



Dave Yost • Auditor of State

HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2015, wherein we noted the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Columbus, Ohio

December 17, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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:

Report on Compliance for the Major Federal Program

We have audited the Highland Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on the Federal Awards Receipts and Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 17, 2015, wherein we noted the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. We conducted our audit to opine on the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule presents additional analysis 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

December 17, 2015

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**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	\$42,306	\$44,572
		<u>202,863</u>	<u>179,841</u>
Total Title I Grants to Local Educational Agencies		245,169	224,413
Improving Teacher Quality State Grants	84.367	4,486	4,486
		<u>45,880</u>	<u>45,880</u>
Total Improving Teacher Quality State Grants		50,366	50,366
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	5,223	6,046
Special Education Cluster Special Education - Grants to States	84.027	70,981	74,491
		<u>546,133</u>	<u>481,035</u>
Total Special Education -Grants to States		617,114	555,526
Special Education - Preschool Grants	84.173	9,041	9,041
<i>Passed Through the Summit County Educational Service Center:</i>			
Special Education - Preschool Grants	84.173		179
Total Special Education - Preschool Grants		<u>9,041</u>	<u>9,220</u>
Total Special Education Cluster		626,155	564,746
<i>Passed through the Educational Service Center of Cuyahoga County:</i>			
English Language Acquisition Grants	84.365	4,174	4,174
Total U.S. Department of Education		<u>931,087</u>	<u>849,745</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Education:</i>			
Child Nutrition Cluster: National School Lunch Program	10.555	158,598	158,598
Non-Cash Assistance		40,312	40,312
School Breakfast Program	10.553	11,815	11,815
Total Child Nutrition Cluster		<u>210,725</u>	<u>210,725</u>
Total U.S. Department of Agriculture		<u>210,725</u>	<u>210,725</u>
Totals		<u>\$1,141,812</u>	<u>\$1,060,470</u>

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, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Highland Local School District's (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, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

