307,559</u>	<u>-</u>	<u>1,457,529</u>	<u>-</u>
Total general obligation bonds	<u>31,871,418</u>	<u>307,559</u>	<u>(2,110,026)</u>	<u>30,068,951</u>	<u>1,150,000</u>
<u>Other Obligations</u>					
Compensated absences	1,472,481	907,997	(276,499)	2,103,979	330,396
Capital leases	<u>46,976</u>	<u>-</u>	<u>(43,269)</u>	<u>3,707</u>	<u>3,707</u>
Total other obligations	<u>1,519,457</u>	<u>907,997</u>	<u>(319,768)</u>	<u>2,107,686</u>	<u>334,103</u>
Governmental activities long-term liabilities	<u>\$ 33,390,875</u>	<u>\$ 1,215,556</u>	<u>\$ (2,429,794)</u>	<u>\$ 32,176,637</u>	<u>\$ 1,484,103</u>

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 \$307,559 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, 2012, all of the old bonds have been called.

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.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Principal and interest requirements to amortize all bonds outstanding at June 30, 2012 are as follows:

Fiscal Year	School Improvement Bonds		
	Principal	Interest	Total
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	500,000	2,018,750	2,518,750
2017	465,000	2,128,750	2,593,750
2018-2022	8,405,000	5,547,591	13,952,591
2023-2027	<u>14,360,000</u>	<u>1,682,953</u>	<u>16,042,953</u>
Total	<u>\$ 27,545,000</u>	<u>\$ 14,633,544</u>	<u>\$ 42,178,544</u>

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

---

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 leases meet the criteria of capital leases as defined by the Financial Accounting Standards Board's Accounting Standards Codification 840 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.

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 \$43,269. 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.

Fiscal Year	Lease Payments
2013	<u>\$ 3,723</u>
Total minimum lease payments	3,723
Less: amount representing interest	<u>(16)</u>
Total	<u>\$ 3,707</u>

## **HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### **NOTE 15 - JOINTLY GOVERNED ORGANIZATION**

---

The Lake Erie Educational Computer Association (LEECA), which became the North Coast Council effective July 1, 2012, 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 2012, the School District contributed \$91,586 to LEECA.

The Ohio Schools Council (Council) is a jointly governed organization among 161 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in 29 northern Ohio counties. 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 2012 the School District paid the Council \$21,128 for natural gas purchases, \$1,616 for a membership fee and \$400 in co-operative purchasing. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

### **NOTE 16 - CONTINGENCIES**

---

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

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

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, 2012.

**HIGHLAND LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 17 - STATUTORY RESERVES**

---

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

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2011	\$ -
Current year set-aside requirement	563,370
Current year offset	(1,990,000)
Qualifying disbursements	<u>(648,427)</u>
Total	\$ <u>(2,075,057)</u>
Balance carried forward to future years	<u>\$ -</u>

Effective July 1, 2011, the textbook set aside is no longer required as the obligation was repealed by the 129th General Assembly in Amended Substitute House Bill 30.

**NOTE 18 – INTERFUND RECEIVABLES AND PAYABLES**

---

Interfund balances at June 30, 2012 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 1,500

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, 2012, all interfund loans outstanding are anticipated to be repaid in fiscal year 2013.



**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 restricted or committed 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.

### Miscellaneous Local Grant

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

### 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, dance, 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.

### 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.

### Education Jobs

To account for federal funds received to pay salaries and benefits, and rehire, retain, or hire employees. The funds are specifically targeted at providing educational and related services for early childhood, elementary, and secondary education.

### Race to the Top

To account for federal funds received as part of a competitive process authorized under the American Recovery and Reinvestment Act of 2009 and designed to encourage and reward districts that are creating the foundations for education innovation and reform designed to significantly improve student achievement.

### 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

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

### 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 that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of 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.

## NONMAJOR PERMANENT FUND

Permanent funds are established to account for resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the School District's programs.

### Sharon Elementary Trust

To account for principal trust amounts received and related interest income. The interest portion of the trust can be used for the upkeep and maintenance of the Sharon Elementary garden.

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 390,308	\$ 1,549,383	\$ 9,449	\$ 1,949,140
Receivables:				
Accounts	161	928	-	1,089
Intergovernmental	156,785	821,511	-	978,296
Inventory held for resale	33,329	-	-	33,329
Materials and supplies inventory	4,924	-	-	4,924
Total assets	<u>\$ 585,507</u>	<u>\$ 2,371,822</u>	<u>\$ 9,449</u>	<u>\$ 2,966,778</u>
<u>Liabilities:</u>				
Accounts payable	\$ 55	\$ 14,786	\$ -	\$ 14,841
Accrued wages	162,666	-	-	162,666
Interfund payable	1,500	-	-	1,500
Intergovernmental payable	79,968	-	-	79,968
Deferred revenue	29,205	568,967	-	598,172
Total liabilities	<u>273,394</u>	<u>583,753</u>	<u>-</u>	<u>857,147</u>
<u>Fund balance:</u>				
Nonspendable	38,253	-	8,000	46,253
Restricted	292,609	1,788,069	1,449	2,082,127
Unassigned	(18,749)	-	-	(18,749)
Total fund balances	<u>312,113</u>	<u>1,788,069</u>	<u>9,449</u>	<u>2,109,631</u>
Total liabilities and fund balances	<u>\$ 585,507</u>	<u>\$ 2,371,822</u>	<u>\$ 9,449</u>	<u>\$ 2,966,778</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, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Intergovernmental	\$ 1,195,289	\$ 1,097,793	\$ -	\$ 2,293,082
Interest	516	-	17	533
Extracurricular activities	188,579	-	-	188,579
Gifts and donations	2,744	-	-	2,744
Charges for services	930,344	-	-	930,344
Miscellaneous	10,210	1,616	-	11,826
Total revenues	<u>2,327,682</u>	<u>1,099,409</u>	<u>17</u>	<u>3,427,108</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	259,295	226,922	-	486,217
Special	360,369	-	-	360,369
Other	33,828	-	-	33,828
Support services:				
Pupils	113,069	-	-	113,069
Instructional staff	103,165	70,653	-	173,818
Administration	122,114	-	-	122,114
Operation and maintenance of plant	-	45,231	-	45,231
Pupil transportation	-	3,054	-	3,054
Central	9,000	-	-	9,000
Operation of non-instructional services:				
Food service operations	1,079,686	-	-	1,079,686
Extracurricular activities	159,286	-	4,150	163,436
Capital outlay	27,460	586,695	-	614,155
Total expenditures	<u>2,267,272</u>	<u>932,555</u>	<u>4,150</u>	<u>3,203,977</u>
Excess of revenues over (under) expenditures	<u>60,410</u>	<u>166,854</u>	<u>(4,133)</u>	<u>223,131</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	5,200	-	5,200
Net change in fund balances	60,410	172,054	(4,133)	228,331
Fund balances at beginning of year	251,703	1,616,015	13,582	1,881,300
Fund balances at end of year	<u>\$ 312,113</u>	<u>\$ 1,788,069</u>	<u>\$ 9,449</u>	<u>\$ 2,109,631</u>

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

	Food Service	Special Trust	Miscellaneous Local Grant	District Managed Student Activity
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 277,626	\$ 13,846	\$ 3,605	\$ 68,015
Receivables:				
Accounts	91	-	-	70
Intergovernmental	21,527	-	-	-
Inventory held for resale	33,329	-	-	-
Materials and supplies inventory	4,924	-	-	-
Total assets	<u>\$ 337,497</u>	<u>\$ 13,846</u>	<u>\$ 3,605</u>	<u>\$ 68,085</u>
<u>Liabilities:</u>				
Accounts payable	\$ 55	\$ -	\$ -	\$ -
Accrued wages	59,858	-	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	51,082	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>110,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances:</u>				
Nonspendable	38,253	-	-	-
Restricted	188,249	13,846	3,605	68,085
Unassigned	-	-	-	-
Total fund balances	<u>226,502</u>	<u>13,846</u>	<u>3,605</u>	<u>68,085</u>
Total liabilities and fund balances	<u>\$ 337,497</u>	<u>\$ 13,846</u>	<u>\$ 3,605</u>	<u>\$ 68,085</u>



<u>Auxiliary Services</u>	<u>Data Communications</u>	<u>Education Jobs</u>	<u>Race to the Top</u>	<u>IDEA, Part B</u>	<u>State Fiscal Stabilization</u>	<u>Title II Technology</u>
\$ 18,708	\$ -	\$ 29	\$ 1	\$ 6,936	\$ -	\$ -
-	-	-	-	-	-	-
-	-	25,467	586	90,907	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 18,708</u>	<u>\$ -</u>	<u>\$ 25,496</u>	<u>\$ 587</u>	<u>\$ 97,843</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	20,548	-	68,461	-	-
-	-	1,000	500	-	-	-
-	-	3,919	-	22,835	-	-
-	-	-	-	23,907	-	-
-	-	25,467	500	115,203	-	-
-	-	-	-	-	-	-
18,708	-	29	87	-	-	-
-	-	-	-	(17,360)	-	-
<u>18,708</u>	<u>-</u>	<u>29</u>	<u>87</u>	<u>(17,360)</u>	<u>-</u>	<u>-</u>
<u>\$ 18,708</u>	<u>\$ -</u>	<u>\$ 25,496</u>	<u>\$ 587</u>	<u>\$ 97,843</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