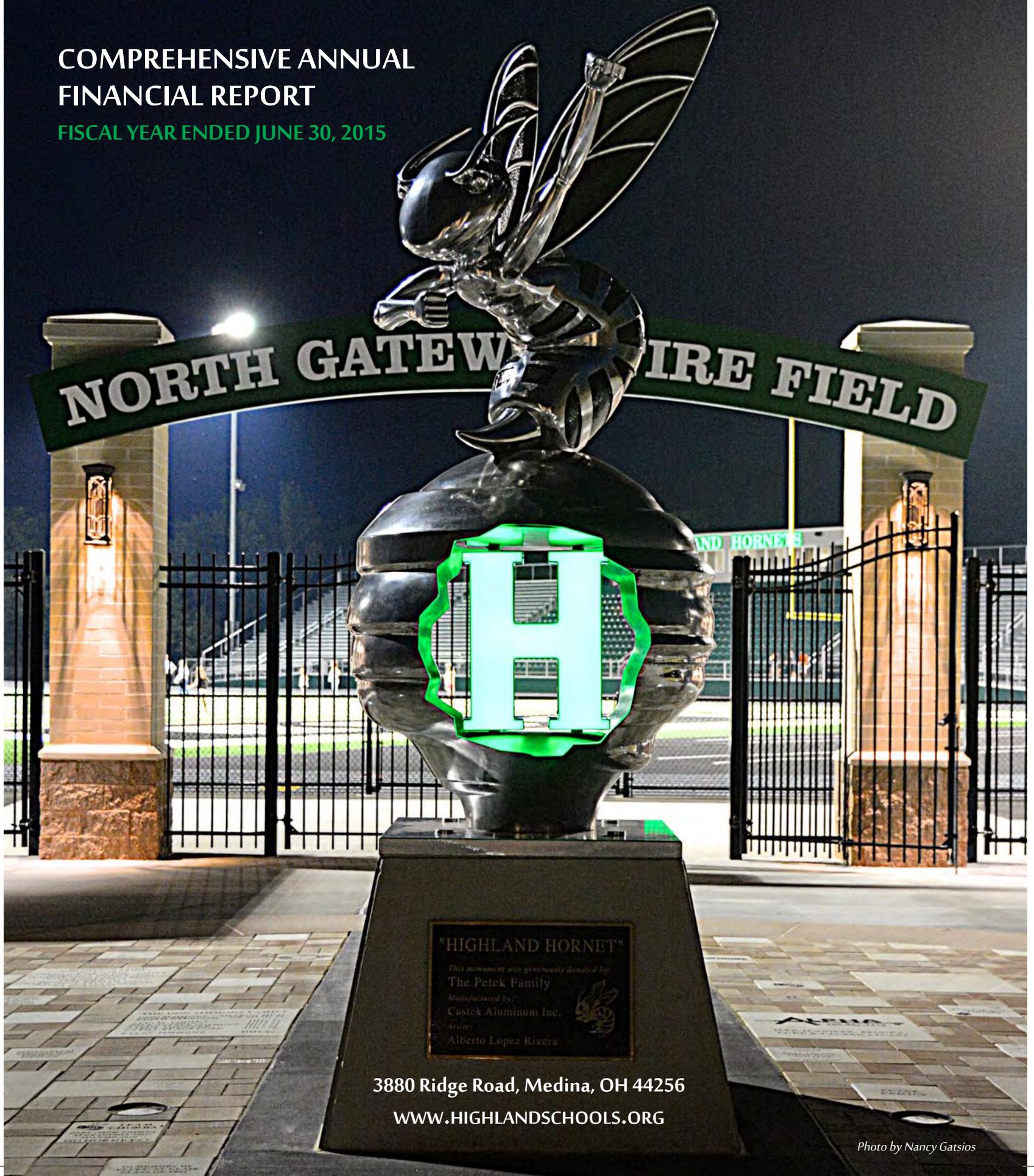
None

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HIGHLAND LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



"HIGHLAND HORNET"

This monument was generously donated by:

The Petek Family

Manufactured by:

Castek Aluminum Inc.

Artist:

Alberto Lopez Rivera



3880 Ridge Road, Medina, OH 44256

WWW.HIGHLANDSCHOOLS.ORG

Photo by Nancy Gatsios

Highland Local School District

Medina, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

<p>Prepared By: Neil Barnes, CPA, Treasurer and Treasurer's Office Staff</p>
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Highland Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2015

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Highland Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2015

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INTRODUCTORY SECTION



Highland Local Schools

3880 Ridge Road • Medina, Ohio 44256
Phone: 330-239-1901 • Fax: 330-239-2456
www.highlandschools.org

December 17, 2015

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, 2015. This report, prepared by the Treasurer’s Office, includes financial statements, supplemental schedules, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for fiscal year 2015.

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, and other interested parties upon request.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s 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 School District’s stated mission is to guarantee that each learner reaches his/her potential by providing, in partnership with the community, a quality, progressive, educational program in a safe and dynamic life-long learning environment.

The sprawling 78-square mile School District is situated in the eastern portion of Medina County with a very 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 numerous institutions of higher learning are located within a forty-five minute drive. The School District's communities are predominantly rural residential. The socioeconomic make-up generally ranges from middle to upper income.

The Highland Local School District's core 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 the Granger and Sharon districts merged. In 1952, Hinckley was added to create the Highland Local School District.

The Sharon, Granger, and Hinckley Elementary School buildings were constructed in 1922, 1929, and 1949, respectively. The Highland Middle School building was constructed in 1958. Renovations and additions have been made to these buildings throughout the years in order to modernize and to increase classroom space as enrollment increased.

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.

As of June 30, 2015, the School District had a total of 3,209 students enrolled in its five school buildings: Sharon Elementary, Granger Elementary, Hinckley Elementary, Highland Middle School housing grades 6 through 8, and Highland High School housing grades 9 through 12. During the 2014-2015 school year, 71 students in the School District attended the Medina County Career Center. The School District also operates a bus garage, maintenance facility, and athletic facilities. In the summer of 2015, the School District opened a brand-new Athletic Complex that includes a stadium with all-purpose synthetic turf, an eight lane running track, and grandstands with a combined seating capacity of 5,000; a field house; locker rooms; concessions; tennis courts; storage buildings and increased parking facilities.

Beginning in the early 1990's through 2007, the School District experienced significant increases in annual enrollment. More recently, the trend of relatively fewer new housing starts and increased alternative public school choice options has led to a steadier student population count. Enrollment is expected to remain relatively flat for the foreseeable future.

A Legacy of Excellence

Through the 2011-2012 school year, the School District had been rated "Excellent with Distinction" or "Excellent" by the Ohio Department of Education on its local report card for 13 consecutive years.

The Ohio Department of Education unveiled a new local report card format for the 2012-2013 school year. The new report card continues to evidence that Highland's students are achieving at a high level. For the 2013-2014 school year, the most recent school year for which a local report card has been published by the Ohio Department of Education, the School District's overall performance index was reported at 107.3 out of 120 or 89.4%. This performance index score, which measures the test results of every student, represents the highest mark achieved in the history of the School District. The School District also met 24 out of 24 state indicators and achieved a 4-year, on-time graduation rate of 97.1%.

Approximately 89% of the School District's graduates go on to pursue a college degree. Additionally, Highland boasts an average SAT score of 1746 and an average ACT score of 24.6. Moreover, over 75% of participating Highland students scored a 3 or better on Advanced Placement tests during the 2014-2015 school year. College readiness is the highest it has been at Highland High School in the past five years.

For the 3rd consecutive year, Highland High School earned a Silver Medal in the annual Best High School Rankings published by *US News & World Report*. For the 2014-2015 school year, Highland ranked an impressive 46th out of 881 high schools in Ohio and 1140th out of 21,000 high schools in the nation. Of the numerous Ohio schools ranked in 2015 among the *U.S. News Best High Schools*, 19 were awarded gold medals, 138 earned silver medals and 260 received bronze medals.

In August 2015, Highland High School was once again named one of "America's Top High Schools" by *Newsweek Magazine* in its 2015 ranking. The *Newsweek High School Rankings* assess schools based on a broad range of data to determine which institutions are the most effective in turning out college-ready graduates. Highland High School was one of only 34 schools in Ohio to make the list in 2015.

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 Dr. Norm Christopher, President, Mr. Bob Kelly, Vice President, Mr. Mike Houska, Mrs. Diane Thomas, and Mr. Chris Wolny.

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, including but not limited to budgeting, investments, debt management, risk management, and capital asset inventory. The Treasurer also 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 five-year contract, which ends on July 31, 2019.

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. As an additional safeguard, all employees are covered under an employee dishonesty provision of the School District's insurance policy and certain individuals in policy-making roles are covered by separate, higher limit performance and/or position bonds.

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 1st, then a permanent appropriation measure must subsequently be adopted by October 1st 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 fund level for all funds. All purchase order requests must be approved by the Superintendent and certified by the Treasurer. Following approval and certification, the necessary funds are then encumbered and purchase orders are 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.

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 4.

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 modestly each year.

In May 2011, the Highland community passed a 10-year Emergency Levy that generates in excess of \$4.6 million annually. The passage of this levy has helped provide financial stability for the School District for the foreseeable future. The Board and school administration are committed to containing costs and maximizing revenues in an effort to extend the levy cycle as long as possible.

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, which is the case for the School District. The Ohio Auditor of State performed the audit of the School District for the year ended June 30, 2015. The auditor's unmodified 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, 2014. 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

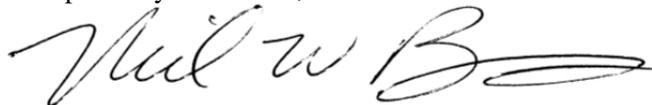
For a more in depth discussion of the financial condition of the Highland Local School District, please refer to the Management's Discussion and Analysis and the Notes to the Basic Financial Statements of the Comprehensive Annual Financial Report.

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 2015 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 stroke at the end.