	Title III Limited English Proficiency	Title I	EHA Preschool Grant for Handicapped	Improving Teacher Quality
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 1,542	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	18,298	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 19,840</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	13,799	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	-	2,132	-	-
Deferred revenue	-	5,298	-	-
Total liabilities	<u>-</u>	<u>21,229</u>	<u>-</u>	<u>-</u>
<u>Fund balances:</u>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	(1,389)	-	-
Total fund balances	<u>-</u>	<u>(1,389)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 19,840</u>	<u>\$ -</u>	<u>\$ -</u>

Total  
Nonmajor  
Special Revenue  
Funds

---

\$ 390,308

161

156,785

33,329

4,924

---

\$ 585,507

---

\$ 55

162,666

1,500

79,968

29,205

---

273,394

---

38,253

292,609

(18,749)

---

312,113

---

\$ 585,507

---

**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, 2012**

	Food Service	Special Trust	Miscellaneous Local Grant	District Managed Student Activity
<u>Revenues:</u>				
Intergovernmental	\$ 199,975	\$ -	\$ 68,855	\$ -
Interest	468	22	-	-
Extracurricular activities	-	-	-	188,579
Gifts and donations	-	-	-	2,744
Charges for services	930,344	-	-	-
Miscellaneous	-	-	-	10,210
Total revenues	<u>1,130,787</u>	<u>22</u>	<u>68,855</u>	<u>201,533</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	3,699	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupils	-	-	62,737	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,079,686	-	-	-
Extracurricular activities	-	-	-	159,286
Capital outlay	27,460	-	-	-
Total expenditures	<u>1,107,146</u>	<u>-</u>	<u>66,436</u>	<u>159,286</u>
Excess of revenues over (under) expenditures	<u>23,641</u>	<u>22</u>	<u>2,419</u>	<u>42,247</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	-	-	-
Net change in fund balances	23,641	22	2,419	42,247
Fund balances (deficit) at beginning of year	202,861	13,824	1,186	25,838
Fund balances (deficit) at end of year	<u>\$ 226,502</u>	<u>\$ 13,846</u>	<u>\$ 3,605</u>	<u>\$ 68,085</u>

<u>Auxiliary Services</u>	<u>Data Communications</u>	<u>Education Jobs</u>	<u>Race to the Top</u>	<u>IDEA, Part B</u>	<u>State Fiscal Stabilization</u>	<u>Title II Technology</u>
\$ 65,484	\$ 9,000	\$ 158,530	\$ 25,778	\$ 518,896	\$ -	\$ 616
26	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>65,510</u>	<u>9,000</u>	<u>158,530</u>	<u>25,778</u>	<u>518,896</u>	<u>-</u>	<u>616</u>
52,226	-	117,277	26,530	-	9,739	616
-	-	6,145	-	258,714	-	-
-	-	33,828	-	-	-	-
15,125	-	-	-	35,207	-	-
-	-	-	-	98,110	-	-
-	-	-	-	122,114	-	-
-	9,000	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>67,351</u>	<u>9,000</u>	<u>157,250</u>	<u>26,530</u>	<u>514,145</u>	<u>9,739</u>	<u>616</u>
<u>(1,841)</u>	<u>-</u>	<u>1,280</u>	<u>(752)</u>	<u>4,751</u>	<u>(9,739)</u>	<u>-</u>
-	-	-	-	-	-	-
(1,841)	-	1,280	(752)	4,751	(9,739)	-
20,549	-	(1,251)	839	(22,111)	9,739	-
<u>\$ 18,708</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 87</u>	<u>\$ (17,360)</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, 2012**

	Title III Limited English Proficiency	Title I	EHA Preschool Grant for Handicapped	Improving Teacher Quality
<u>Revenues:</u>				
Intergovernmental	\$ 5,488	\$ 83,961	\$ 11,709	\$ 46,997
Interest	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,488</u>	<u>83,961</u>	<u>11,709</u>	<u>46,997</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,999	-	-	47,209
Special	-	83,619	11,891	-
Other	-	-	-	-
Support services:				
Pupils	-	-	-	-
Instructional staff	5,055	-	-	-
Administration	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>7,054</u>	<u>83,619</u>	<u>11,891</u>	<u>47,209</u>
Excess of revenues over (under) expenditures	<u>(1,566)</u>	<u>342</u>	<u>(182)</u>	<u>(212)</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	-	-	-
Net change in fund balances	(1,566)	342	(182)	(212)
Fund balances (deficit) at beginning of year	1,566	(1,731)	182	212
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ (1,389)</u>	<u>\$ -</u>	<u>\$ -</u>

Total  
Nonmajor  
Special Revenue  
Funds

---

\$ 1,195,289  
516  
188,579  
2,744  
930,344  
10,210

---

2,327,682

---

259,295  
360,369  
33,828

113,069  
103,165  
122,114  
9,000

1,079,686  
159,286  
27,460

---

2,267,272

---

60,410

---

-

---

60,410

251,703

---

\$ 312,113

---

---

**Highland Local School District**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2012**

	Permanent Improvement	Building	Sales Tax	Total Nonmajor Capital Projects Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 208,677	\$ -	\$ 1,340,706	\$ 1,549,383
Receivables:				
Accounts	928	-	-	928
Intergovernmental	-	-	821,511	821,511
Total assets	<u>\$ 209,605</u>	<u>\$ -</u>	<u>\$ 2,162,217</u>	<u>\$ 2,371,822</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 14,786	\$ 14,786
Deferred revenue	34	-	568,933	568,967
Total liabilities	<u>34</u>	<u>-</u>	<u>583,719</u>	<u>583,753</u>
<u>Fund balance:</u>				
Restricted	<u>209,571</u>	<u>-</u>	<u>1,578,498</u>	<u>1,788,069</u>
Total liabilities and fund balance	<u>\$ 209,605</u>	<u>\$ -</u>	<u>\$ 2,162,217</u>	<u>\$ 2,371,822</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, 2012**

	Permanent Improvement	Building	Sales Tax	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 1,097,793	\$ 1,097,793
Miscellaneous	1,616	-	-	1,616
Total revenues	<u>1,616</u>	<u>-</u>	<u>1,097,793</u>	<u>1,099,409</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	226,922	226,922
Support services:				
Instructional staff	-	-	70,653	70,653
Operation and maintenance of plant	-	3,822	41,409	45,231
Pupil transportation	-	-	3,054	3,054
Capital outlay	-	-	586,695	586,695
Total expenditures	<u>-</u>	<u>3,822</u>	<u>928,733</u>	<u>932,555</u>
Excess of revenues over expenditures	<u>1,616</u>	<u>(3,822)</u>	<u>169,060</u>	<u>166,854</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	-	5,200	5,200
Net change in fund balances	1,616	(3,822)	174,260	172,054
Fund balances at beginning of year	<u>207,955</u>	<u>3,822</u>	<u>1,404,238</u>	<u>1,616,015</u>
Fund balances at end of year	<u>\$ 209,571</u>	<u>\$ -</u>	<u>\$ 1,578,498</u>	<u>\$ 1,788,069</u>

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

## MAJOR 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.

### FUNDS BEING REPORTED AS PART OF THE GENERAL FUND

The following funds are legally budgeted as separate special revenue funds but are being reported as part of the general fund for GAAP reporting purposes.

#### 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.

#### Latchkey and Community Education

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 and personal enrichment addressing the unique interests of individuals and meeting the community needs.

## MAJOR DEBT SERVICE FUND

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

**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, 2012**

**General Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 17,473,172	\$ 17,562,076	\$ 88,904
Intergovernmental	7,411,256	7,495,665	84,409
Interest	50,000	52,440	2,440
Tuition and fees	394,730	495,499	100,769
Extracurricular activities	306,399	303,979	(2,420)
Gifts and donations	2,700	701	(1,999)
Rent	20,000	20,834	834
Miscellaneous	64,450	55,392	(9,058)
Total revenues	25,722,707	25,986,586	263,879
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,835,365	11,741,197	94,168
Special	2,620,908	2,581,038	39,870
Vocational	114,830	112,708	2,122
Other	128,550	127,504	1,046
Support services:			
Pupils	1,500,649	1,461,935	38,714
Instructional staff	1,306,662	1,268,380	38,282
Board of education	30,690	28,653	2,037
Administration	1,999,079	1,975,837	23,242
Fiscal	791,083	779,042	12,041
Business	31,445	27,869	3,576
Operation and maintenance of plant	2,344,842	2,253,301	91,541
Pupil transportation	1,929,079	1,810,861	118,218
Central	248,739	232,098	16,641
Operation of non-instructional services	100	-	100
Extracurricular activities	945,607	910,683	34,924
Capital outlay	28,883	23,336	5,547
Total expenditures	25,856,511	25,334,442	522,069
Excess of revenues over (under) expenditures	(133,804)	652,144	785,948
<u>Other financing sources (uses):</u>			
Proceeds from the sale of capital assets	1,000	13,394	12,394
Refund of prior year expenditures	20,000	21,957	1,957
Advances out	(7,500)	(1,500)	6,000
Transfers out	(2,500)	-	2,500
Total other financing sources (uses)	11,000	33,851	22,851
Net change in fund balance	(122,804)	685,995	808,799
Fund balance at beginning of year	5,896,798	5,896,798	-
Prior year encumbrances appropriated	148,478	148,478	-
Fund balance at end of year	\$ 5,922,472	\$ 6,731,271	\$ 808,799