Neil W. Barnes, CPA
Treasurer

Highland Local School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2015

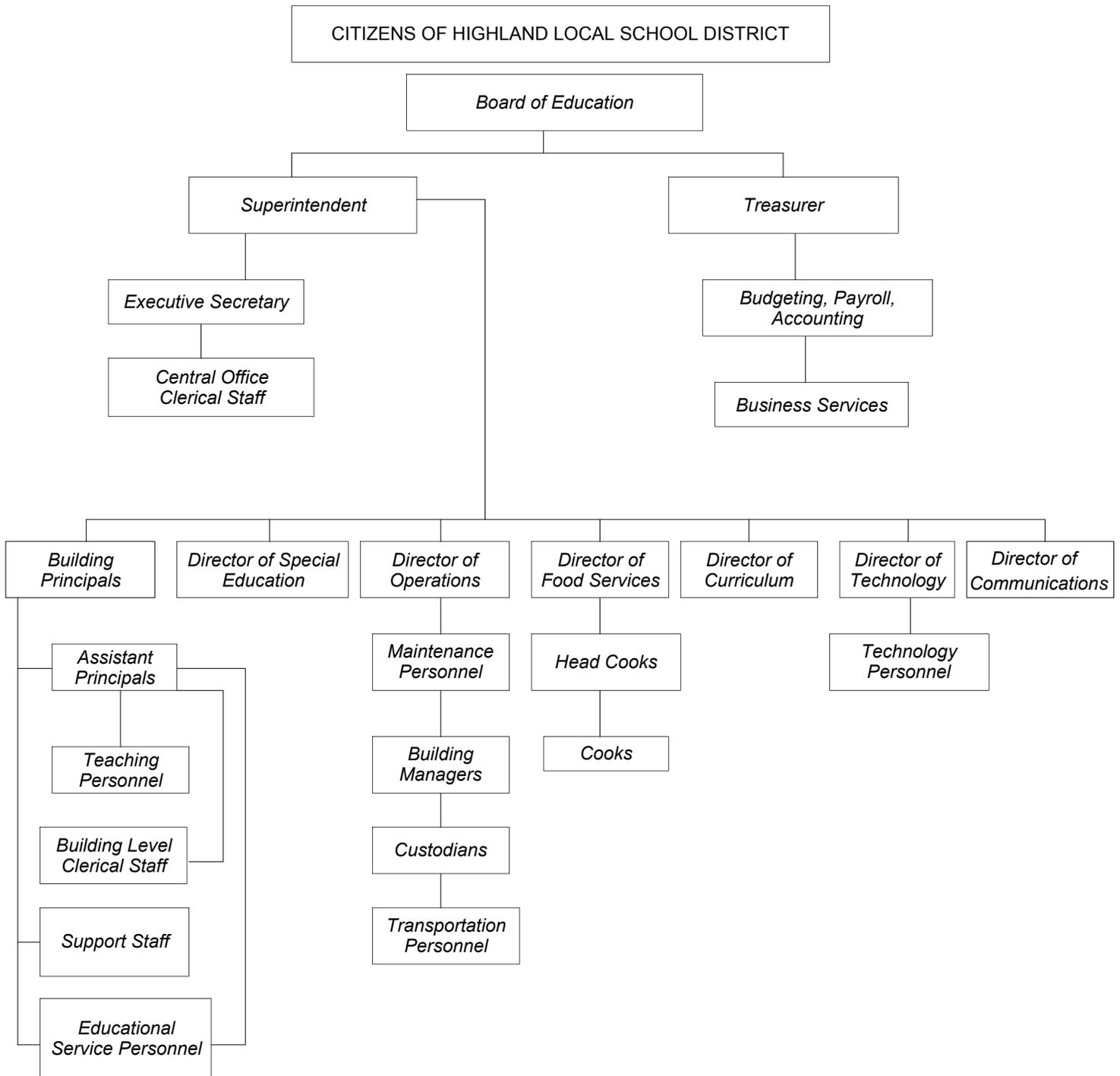
Board of Education

Dr. Norm Christopher	Board Member, President
Bob Kelly	Board Member, Vice President
Mike Houska	Board Member
Diane Thomas	Board Member
Chris Wolny	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 Communications
Dana Addis	Highland High School Principal
Carrie Knapp	Highland High School Assistant Principal
Rob Henry	Highland Middle School Principal
Christopher Roberts	Highland Middle School Assistant Principal
LeAnn Gausman	Granger Elementary School Principal
Craig Caroff	Hinckley Elementary School Principal
Kathryn Kowza	Sharon Elementary School Principal
Evelyn Makarek	Director of Food Services
Roger Saffle	Director of Technology
Dr. John Deuber	Athletic Director

**Highland Local School District
Organizational Chart**





Government Finance Officers Association

**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, 2014

Executive Director/CEO

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 17, 2015

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Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
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, 2015. 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 2015 are as follows:

- Net position of governmental activities increased \$4,676,444 representing a 28.7 percent increase from 2014.
- General revenues accounted for \$33,124,654 in revenue or 87.8 percent of all revenues. Program revenues in the form of charges for services; operating grants, contributions and interest; and capital grants, contributions and interest accounted for \$4,590,833 or 12.2 percent of total revenues of \$37,715,487.
- The School District had \$33,039,043 in expenses related to governmental activities. Of this amount, \$4,590,833 was offset by program specific revenues. General revenues of \$33,124,654 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 \$21,326,835, which is a decrease of \$3,985,595 from the prior fiscal year. This decrease is primarily due to capital outlay expenditures for the construction of a new athletic complex.

Using this Annual Financial Report

This annual report consists of a series of financial statements, notes to those statements and the required supplementary information. These statements are organized so the reader can understand the 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 position 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 the School District, the general fund, the debt service fund and the building fund are the most significant funds.

Highland Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Reporting the School District as a Whole

Statement of Net Position 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 2015?" The statement of net position and the statement of activities are designed to answer this question. These statements include all non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources 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 position and changes in that position. This change in net position is important because it tells the reader the extent to which the financial position of the School District as a whole 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 position 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 12. 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 fund, the debt service fund and the building fund, which are considered major funds. Data from the other funds is combined into a single, aggregated presentation.

Highland Local School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

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 position 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 position provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the School District had an increase in net position of \$4,676,444.

Net investment in capital assets on the government-wide statements represents a large portion of the School District's net position for fiscal year 2015 amounting to \$11,643,058. Capital assets, which include land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures, and equipment, and vehicles, 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 position, \$7,000,332, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$3,782,332 or 54.03 percent is restricted for debt service payments; \$2,781,794 or 39.74 percent is restricted for capital projects; \$296,855 or 4.24 percent is restricted for food service; \$110,593 or 1.58 percent is restricted for extracurricular; \$9,510 or 0.14 percent is restricted for scholarships; and \$19,248 or 0.27 percent is restricted for other purposes. Restricted for other purposes for the School District are net positions restricted for special revenue funds which are used for educational services. The remaining significant balance of government-wide unrestricted net position is a deficit of \$(30,266,520).

Table 1 provides a summary of the School District's net position for 2015 and 2014:

Highland Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	Restated <u>2014</u>
Assets		
Current and other assets	\$ 48,368,013	\$ 49,908,376
Capital assets, net of depreciation	<u>44,544,780</u>	<u>36,901,491</u>
Total assets	<u>92,912,793</u>	<u>86,809,867</u>
Deferred outflows of resources		
Pension	<u>2,812,022</u>	<u>2,260,144</u>
Liabilities		
Current and other liabilities	5,737,843	3,790,930
Long-term liabilities:		
Due within one year	2,014,592	2,202,088
Due in more than one year:		
Net pension liability	37,444,877	44,485,254
Other amounts due in more than one year	<u>35,049,901</u>	<u>35,153,161</u>
Total liabilities	<u>80,247,213</u>	<u>85,631,433</u>
Deferred inflows of resources		
Property taxes	20,340,029	19,738,152
Pension	<u>6,760,703</u>	<u>-</u>
Total deferred inflows of resources	<u>27,100,732</u>	<u>19,738,152</u>
Net Position		
Net investment in capital assets	11,643,058	10,939,543
Restricted	7,000,332	6,812,349
Unrestricted	<u>(30,266,520)</u>	<u>(34,051,466)</u>
Total net position	<u>\$ (11,623,130)</u>	<u>\$ (16,299,574)</u>

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. Users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. This implementation also had the effect of restating net position at June 30, 2014, from \$25,925,536 to \$(16,299,574). See Note 2 to the basic financial statements for further discussion on the implementation of GASB 68. The impact of the implementation of GASB 68 is also further explained on page 11.

The School District's statement of activities prepared on an accrual basis of accounting includes an annual pension expense for its proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting in the statement of net position.

Highland Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

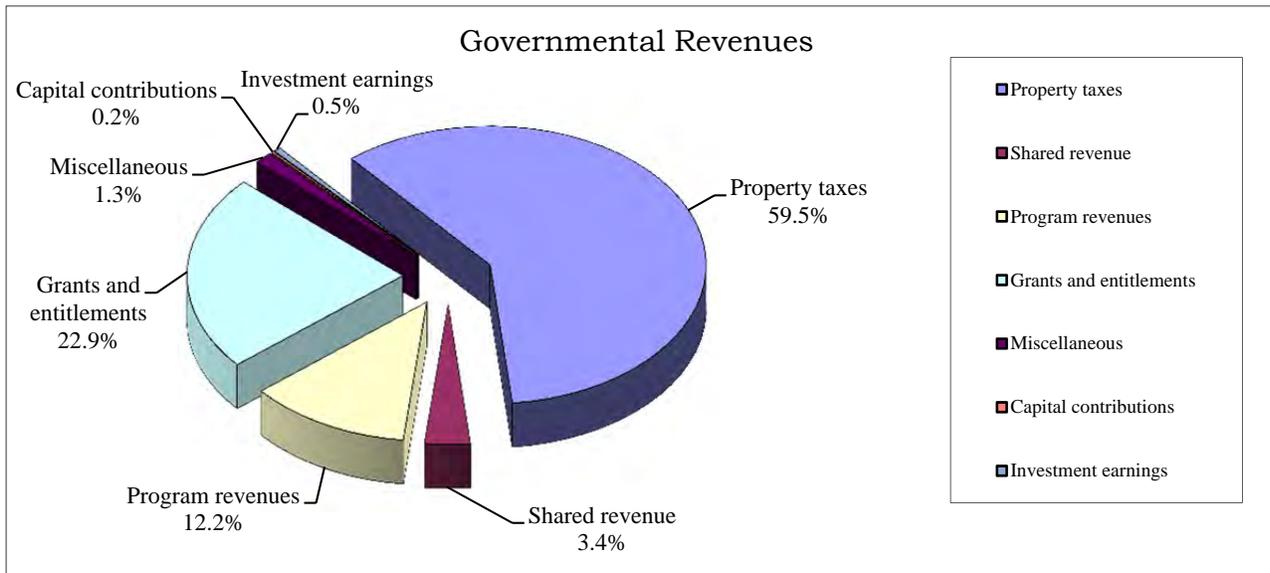
Table 2 shows change in net position for fiscal years 2015 and 2014.