**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, 2012**

**Uniform School Supplies Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 100,000	\$ 88,152	\$ (11,848)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	117,400	95,601	21,799
Net change in fund balance	(17,400)	(7,449)	9,951
Fund balance at beginning of year	23,285	23,285	-
Fund balance at end of year	<u>\$ 5,885</u>	<u>\$ 15,836</u>	<u>\$ 9,951</u>

**Public School Support Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 8,250	\$ 15,024	\$ 6,774
Extracurricular activities	41,483	33,332	(8,151)
Gifts and donations	1,500	-	(1,500)
Total revenues	51,233	48,356	(2,877)
<u>Expenditures:</u>			
Current:			
Extracurricular activities	55,463	40,244	15,219
Net change in fund balance	(4,230)	8,112	12,342
Fund balance at beginning of year	53,844	53,844	-
Fund balance at end of year	<u>\$ 49,614</u>	<u>\$ 61,956</u>	<u>\$ 12,342</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, 2012**

**Latchkey and Community Education Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 135,000	\$ 168,072	\$ 33,072
Extracurricular activities	50,000	56,450	6,450
Total revenues	<u>185,000</u>	<u>224,522</u>	<u>39,522</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	196,665	194,953	1,712
Excess of revenues over (under) expenditures	<u>(11,665)</u>	<u>29,569</u>	<u>41,234</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	<u>-</u>	<u>109</u>	<u>109</u>
Net change in fund balance	(11,665)	29,678	41,343
Fund balance at beginning of year	62,064	62,064	-
Fund balance at end of year	<u>\$ 50,399</u>	<u>\$ 91,742</u>	<u>\$ 41,343</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, 2012**

**Debt Service Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 2,585,879	\$ 2,635,826	\$ 49,947
Intergovernmental	369,321	378,891	9,570
Total revenues	<u>2,955,200</u>	<u>3,014,717</u>	<u>59,517</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Administration	5,000	4,660	340
Fiscal	45,000	41,445	3,555
Debt service:			
Principal retirement	1,990,000	1,990,000	-
Interest and fiscal charges	1,215,725	1,215,725	-
Total expenditures	<u>3,255,725</u>	<u>3,251,830</u>	<u>3,895</u>
Net change in fund balance	(300,525)	(237,113)	63,412
Fund balance at beginning of year	3,199,545	3,199,545	-
Fund balance at end of year	<u>\$ 2,899,020</u>	<u>\$ 2,962,432</u>	<u>\$ 63,412</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, 2012**

**Food Service Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 117,500	\$ 153,080	\$ 35,580
Interest	300	468	168
Charges for services	917,000	930,344	13,344
Total revenues	<u>1,034,800</u>	<u>1,083,892</u>	<u>49,092</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations	1,126,064	1,066,810	59,254
Excess of revenues over (under) expenditures	<u>(91,264)</u>	<u>17,082</u>	<u>108,346</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	492	492
Net change in fund balance	(91,264)	17,574	108,838
Fund balance at beginning of year	258,340	258,340	-
Prior year encumbrances appropriated	1,564	1,564	-
Fund balance at end of year	<u>\$ 168,640</u>	<u>\$ 277,478</u>	<u>\$ 108,838</u>

**Special Trust Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 25	\$ 22	\$ (3)
<u>Expenditures:</u>			
Current:			
Extracurricular activities	2,500	-	2,500
Net change in fund balance	(2,475)	22	2,497
Fund balance at beginning of year	13,824	13,824	-
Fund balance at end of year	<u>\$ 11,349</u>	<u>\$ 13,846</u>	<u>\$ 2,497</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, 2012**

**Miscellaneous Local Grant Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 68,855	\$ 68,855	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,449	5,053	1,396
Support services:			
Pupils	64,467	63,612	855
Total expenditures	70,916	68,665	2,251
Net change in fund balance	(2,061)	190	2,251
Fund balance at beginning of year	2,061	2,061	-
Fund balance at end of year	\$ -	\$ 2,251	\$ 2,251

**District Managed Student Activity Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 166,513	\$ 188,579	\$ 22,066
Gifts and donations	25,000	2,744	(22,256)
Miscellaneous	-	10,210	10,210
Total revenues	191,513	201,533	10,020
<u>Expenditures:</u>			
Current:			
Extracurricular activities	193,275	159,834	33,441
Excess of revenues over (under) expenditures	(1,762)	41,699	43,461
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	75	75
Net change in fund balance	(1,762)	41,774	43,536
Fund balance at beginning of year	25,487	25,487	-
Prior year encumbrances appropriated	275	275	-
Fund balance at end of year	\$ 24,000	\$ 67,536	\$ 43,536

**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, 2012**

**Auxiliary Services Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 65,384	\$ 65,484	\$ 100
Interest	117	26	(91)
Total revenues	<u>65,501</u>	<u>65,510</u>	<u>9</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	70,906	59,544	11,362
Support services:			
Pupils	15,125	15,125	-
Total expenditures	<u>86,031</u>	<u>74,669</u>	<u>11,362</u>
Net change in fund balance	(20,530)	(9,159)	11,371
Fund balance at beginning of year	1	1	-
Prior year encumbrances appropriated	20,548	20,548	-
Fund balance at end of year	<u>\$ 19</u>	<u>\$ 11,390</u>	<u>\$ 11,371</u>

**Data Communications Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,000	\$ 9,000	-
<u>Expenditures:</u>			
Current:			
Support services:			
Central	10,195	10,195	-
Net change in fund balance	(1,195)	(1,195)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,195	1,195	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</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, 2012**

**Education Jobs Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 165,931	\$ 140,463	\$ (25,468)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	124,347	111,007	13,340
Special	10,536	12,193	(1,657)
Other	39,119	26,306	12,813
Total expenditures	174,002	149,506	24,496
Excess of revenues under expenditures	(8,071)	(9,043)	(972)
<u>Other financing sources:</u>			
Advances in	-	1,000	1,000
Net change in fund balance	(8,071)	(8,043)	28
Fund balance at beginning of year	8,072	8,072	-
Fund balance at end of year	<u>\$ 1</u>	<u>\$ 29</u>	<u>\$ 28</u>

**Race to the Top Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 25,778	\$ 25,192	\$ (586)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	26,617	26,530	87
Excess of revenues under expenditures	(839)	(1,338)	(499)
<u>Other financing sources:</u>			
Advances in	-	500	500
Net change in fund balance	(839)	(838)	1
Fund balance at beginning of year	839	839	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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, 2012**

**IDEA, Part B Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 618,889	\$ 527,983	\$ (90,906)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	917	-	917
Special	281,304	241,175	40,129
Support services:			
Pupils	40,765	34,413	6,352
Instructional staff	178,290	154,788	23,502
Administration	152,420	126,546	25,874
Total expenditures	653,696	556,922	96,774
Net change in fund balance	(34,807)	(28,939)	5,868
Fund balance at beginning of year	34,807	34,807	-
Fund balance at end of year	\$ -	\$ 5,868	\$ 5,868

**State Fiscal Stabilization Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	9,739	9,739	-
Net change in fund balance	(9,739)	(9,739)	-
Fund balance at beginning of year	9,739	9,739	-
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, 2012**

**Title II Technology Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 616	\$ 616	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	616	616	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Title III Limited English Proficiency Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,488	\$ 5,488	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,999	1,999	-
Support services:			
Instructional staff	5,055	5,055	-
Total expenditures	7,054	7,054	-
Net change in fund balance	(1,566)	(1,566)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,566	1,566	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</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, 2012**

**Title I Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 103,059	\$ 84,761	\$ (18,298)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	103,522	87,500	16,022
Net change in fund balance	(463)	(2,739)	(2,276)
Fund balance at beginning of year	(292)	(292)	-
Prior year encumbrances appropriated	756	756	-
Fund balance at end of year	<u>\$ 1</u>	<u>\$ (2,275)</u>	<u>\$ (2,276)</u>

**EHA Preschool Grant for Handicapped Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 11,709	\$ 11,709	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	11,891	11,891	-
Net change in fund balance	(182)	(182)	-
Fund balance at beginning of year	182	182	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</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, 2012**

**Improving Teacher Quality Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 46,997	\$ 46,997	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	47,209	47,209	-
Net change in fund balance	(212)	(212)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	212	212	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</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, 2012**

**Permanent Improvement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ 1,000	\$ 849	\$ (151)
<u>Expenditures:</u>			
Current:			
Capital outlay	208,045	-	208,045
Net change in fund balance	(207,045)	849	207,894
Fund balance at beginning of year	207,828	207,828	-
Fund balance at end of year	<u>\$ 783</u>	<u>\$ 208,677</u>	<u>\$ 207,894</u>