Table 2
Change in Net Position

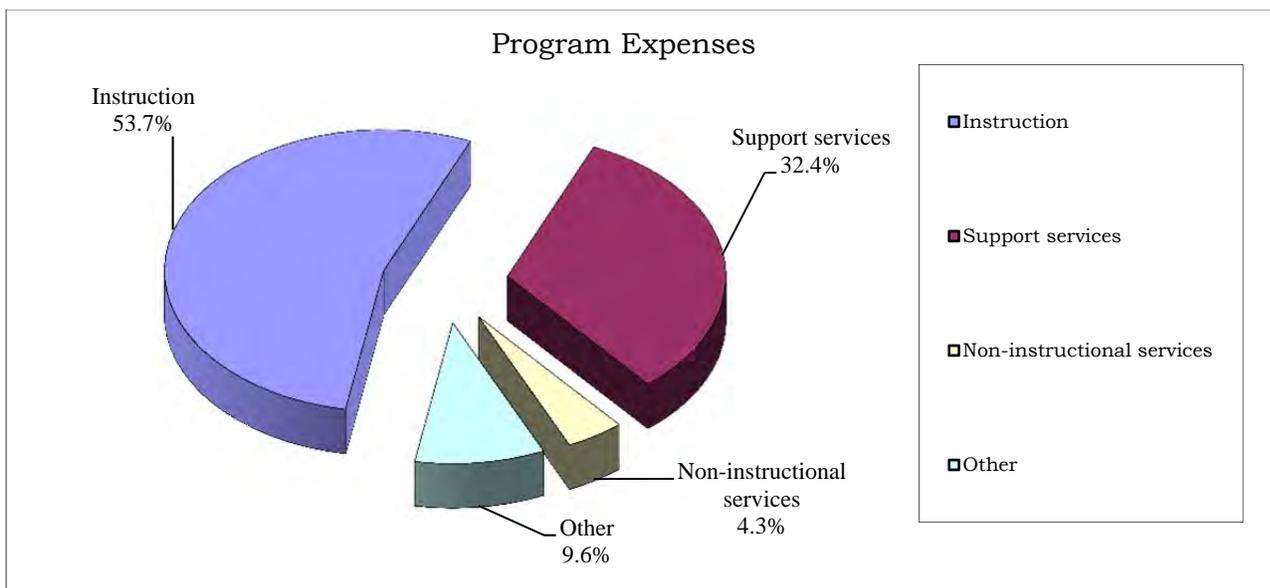
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 2,504,586	\$ 2,539,867
Operating grants, contributions and interest	1,479,865	1,293,269
Capital grants, contributions and interest	606,382	8,570
General revenues:		
Property taxes	22,431,114	22,336,298
Shared revenue	1,276,271	1,226,381
Grants and entitlements	8,626,440	8,206,922
Investment earnings	201,322	72,970
Miscellaneous	515,526	73,359
Capital contributions	73,981	-
Total revenues	<u>37,715,487</u>	<u>35,757,636</u>
<u>Program Expenses:</u>		
Instruction:		
Regular	13,380,691	13,828,776
Special	4,142,380	4,076,189
Vocational	65,495	65,283
Other	165,630	135,706
Support services:		
Pupils	1,692,431	1,654,213
Instructional staff	724,539	573,718
Board of education	51,574	23,298
Administration	2,107,510	2,221,590
Fiscal	902,665	845,133
Business	11,530	21,235
Operation and maintenance of plant	2,889,632	2,927,324
Pupil transportation	2,039,769	2,018,714
Central	269,525	263,869
Operation non-instructional services		
Food service operations	1,218,328	1,201,725
Community services	195,252	207,235
Extracurricular activities	1,556,345	1,575,167
Interest and fiscal charges	1,625,747	1,373,690
Total expenses	<u>33,039,043</u>	<u>33,012,865</u>
Increase in net position	<u>\$ 4,676,444</u>	<u>\$ 2,744,771</u>

Highland Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2015
 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 collections. Property taxes made up 59.5 percent of revenues for governmental activities for the School District in fiscal year 2015. 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 53.7 percent of governmental program expenses. Additional supporting services, including but not limited to those for pupils, staff, administration, fiscal, operation and maintenance of plant, and pupil transportation, encompassed an additional 32.4 percent. The remaining 13.9 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, 2015
Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$2,260,144 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,628,179. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 33,039,043
Pension expense under GASB 68	(1,628,179)
2015 contractually required contribution	<u>2,459,731</u>
Adjusted 2015 program expenses	33,870,595
Total 2014 program expenses under GASB 27	<u>33,012,865</u>
Increase in program expenses not related to pension	<u>\$ 857,730</u>

As a result of GASB 68, the School District is reporting a significant net pension liability and related deferred inflows of resources, which have a negative effect on net position. In addition, the School District is reporting deferred outflows of resources and a reduction of expenses related to pension for this fiscal year, which have a positive impact on net position. This expense amount is the difference between the contractually required contributions and the pension expense resulting from the change in the net pension liability that is not reported as deferred inflows or outflows. These two amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of this new accounting standard on the School District's net position, additional information is presented below.

Net position	\$ (11,623,130)
Deferred outflows - pension	(2,812,022)
Deferred inflows - pension	6,760,703
Net pension liability	<u>37,444,877</u>
Net position without new standard	<u>\$ 29,770,428</u>
Impact of GASB 68 on net position end of year	\$ (41,393,558)
Pension expense under GASB 68	1,628,179
Contractually required contribution	<u>(2,459,731)</u>
Impact of GASB 68 on net position beginning of year	<u>\$ (42,225,110)</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 \$39,159,862 and total expenditures were \$43,145,457. The total net change in fund balance across all governmental funds was a decrease of \$3,985,595. The decrease in fund balance was most significant in the building fund, amounting to \$6,943,011 or 95.7 percent. This decline was the result of expenditures made relative to the construction of a new athletic complex.

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The net change in the debt service fund was a decrease of \$262,374 or 6.4 percent, which resulted from a reduction in the bond millage amount collected by the County Auditor. These decreases in fund balance were partially offset by the net increase in fund balance for the general fund, which amounted to \$3,018,374 or 25.7 percent. The increase in fund balance for the general fund was the result of the School District continuing to experience a period of budget surplus following the relatively recent passage of an emergency levy coupled with increases in various revenue categories, which are discussed below.

Table 3
Fund Balances

	<u>Fund Balance</u> <u>June 30, 2015</u>	<u>Fund Balance</u> <u>June 30, 2014</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
General	\$ 14,764,497	\$ 11,746,123	\$ 3,018,374	25.7%
Debt service	3,836,804	4,099,178	(262,374)	-6.4%
Building	313,088	7,256,099	(6,943,011)	-95.7%
Other governmental	<u>2,412,446</u>	<u>2,211,030</u>	<u>201,416</u>	<u>9.1%</u>
Total	<u>\$ 21,326,835</u>	<u>\$ 25,312,430</u>	<u>\$ (3,985,595)</u>	<u>-15.7%</u>

General Fund

The School District's general fund balance increased \$3,018,374 during the fiscal year. The following table assists in illustrating the change in revenues of the general fund.

Table 4
General Fund - Change in Revenue

	<u>2015</u>	<u>2014</u>	<u>Percent</u> <u>Change</u>
Taxes	\$ 20,663,437	\$ 20,215,685	2.2%
Intergovernmental	8,465,320	7,963,764	6.3%
Interest	188,873	71,937	162.6%
Tuition and fees	919,222	919,429	0.0%
Extracurricular activities	407,635	417,797	-2.4%
Gifts and donations	387,434	8,588	4411.3%
Rent	46,179	21,762	112.2%
Miscellaneous	<u>475,917</u>	<u>67,515</u>	<u>604.9%</u>
Total revenues	<u>\$ 31,554,017</u>	<u>\$ 29,686,477</u>	

General fund revenues increased \$1,867,540 or 6.3 percent. The main reasons for these increases were the rise in property tax revenues resulting from new construction growth, additional basic student aid provided by the state, and increased interest, gifts and donations, and miscellaneous revenue. The increase in interest revenue stems from the School District's ability to invest longer term. The increase in donations relates to the new athletic complex. Finally, the increase in miscellaneous revenue was driven by a substantial refund of prior property tax collection fees paid to the County Auditor.

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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

Table 5
General Fund - Change in Expenditures by Type

<u>Expenditures</u>	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
Instruction	\$ 17,291,552	\$ 16,190,344	6.8%
Support services	9,960,463	9,549,457	4.3%
Extracurricular activities	1,033,392	1,035,412	-0.2%
Operation of non-instructional services	198,100	207,235	-4.4%
Capital outlay	<u>52,136</u>	<u>26,902</u>	93.8%
Total	<u>\$ 28,535,643</u>	<u>\$ 27,009,350</u>	

General fund expenditures increased \$1,526,293 or 5.7 percent from the previous year. The overall rise in expenditures over the prior year is partially attributable to increased compensation and benefit costs resulting from inflationary pressures and contractual commitments. Additionally, instructional expenditures increased due to the School District beginning a new all day, every day kindergarten program at the start of the 2014-2015 school year. Finally, tuition costs associated with placements outside of the School District experienced significant growth. Tuition costs include open enrollment to surrounding traditional public schools and community schools as well as special education placements.