**Building Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
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	<u>\$ -</u>	<u>\$ -</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, 2012**

**Sales Tax Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,090,470	\$ 1,088,213	\$ (2,257)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	630,000	388,040	241,960
Support services:			
Instructional staff	125,000	103,117	21,883
Operation and maintenance of plant	112,500	97,698	14,802
Pupil transportation	270,000	229,409	40,591
Capital outlay	399,790	221,707	178,083
Total expenditures	1,537,290	1,039,971	497,319
Excess of revenues over (under) expenditures	(446,820)	48,242	495,062
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	2,418	2,418
Net change in fund balance	(446,820)	50,660	497,480
Fund balance at beginning of year	1,055,530	1,055,530	-
Prior year encumbrances appropriated	219,290	219,290	-
Fund balance at end of year	\$ 828,000	\$ 1,325,480	\$ 497,480

**Highland Local School District**  
**Schedule of Revenues, Expenses and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2012**

**Sharon Elementary Trust Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 25	\$ 17	\$ (8)
<u>Expenses:</u>			
Current:			
Extracurricular activities	5,000	4,150	850
Net change in fund balance	(4,975)	(4,133)	842
Fund balance at beginning of year	13,582	13,582	-
Fund balance at end of year	<u>\$ 8,607</u>	<u>\$ 9,449</u>	<u>\$ 842</u>



## **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, 2012**

**Endowment Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 110	\$ 97	\$ (13)
<u>Expenses:</u>			
Payments in accordance with trust agreement	4,000	3,100	900
Net change in fund equity	(3,890)	(3,003)	887
Fund equity at beginning of year	62,690	62,690	-
Prior year encumbrances appropriated	1	1	-
Fund equity at end of year	<u>\$ 58,801</u>	<u>\$ 59,688</u>	<u>\$ 887</u>

**Highland Local School District**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Beginning Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2012</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 114,930	\$ 258,537	\$ 254,615	\$ 118,852
Accounts receivable	991	-	991	-
Total assets	<u>\$ 115,921</u>	<u>\$ 258,537</u>	<u>\$ 255,606</u>	<u>\$ 118,852</u>
<u>Liabilities:</u>				
Accounts payable	\$ 55	\$ -	\$ 55	\$ -
Due to students	115,866	258,537	255,551	118,852
Total liabilities	<u>\$ 115,921</u>	<u>\$ 258,537</u>	<u>\$ 255,606</u>	<u>\$ 118,852</u>

---

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 - S35</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.

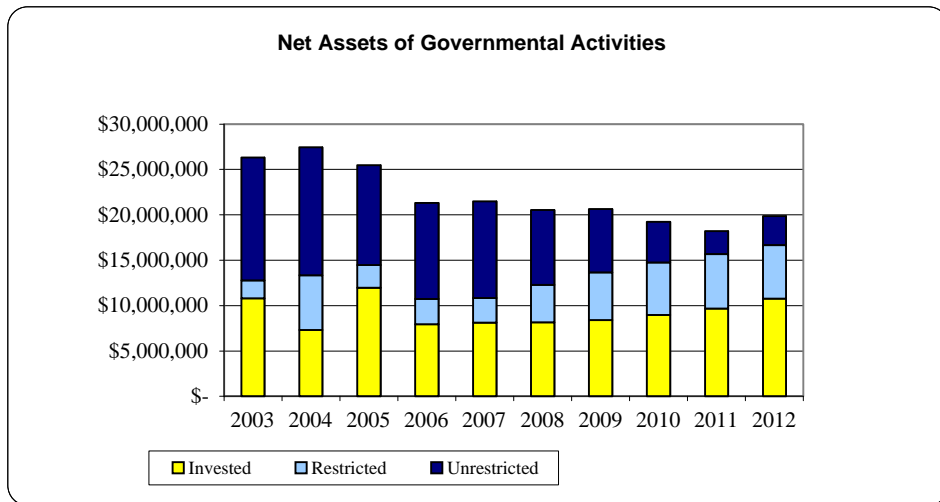
**Highland Local School District**

**Net Assets by Component (1)**

**Last Ten 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



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 8,177,748	\$ 8,392,251	\$ 8,954,771	\$ 9,669,207	\$ 10,755,278
1,141,918	1,622,689	1,656,878	2,077,685	2,357,036
2,501,332	3,235,491	3,609,424	3,408,983	3,217,874
-	-	188,359	184,693	205,561
-	-	33,348	-	-
-	-	69,739	39,662	81,931
-	-	43,858	-	-
-	-	11,000	-	-
-	-	19,514	83,514	-
-	-	-	-	-
-	-	-	13,582	9,449
468,741	425,735	160,019	181,637	32,885
8,231,810	6,956,164	4,469,649	2,566,072	3,215,358
<u>\$ 20,521,549</u>	<u>\$ 20,632,330</u>	<u>\$ 19,216,559</u>	<u>\$ 18,225,035</u>	<u>\$ 19,875,372</u>

# Highland Local School District

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

### Last Ten 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
<b>Total expenses</b>	<b>\$ 22,219,072</b>	<b>\$ 24,242,278</b>	<b>\$ 28,338,435</b>	<b>\$ 29,905,165</b>	<b>\$ 29,470,709</b>
<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
Operation and maintenance of plant	-	-	-	-	-
Pupil transportation	-	-	-	-	-
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:					
Regular instruction	-	-	-	-	-
Vocational instruction	-	-	-	-	11,375
Operation and maintenance of plant					
Pupil transportation	89,869	18,493	19,715	11,102	19,706
<b>Total program revenues</b>	<b>\$ 1,766,999</b>	<b>\$ 1,937,660</b>	<b>\$ 2,154,699</b>	<b>\$ 2,360,857</b>	<b>\$ 2,551,941</b>
<b>Net expense</b>	<b>\$ (20,452,073)</b>	<b>\$ (22,304,618)</b>	<b>\$ (26,183,736)</b>	<b>\$ (27,544,308)</b>	<b>\$ (26,918,768)</b>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	11,630,853	\$ 12,267,061	\$ 13,533,366	\$ 13,252,386	\$ 13,295,407
	2,532,361	2,843,678	2,851,628	2,900,696	3,057,727
	295,393	306,980	278,812	127,409	124,250
	-	-	-	-	-
	307,011	265,925	191,003	144,687	182,691
	1,381,581	1,597,409	1,749,221	1,842,272	1,512,642
	1,583,859	1,708,797	2,083,672	1,738,607	1,596,863
	33,005	33,633	33,645	24,458	28,395
	2,123,603	2,255,136	2,161,944	1,936,593	2,147,082
	810,182	582,842	827,008	692,848	828,528
	44,154	50,648	36,531	22,959	28,600
	3,191,462	3,408,779	3,110,315	2,802,333	2,655,492
	1,688,917	1,734,063	1,676,783	1,794,621	1,924,504
	181,280	219,387	264,307	277,615	254,820
	156,968	169,629	176,670	198,692	191,394
	1,013,841	1,148,334	1,141,808	1,203,299	1,176,518
	1,353,162	1,369,821	1,496,114	1,383,734	1,438,877
	1,611,869	1,577,328	1,532,326	1,477,529	1,417,530
\$	<u>29,939,501</u>	<u>31,539,450</u>	<u>33,145,153</u>	<u>31,820,738</u>	<u>31,861,320</u>
\$	239,115	\$ 238,027	\$ 247,264	\$ 325,626	\$ 309,651
	165,710	98,795	137,634	324,337	184,196
	-	-	-	-	-
	-	-	-	35,069	23,972
	-	-	-	1,299	-
	161,156	164,935	174,856	184,594	224,522
	901,162	950,221	931,813	903,561	930,344
	247,871	253,354	280,120	465,715	551,124
	71,979	69,443	143,879	497,137	148,700
	124,064	165,260	550,683	473,045	333,283
	12,711	9,518	9,589	14,766	18,583
	127,479	119,036	235,598	247,435	99,512
	274,294	239,901	342,775	340,551	156,641
	148,168	141,176	152,431	152,576	122,531
	-	-	-	-	-
	-	2,011	-	-	-
	44,882	24,506	13,513	16,375	9,000
	-	-	-	-	-
	149,554	143,949	170,647	190,132	200,443
	16,217	13,065	403	2,921	2,809
	-	-	-	219,775	31,133
	-	-	-	-	-
	-	-	-	-	-
	13,013	28,775	-	-	-
\$	<u>2,697,375</u>	<u>2,661,972</u>	<u>3,391,205</u>	<u>4,394,914</u>	<u>3,346,444</u>
\$	<u>(27,242,126)</u>	<u>(28,877,478)</u>	<u>(29,753,948)</u>	<u>(27,425,824)</u>	<u>(28,514,876)</u>

(Continued)

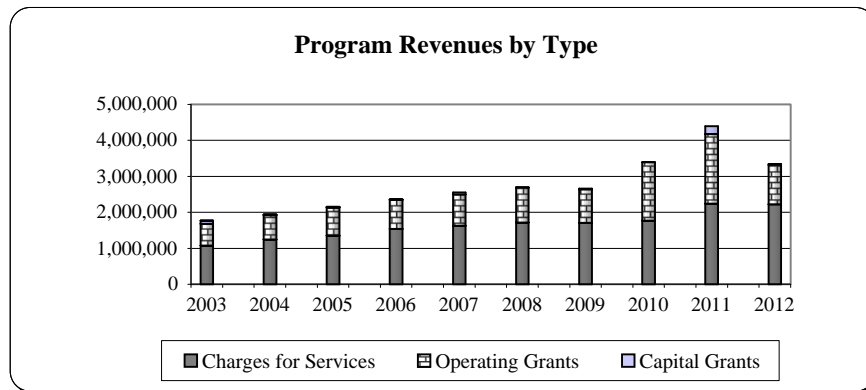
**Highland Local School District**

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

**Last Ten 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
Gain on sale of capital assets	-	-	-	-	-
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



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 13,853,173	\$ 15,986,234	\$ 16,066,186	\$ 14,749,803	\$ 18,322,249
2,673,131	3,259,666	3,031,522	2,569,187	2,673,851
1,083,075	988,270	903,935	965,410	1,205,228
7,639,433	8,043,456	8,105,796	7,994,452	7,855,973
-	-	-	3,429	-
710,732	402,579	126,571	72,367	37,648
313,020	267,796	104,167	79,652	70,264
9,641	40,258	-	-	-
<u>\$ 26,282,205</u>	<u>\$ 28,988,259</u>	<u>\$ 28,338,177</u>	<u>\$ 26,434,300</u>	<u>\$ 30,165,213</u>
<u>\$ (959,921)</u>	<u>\$ 110,781</u>	<u>\$ (1,415,771)</u>	<u>\$ (991,524)</u>	<u>\$ 1,650,337</u>

**Highland Local School District**

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

**Last Ten 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



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 311,094	\$ 307,470	\$ 391,143	\$ 1,042,538	\$ 489,484
289,774	264,055	688,317	797,382	517,479
12,711	9,518	9,589	14,766	18,583
127,479	119,036	235,598	247,435	99,512
274,294	239,901	342,775	340,551	156,641
148,168	141,176	152,431	152,576	122,531
-	-	-	-	-
-	-	-	35,069	23,972
13,013	30,786	-	1,299	-
44,882	24,506	13,513	16,375	9,000
161,156	164,935	174,856	184,594	224,522
1,050,716	1,094,170	1,102,460	1,093,693	1,130,787
264,088	266,419	280,523	468,636	553,933
<u>\$ 2,697,375</u>	<u>\$ 2,661,972</u>	<u>\$ 3,391,205</u>	<u>\$ 4,394,914</u>	<u>\$ 3,346,444</u>

**Highland Local School District**

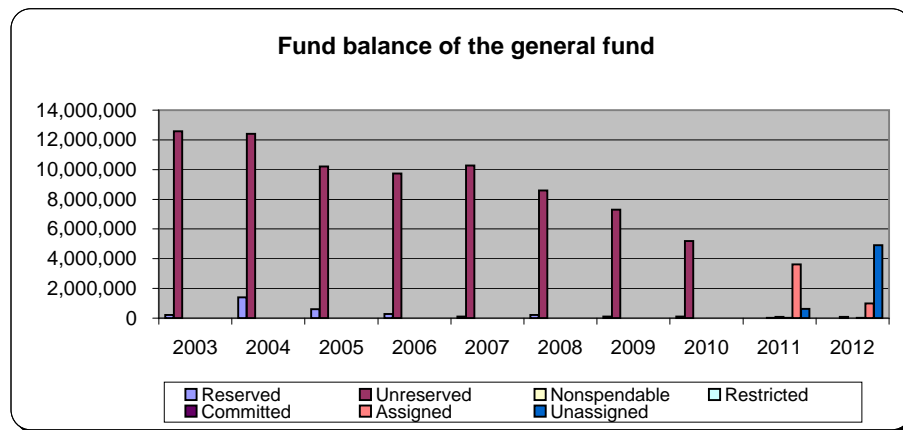
**Fund Balances, Governmental Funds (1)**

**Last Ten Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	216,728	1,399,594	601,718	287,675	116,287
Unreserved	<u>12,576,405</u>	<u>12,398,551</u>	<u>10,214,184</u>	<u>9,744,608</u>	<u>10,272,640</u>
<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					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
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	<u>36,009</u>	-	-	-	-
Total all other governmental funds	<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

(2) The School District Implemented GASB 54 in fiscal year 2011.



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 24,504	\$ 90,855
-	-	-	83,514	-
-	-	-	11,000	11,000
-	-	-	3,614,371	991,561
-	-	-	631,779	4,915,493
213,153	102,151	101,637	-	-
<u>8,583,272</u>	<u>7,304,207</u>	<u>5,197,517</u>	<u>-</u>	<u>-</u>
<u>8,796,425</u>	<u>7,406,358</u>	<u>5,299,154</u>	<u>4,365,168</u>	<u>6,008,909</u>
-	-	-	43,720	46,253
-	-	-	5,281,760	5,328,720
-	-	-	(25,093)	(18,749)
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>5,300,387</u>	<u>5,356,224</u>
<u>\$ 12,396,730</u>	<u>\$ 12,192,341</u>	<u>\$ 10,583,080</u>	<u>\$ 9,665,555</u>	<u>\$ 11,365,133</u>

**Highland Local School District**  
**Changes in Fund Balances, Governmental Funds (1)**  
**Last Ten Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>										
Taxes	\$ 15,463,889	\$ 15,935,352	\$ 17,036,615	\$ 18,346,454	\$ 18,515,726	\$ 16,681,532	\$ 19,345,857	\$ 18,939,596	\$ 17,201,552	\$ 21,064,928
Intergovernmental	7,323,901	7,262,704	7,428,957	7,790,850	8,557,524	9,091,172	9,979,017	10,649,294	10,810,822	10,167,638
Interest	800,782	393,402	398,030	696,365	882,484	696,463	380,224	124,038	72,742	38,181
Tuition and fees	276,194	377,354	399,927	537,938	539,674	552,810	498,531	552,406	656,457	766,747
Extracurricular activities	197,212	210,318	237,995	206,545	218,351	255,761	256,581	287,025	501,945	582,340
Gifts and donations	34,694	9,975	66,080	36,089	26,461	52,627	33,718	29,697	205,602	3,445
Charges for services	600,072	653,513	715,617	795,779	867,103	906,356	950,221	931,813	903,561	930,344
Rentals	1,981	1,995	3,831	5,748	26,510	32,119	9,843	29,990	29,362	29,679
Miscellaneous	381,192	155,841	50,706	297,765	149,295	243,554	248,812	74,621	79,630	80,612
<i>Total revenues</i>	<u>25,079,917</u>	<u>25,000,454</u>	<u>26,337,758</u>	<u>28,713,533</u>	<u>29,783,128</u>	<u>28,512,394</u>	<u>31,702,804</u>	<u>31,618,480</u>	<u>30,461,673</u>	<u>33,663,914</u>
<b>Expenditures</b>										
Current:										
Instruction:										
Regular	7,833,998	8,577,629	10,080,539	10,329,294	11,047,306	10,902,743	11,907,554	12,898,398	12,657,182	12,249,029
Special	2,051,324	2,152,969	2,248,712	2,227,555	2,357,378	2,497,941	2,825,726	2,831,356	2,831,117	2,958,355
Vocational	211,230	228,428	250,990	261,950	263,085	282,569	293,248	261,892	141,847	112,849
Adult/Continuing	-	-	-	986	521	-	-	-	-	-
Other	69,763	31,364	65,695	394,844	330,157	305,858	265,997	194,788	143,339	157,681
Support services:										
Pupil	900,198	957,325	1,039,059	1,107,738	1,227,954	1,300,439	1,516,857	1,683,942	1,722,396	1,532,556
Instructional staff	1,256,031	1,329,558	1,517,063	1,315,844	1,397,604	1,367,298	1,612,960	2,076,802	1,704,854	1,508,034
Board of education	18,217	19,977	21,534	25,436	27,888	33,005	33,633	33,645	24,458	28,395
Administration	1,512,600	1,711,485	2,209,790	2,056,772	1,922,082	2,037,368	2,185,130	2,052,878	1,965,762	2,103,060
Fiscal	639,893	708,440	789,342	710,315	734,019	800,733	567,240	770,401	724,058	816,823
Business	52,562	49,801	41,217	36,062	78,529	44,154	50,472	36,180	22,625	28,266
Operation and maintenance										
of plant	1,736,157	2,144,278	3,100,399	3,440,335	2,806,910	2,830,797	3,049,780	2,710,393	2,441,134	2,255,324
Pupil transportation	1,308,460	1,165,311	1,321,704	1,395,312	1,369,076	1,520,887	1,573,226	1,495,310	1,629,459	1,710,405
Central	189,741	127,471	149,469	151,015	193,570	173,502	211,344	250,666	263,951	240,868
Operation of non-instructional										
services	91,238	97,207	124,162	138,676	145,140	156,897	168,472	176,825	198,365	193,316
Food service operations	639,626	701,968	787,355	827,147	899,504	923,041	1,042,087	1,046,074	1,109,577	1,079,686
Extracurricular activities	788,751	807,874	869,346	914,522	946,786	1,007,783	1,039,040	1,161,036	1,055,419	1,104,566
Capital outlay	17,504,007	18,299,864	5,324,396	1,591,189	532,441	330,717	548,996	457,954	406,331	639,922
Debt service:										
Principal retirement	63,719	759,504	828,787	930,327	1,566,967	1,436,075	1,549,562	1,694,042	1,861,101	2,033,269
Interest and fiscal charges	1,966,521	1,959,583	1,934,825	1,464,747	1,571,389	1,524,434	1,465,869	1,395,159	1,310,500	1,217,132
Issuance costs	-	-	-	335,824	-	-	-	-	-	-
<i>Total expenditures</i>	<u>38,834,036</u>	<u>41,830,036</u>	<u>32,704,384</u>	<u>29,655,890</u>	<u>29,418,306</u>	<u>29,476,241</u>	<u>31,907,193</u>	<u>33,227,741</u>	<u>32,213,475</u>	<u>31,969,536</u>

(Continued)

**Highland Local School District**

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

**Last Ten Fiscal Years (Continued)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<i>Excess of revenues over (under) expenditures</i>	(13,754,119)	(16,829,582)	(6,366,626)	(942,357)	364,822	(963,847)	(204,389)	(1,609,261)	(1,751,802)	1,694,378
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	39,573	30,700	-	3,000	-	-	-	6,200	5,200
Inception of capital lease	-	128,471	-	-	-	196,568	-	-	-	-
Proceeds of refunding bonds	-	-	-	29,480,000	-	-	-	-	-	-
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)	-	-
<i>Total other financing sources (uses)</i>	-	168,044	30,700	335,824	3,000	196,568	-	-	6,200	5,200
<i>Net change in fund balances</i>	\$ (13,754,119)	\$ (16,661,538)	\$ (6,335,926)	\$ (606,533)	\$ 367,822	\$ (767,279)	\$ (204,389)	\$ (1,609,261)	\$ (1,745,602)	\$ 1,699,578
Debt service as a percentage of noncapital expenditures	9.5%	11.6%	10.1%	9.7%	10.9%	10.2%	9.6%	9.4%	10.0%	10.4%

S-13

(1) Modified accrual basis of accounting

Note: For 2003 - 2012, 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	
	Assessed Value		Estimated Actual Value	Public Utility		General Business/ Telephone Tangible	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 423,787,780	\$ 30,447,300	\$ 1,297,814,514	\$ 12,435,380	\$ 14,131,114	\$ 20,009,825	\$ 80,039,300
2004	445,909,650	31,788,530	1,364,851,943	12,701,290	14,433,284	17,197,552	68,790,208
2005	505,890,970	38,374,600	1,555,044,486	13,079,750	14,863,352	17,980,743	71,922,972
2006	528,513,190	47,560,400	1,645,924,543	11,688,790	13,282,716	12,482,341	49,929,364
2007	549,534,630	47,995,290	1,707,228,343	11,998,520	13,634,682	8,320,613	33,282,452
2008	625,654,910	52,722,710	1,938,221,771	8,692,020	9,877,295	5,679,255	22,717,020
2009	626,177,390	52,480,250	1,939,021,829	8,692,560	9,877,909	5,670,445	22,681,780
2010	654,393,990	51,443,160	2,016,677,571	9,461,120	10,751,273	415,385	1,661,540
2011	622,918,230	52,611,560	1,930,085,114	9,808,070	11,145,534	-	-
2012	633,819,220	52,551,190	1,961,058,314	10,251,810	11,649,784	-	-

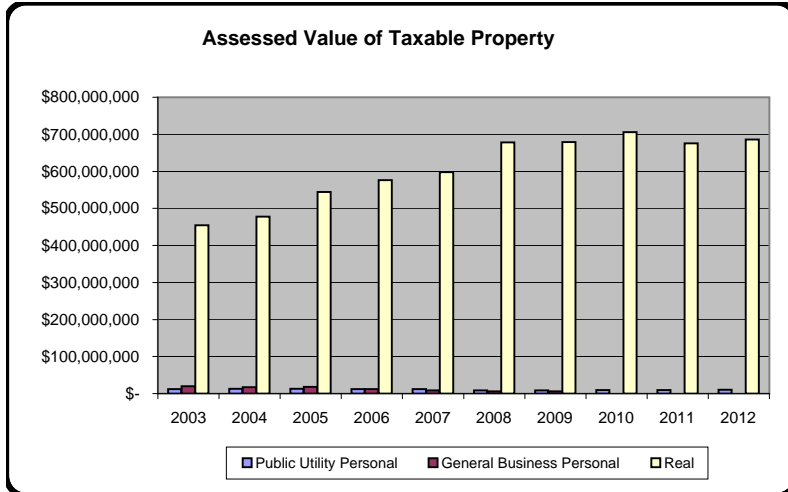
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property including public utility real property is 35% of estimated true value. 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. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax was in 2010).

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

Total			
Assessed Value	Estimated Actual Value	Ratio	Total Direct Tax Rate
\$ 486,680,285	\$ 1,391,984,928	34.96%	71.32
507,597,022	1,448,075,435	35.05%	71.32
575,326,063	1,641,830,810	35.04%	71.32
600,244,721	1,709,136,623	35.12%	70.55
617,849,053	1,754,145,477	35.22%	70.55
692,748,895	1,970,816,087	35.15%	70.55
693,020,645	1,971,581,518	35.15%	70.55
715,713,655	2,029,090,384	35.27%	69.90
685,337,860	1,941,230,648	35.30%	69.90
696,622,220	1,972,708,098	35.31%	76.80



**Highland Local School District**

**Property Tax Rates - Direct and Overlapping Governments**

**Last Ten Collection Years**

S-16

Collection Year		Direct Rates				Overlapping rates						
		Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Total
2012	Brunswick Hills	72.40	-	4.40	76.80	8.04	11.85	3.05	-	0.75	2.05	102.54
	Granger Twp.	72.40	-	4.40	76.80	8.04	5.60	3.05	-	0.75	2.05	96.29
	Hinckley Twp.	72.40	-	4.40	76.80	8.04	13.05	3.05	-	1.85	2.05	104.84
	Medina Twp.	72.40	-	4.40	76.80	8.04	8.60	3.05	-	0.75	2.05	99.29
	Montville Twp.	72.40	-	4.40	76.80	8.04	10.95	3.05	-	0.75	2.05	101.64
	Sharon Twp.	72.40	-	4.40	76.80	8.04	7.40	3.05	-	0.75	2.05	98.09
	Wadsworth City	72.40	-	4.40	76.80	8.04	-	3.05	5.80	0.75	2.05	96.49
2011	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
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

(Continued)



**Highland Local School District**

**Property Tax Rates - Direct and Overlapping Governments**

**Last Ten Collection Years**

S-17

Collection Year		Direct Rates				Overlapping rates						
		Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Total
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
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

(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	
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

S-18

**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**

Levy/ Collection Year (2)	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
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
2010	20,441,027	19,745,411	96.60	693,544	20,438,955	99.99
2011	20,297,697	19,563,457	96.38	650,767	20,214,224	99.59

**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 2012 information cannot be presented because all collections have not been made by June 30, 2012.
- (3) The County does not identify delinquent tax collections by tax year.

**Highland Local School District**

**Principal Taxpayers**

**Real Estate Tax**

**2012 and 2003 (1)**

Name of Taxpayer	<u>2012</u>		
	Assessed Value	Rank	Percent of Real Property Assessed Value
Carter Lumber Company	\$ 1,474,380	1	0.21%
Pride One	1,268,960	2	0.18%
Pinnacle Sports Complex LLC	1,230,190	3	0.18%
Akron-Medina Corporate Park	1,224,930	4	0.18%
Structured Management Inc.	1,184,720	5	0.17%
Akron-Medina Corporate Park II	1,141,730	6	0.17%
EBB Investments LLC	1,091,230	7	0.16%
Kraus Edward L & Carole E	1,046,120	8	0.15%
NB Thirty-Three Inc.	1,037,470	9	0.15%
BNB Partners	1,024,460	10	0.15%
Totals	<u>\$ 11,724,190</u>		<u>1.71%</u>
Total assessed valuation	<u>\$ 686,370,410</u>		

Name of Taxpayer	<u>2003</u>		
	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 2012 and 2003 collections were based.

**Highland Local School District**

**Principal Taxpayers**

**Public Utilities Tax**

**2012 and 2003 (1)**

Name of Taxpayer	2012 (2)		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 7,801,600	1	76.10%
Columbia Gas of Ohio	1,129,840	2	11.02%
American Transmission	779,180	3	7.60%
East Ohio Gas	446,670	4	4.36%
Cleveland Electric Illuminating	148,090	5	1.44%
Frontier Property Tax Department	45,810	6	0.45%
Western Reserve Telephone	37,060	7	0.36%
Wheeling and Lake Erie Railroad	17,190	8	0.17%
David & Pamela Stec	4,820	9	0.05%
Totals	<u>\$ 10,410,260</u>		<u>101.55%</u>
Total assessed valuation	<u>\$ 10,251,810</u>		

Name of Taxpayer	2003		
	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 2012 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.

**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 (2)	Per Capita
	General Obligation Bonds	Capital Leases				
2003	\$ 39,860,000	\$ 23,302	\$ 39,883,302	8.05%	15,200	\$ 2,623.90
2004	39,145,000	107,269	39,252,269	6.50%	15,376	2,552.83
2005	38,340,000	83,482	38,423,482	5.96%	15,372	2,499.58
2006	37,435,000	58,155	37,493,155	5.53%	15,589	2,405.10
2007	35,895,000	31,188	35,926,188	4.93%	15,632	2,298.25
2008	34,520,000	166,681	34,686,681	4.70%	15,758	2,201.21
2009	33,010,000	127,119	33,137,119	4.88%	16,113	2,056.55
2010	31,355,000	88,077	31,443,077	4.40%	17,281	1,819.52
2011	29,535,000	46,976	29,581,976	n/a	17,281	1,711.82
2012	27,545,000	3,707	27,548,707	n/a	17,281	1,594.16

**Source:** School District Financial Records

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

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

(2) U.S. Census Bureau. 2010 represents latest available information on population.

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

Fiscal Year	Population	General Bonded Debt	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value (1)	Net Bonded Debt per Capita
2003	15,200	\$ 39,860,000	\$ 842,811	\$ 39,017,189	2.80%	\$ 2,567
2004	15,376	39,145,000	1,021,635	38,123,365	2.63%	2,479
2005	15,372	38,340,000	1,435,244	36,904,756	2.25%	2,401
2006	15,589	37,435,000	2,347,308	35,087,692	2.05%	2,251
2007	15,632	35,895,000	2,377,566	33,517,434	1.91%	2,144
2008	15,758	34,520,000	2,501,332	32,018,668	1.62%	2,032
2009	16,113	33,010,000	3,235,491	29,774,509	1.51%	1,848
2010	17,281	31,355,000	3,609,424	27,745,576	1.37%	1,606
2011	17,281	29,535,000	3,408,983	26,126,017	1.35%	1,512
2012	17,281	27,545,000	3,217,874	24,327,126	1.23%	1,408

**Source:** School District Financial Records

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page S-14 & S-15 for property value data.

**Highland Local School District**

**Computation of Legal Debt Margin**

**Last Ten Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax Valuation (2)	\$ 486,680,285	\$ 507,597,022	\$ 575,326,063	\$ 587,762,380
Debt Limit - 9% of Taxable Valuation (1)	43,801,226	45,683,732	51,779,346	52,898,614
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	39,860,000	39,145,000	38,340,000	37,435,000
Less Amount Available in Debt Service	(842,811)	(1,021,635)	(1,435,244)	(2,347,308)
Amount of Debt Subject to Limit	39,017,189	38,123,365	36,904,756	35,087,692
Legal Debt Margin	\$ 4,784,037	\$ 7,560,367	\$ 14,874,590	\$ 17,810,922
Legal Debt Margin as a Percentage of the Debt Limit	10.92%	16.55%	28.73%	33.67%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 486,680	\$ 507,597	\$ 575,326	\$ 587,762
Amount of Debt Subject to Limit	-	-	-	-
Unvoted Legal Debt Margin	\$ 486,680	\$ 507,597	\$ 575,326	\$ 587,762
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	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 certain tangible personal property as well as railroad and telephone tangible property.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>\$ 609,528,440</u>	<u>\$ 687,069,640</u>	<u>\$ 687,350,200</u>	<u>\$ 715,298,270</u>	<u>\$ 685,337,860</u>	<u>\$ 696,622,220</u>
<u>54,857,560</u>	<u>61,836,268</u>	<u>61,861,518</u>	<u>64,376,844</u>	<u>61,680,407</u>	<u>62,696,000</u>
<u>35,895,000</u>	<u>34,520,000</u>	<u>33,010,000</u>	<u>31,355,000</u>	<u>29,535,000</u>	<u>27,545,000</u>
<u>(2,377,566)</u>	<u>(2,501,332)</u>	<u>(3,235,491)</u>	<u>(3,609,424)</u>	<u>(3,408,983)</u>	<u>(3,217,874)</u>
<u>33,517,434</u>	<u>32,018,668</u>	<u>29,774,509</u>	<u>27,745,576</u>	<u>26,126,017</u>	<u>24,327,126</u>
<u>\$ 21,340,126</u>	<u>\$ 29,817,600</u>	<u>\$ 32,087,009</u>	<u>\$ 36,631,268</u>	<u>\$ 35,554,390</u>	<u>\$ 38,368,874</u>
38.90%	48.22%	51.87%	56.90%	57.64%	61.20%
\$ 609,528	\$ 687,070	\$ 687,350	\$ 715,298	\$ 685,338	\$ 696,622
-	-	-	-	-	-
<u>\$ 609,528</u>	<u>\$ 687,070</u>	<u>\$ 687,350</u>	<u>\$ 715,298</u>	<u>\$ 685,338</u>	<u>\$ 696,622</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Highland Local School District**

**Computation of Direct and Overlapping Bonded Debt**

**June 30, 2012**

<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	\$ 27,545,000	100.00%	\$ 27,545,000
Overlapping:			
Medina County	3,974,598	15.17%	602,947
Summit County	51,525,000	0.05%	25,763
Wadsworth City	570,000	1.60%	9,120
Montville Township	3,531,000	14.92%	526,825
Copley Township	-	1.41%	-
Akron Metro Regional Transit Authority	300,000	0.05%	150
Akron-Summit County Library District	39,065,000	0.08%	31,252
Medina County Library District	28,784,993	17.67%	5,086,308
Medina County Park District	-	10.73%	-
	<u>127,750,591</u>		<u>6,282,365</u>
Total direct and overlapping debt:	<u>\$ 155,295,591</u>		<u>\$ 33,827,365</u>

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

(1) All debt reported as of December 31, 2011, except for Highland Local School District which is reported as of June 30, 2012.

(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>
2003	15,200	\$ 495,261,296	\$ 32,583	5.4%
2004	15,376	603,420,464	39,244	5.2%
2005	15,372	645,001,301	41,959	4.6%
2006	15,589	677,430,933	43,456	4.8%
2007	15,632	728,558,614	46,607	5.8%
2008	15,758	737,869,542	46,825	6.8%
2009	16,113	678,609,559	42,116	9.3%
2010	17,281	714,959,670	41,373	8.2%
2011	17,281	n/a	n/a	7.0%
2012	17,281	n/a	n/a	6.3%

**Sources:** (1) U.S. Bureau of Census, School District Interactive Tables  
(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**  
**2011 and 2002**

Employer	2011		
	Number of Employees	Rank	Percentage of Total County Employment
Westfield Companies	1,560	1	2.97%
Medina County	1,404	2	2.67%
Medina Hospital	886	3	1.69%
Brunswick City School District	836	4	1.59%
Medina City School District	700	5	1.33%
MTD Products	680	6	1.29%
Wadsworth City School District	500	7	0.95%
Sandridge Food Corporation	475	8	0.90%
Wellman Products Group	440	9	0.84%
Shiloh Industries	411	10	0.78%
<b>Total</b>	<b>7,892</b>		<b>15.01%</b>
<b>Total employment within the County</b>	<b>52,578</b>		

Employer	2002		
	Number of Employees	Rank	Percentage of Total County Employment
Discount Drug Mart	2,600	1	3.91%
MTD Products	2,190	2	3.29%
Medina County	1,525	3	2.29%
Plasticpak Packaging	1,467	4	2.21%
Westfield Companies	1,292	5	1.94%
Medina Hospital	920	6	1.38%
Brunswick City School District	850	7	1.28%
Schneider National	800	8	1.20%
Medina City School District	780	9	1.17%
Friction 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) 2011 information is the most current information available.

**Highland Local School District**  
**School District Employees by Function/Program**  
**Last Nine 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>	<u>2011</u>	<u>2012</u>
Regular instruction									
Elementary classroom teachers	55.5	65	65	66	65	65	65	58	58
Middle school classroom teachers	26	27	29	30	29	31	32	33.5	31.75
High school classroom teachers	36	37	38.5	41	41	41	41	42	41.5
Special instruction									
Academically gifted teachers	2	2	2	1	2	2	1	0	1
Preschool teachers	2	2	2	2	2	2	2	2	2
Special education teachers	7	8	8	8	9	18	18	18	20
Tutors	17	20	20.5	21.5	22.5	17	19	15	14
Vocational instruction									
High school classroom teachers	3	3	3	3	3	3	2	1	1
Pupil support services									
Guidance counselors	5	5	6	5	5	7	5.75	5.75	5.75
Librarians	3	3	3	3	3	3	0.5	0.5	0.5
Psychologists	2	2.5	5	3	3	3	3	3	3
Speech and language pathologists	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Aides	31	31	29.5	30	36	37.5	31	32	34.25
Computer	3	3	3	3	3	3	2	2	2
Library Aides	4	5	5	5	5	5	4	5	4
Secretaries/Clerical	16.5	19.5	17.5	16.5	17.5	17.5	17	17	16
Latchkey	4.5	5	6	6	6	6	7	7	6
Administrators									
Central Office	8	8	8	8	8	8	8	8	8
Elementary	2	3	3	3	3	3	3	3	3
Middle School	2	2	2	2	2	2	2	2	2
High school	2	2	2	2	2	2	2	2	2
Operation of plant									
Custodians & Maintenance	19	28	26.5	27.5	27.5	27.5	24	25	23.5
Pupil transportation									
Bus drivers	21.5	21.5	29	29	28	30.5	32	33	33.5
Bus Mechanics	4	2	3	3	3	3	2	2	2
Food service program									
Director	1	1	1	1	1	1	1	1	1
Cooks	15	15.5	16	15.5	15	15	15.5	15	15.5

**Source:** School District records

**Method:** Using 1.0 for each full-time employee and 0.50 or 0.25 for each part-time and seasonal employee as appropriate.

Information prior to 2004 is not available.

## *Highland Local School District*

### Operating Statistics

#### Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Expenditures Per Pupil (1)</u>	<u>Percentage Change</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
2003	\$ 22,219,072	2,585	\$ 7,154	2.63%	20.2	4.67%
2004	\$ 24,242,278	2,735	\$ 7,315	2.25%	20.8	5.28%
2005	\$ 28,338,435	2,914	\$ 8,122	11.03%	20.2	4.46%
2006	\$ 29,905,165	3,055	\$ 7,907	-2.65%	20.7	6.95%
2007	\$ 29,470,709	3,211	\$ 7,834	-0.92%	21.3	5.67%
2008	\$ 29,939,501	3,269	\$ 7,780	-0.69%	21.7	5.87%
2009	\$ 31,539,450	3,269	\$ 8,525	9.58%	20.2	6.90%
2010	\$ 33,145,153	3,327	\$ 8,682	1.84%	20.7	8.80%
2011	\$ 31,820,738	3,332	\$ 8,449	-2.68%	21.6	8.70%
2012	\$ 31,861,320	3,292	\$ 8,492	0.51%	21.2	9.75%

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

(1) Expenditures per pupil as calculated utilizing the Expenditure Flow Model (EFM) prescribed by the Ohio Department Education. This model excludes debt service and specified capital outlay expenditures.

## Highland Local School District

### Building Statistics

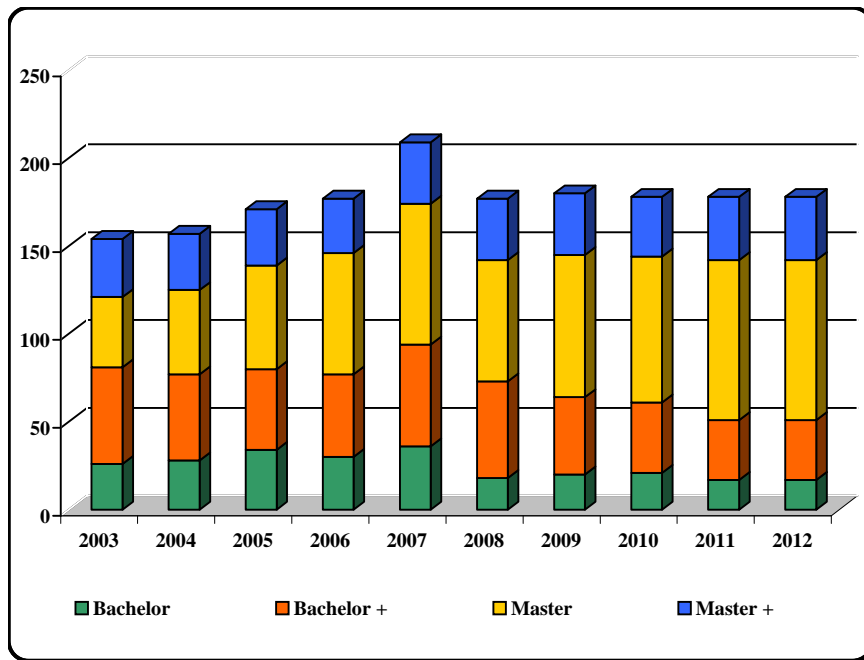
#### Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Highland High School</b>										
Constructed in 2004										
Total building square footage	105,972	105,972	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000
Enrollment grades 9-12	840	852	888	960	997	1,022	1,068	1,098	1,095	1,124
Student capacity	750	750	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Regular instruction classrooms	30	30	45	45	45	45	45	45	45	45
Special instruction classrooms	5	5	4	4	4	4	4	4	4	4
<b>Highland Middle School</b>										
Constructed in 1958										
Total building square footage	60,081	60,081	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972
Enrollment grades 6-8	630	630	702	713	766	795	801	797	821	800
Student capacity	525	525	750	750	750	750	750	750	750	750
Regular instruction classrooms	25	25	30	30	30	30	30	29	29	29
Special instruction classrooms	5	5	5	5	5	5	5	5	5	5
<b>Granger Elementary School</b>										
Constructed in 1929										
Total building square footage	n/a	n/a	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081
Enrollment grades K-5	n/a	n/a	469	505	524	529	505	499	512	484
Student capacity	n/a	n/a	525	525	525	525	525	525	525	525
Regular instruction classrooms	n/a	n/a	25	25	25	25	25	25	22	22
Special instruction classrooms	n/a	n/a	5	5	5	5	5	5	5	5
<b>Hinckley Elementary School</b>										
Constructed in 1949										
Total building square footage	41,365	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265
Enrollment grades K-5	465	525	421	425	466	458	445	454	441	454
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
Special instruction classrooms	3	3	3	3	3	3	4	4	4	5
<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	650	728	434	452	458	465	450	479	463	430
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
Special instruction classrooms	3	3	3	3	3	3	3	3	3	3

Source: School District Records

**Highland Local School District**  
**Full-Time Equivalent Certified Staff by Education**  
**Last Ten Fiscal Years**

<u>Degree</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>	<u>2011</u>	<u>2012</u>
Bachelor's Degree	26	28	34	30	36	18	20	21	17	20
Bachelor + 15	25	17	17	18	26	26	17	20	15	11
Bachelor + 30	30	32	29	29	32	29	27	20	19	21
Master's Degree	40	48	59	69	80	69	81	83	91	86
Master's + 15	14	13	12	12	15	16	14	15	19	21
Master's + 30	19	19	20	19	20	19	21	19	17	20
<b>Total</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>	<b>178</b>	<b>179</b>



Source: School District Records



***Highland Local School District***

**Certified Staff Salaries**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Highland Local School District Average Salary</u>	<u>Statewide Average Salary</u>
2003	\$ 46,759	\$ 45,645
2004	48,040	47,659
2005	47,549	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
2011	59,832	56,715
2012	61,433	n/a

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

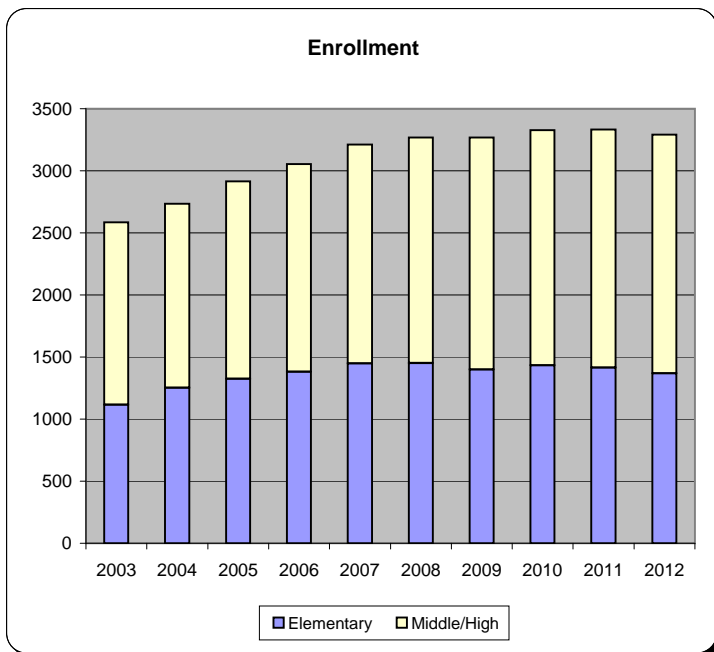
n/a - information is not available at this time.

**Highland Local School District**

**Enrollment Statistics**

**Last Ten Fiscal Years**

Fiscal Year	Highland Elementary Schools	Highland Middle/High School	Total
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
2011	1,416	1,916	3,332
2012	1,368	1,924	3,292



Source: School District Records

**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>
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%	98.40%	84.60%
2009	96.20%	94.30%	99.20%	83.00%
2010	96.20%	94.30%	99.60%	84.30%
2011	96.60%	94.50%	99.60%	84.30%
2012	96.70%	95.20%	96.30% (1)	90.20% (1)

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

(1) Beginning with the 2011-2012 Local Report Card, the Ohio Department of Education implemented changes that affect the manner in which the graduation rate is reported.

The graduation rate disclosed in the new Local Report Card represents a 4-year longitudinal graduation rate that takes into consideration the amount of time it takes an incoming freshman to successfully complete high school.

**This page intentionally left blank.**



# Dave Yost • 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  
NOVEMBER 29, 2012