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 2015, 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 revenues and other financing sources estimate was \$30,830,617, which was higher than the original budget estimate of \$29,196,111. The \$1,634,506 difference was primarily due to an increase in property tax and intergovernmental revenue projections. The actual revenues and other sources received were \$31,305,273, which was \$2,109,162 more than originally anticipated. This increase was most notably due to higher than anticipated property tax collections, increased student aid from the State, the aforementioned refund of fees from the County, and donation activity related to the new athletic complex.

The original expenditures and other financing uses estimate of \$28,283,888 was revised over the course of the fiscal year. The final budgeted expenditures and other financing uses were \$29,510,003, which was an increase of \$1,226,115 or 4.3 percent over the original budget. This increase was primarily attributable to an advance made out of the general fund in relation to the new athletic complex. This advance will be paid back over time. Actual expenditures, including encumbrances and other financing uses were under budget by \$326,391 or 1.1 percent. This immaterial favorable variance is not attributable to any one specific event.

Highland Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2015
 Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$44,544,780 invested in capital assets. Table 6 shows fiscal year 2015 balances compared to fiscal year 2014:

Table 6
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land and construction in progress	\$ 10,822,010	\$ 1,667,538
Land improvements	443,008	480,430
Buildings and building improvements	31,388,456	32,639,062
Furniture, fixtures and equipment	821,835	927,327
Vehicles	<u>1,069,471</u>	<u>1,187,134</u>
Total capital assets	<u>\$ 44,544,780</u>	<u>\$ 36,901,491</u>

Significant additions to capital assets reported by the School District during the current year included the purchase of a new bus and a significant increase to construction in progress related to the new athletic complex. As a result of significant capital asset additions such as these, the School District did report a net increase in the total carrying value of capital assets of \$7,643,289 after the recognition of \$1,699,218 in depreciation expense. See Note 9 to the basic financial statements for detail on the School District's capital assets.

Debt

At June 30, 2015, the School District had \$27,089,259 in bonds (including unamortized bond premium and bond accretion) outstanding with \$1,515,000 due within one year and \$8,433,177 in a lease-purchase agreement outstanding with \$323,475 due within one year. Table 7 summarizes the debt outstanding:

Table 7
Outstanding Debt, at Fiscal Year End
Governmental Activities

	<u>2015</u>	<u>2014</u>
School improvement bonds	\$ 27,089,259	\$ 28,150,125
Athletic complex lease-purchase agreement	<u>8,433,177</u>	<u>7,255,066</u>
Total	<u>\$ 35,522,436</u>	<u>\$ 35,405,191</u>

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.

Highland Local School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

During the 2014 fiscal year, the School District entered into a lease-purchase agreement, the proceeds of which are being used to finance the construction of a new athletic complex. The lease-purchase agreement will be repaid from the sales tax capital projects fund. During fiscal year 2015, the School District entered into a supplemental lease-purchase agreement to provide additional financing for the athletic complex project.

At June 30, 2015, the School District's overall legal debt margin was \$45,208,200 with an unvoted debt margin of \$723,954. The School District is rated Aa2 by Moody's Investors Service. The School District has budgeted to meet all of its debt requirements, which are to be repaid from the debt service fund and the sales tax capital projects fund. See Note 13 to the basic financial statements for details on the School District's debt.

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor the School District's revenues and expenditures. The five year financial forecast is discussed and updated regularly. The School District will be faced with financial challenges in the future. These challenges stem from issues at the local, state, and federal levels. 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. The state funding system limits basic aid for school districts such as Highland who are deemed to be relatively wealthy from both a property value and taxpayer income standpoint. Moreover, unfunded state mandates and the expansion of public school choice options continue to divert potential unrestricted operating resources away from traditional public school districts. Recent issues at the federal level have also had an impact on the School District. Automatic spending cuts instituted by the 2013 Budget Sequestration have led to a reduction in federal grant funding for the School District.

The School District's system of budgeting and internal controls is well regarded. School District management plans carefully and prudently to provide the resources necessary to meet student needs. All of the School District's financial abilities will be required 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 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 Position

June 30, 2015

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and investments	\$ 24,333,579
Cash and cash equivalents:	
With fiscal agents	412
Receivables:	
Taxes	22,583,869
Accounts	126,634
Intergovernmental	1,150,726
Accrued interest	62,497
Prepaid items	43,965
Inventory held for resale	21,147
Materials and supplies inventory	45,184
Capital assets:	
Land and construction in progress	10,822,010
Depreciable capital assets	60,186,222
Accumulated depreciation	(26,463,452)
Total capital assets	<u>44,544,780</u>
Total assets	<u>92,912,793</u>
<u>Deferred outflows of resources:</u>	
Pension	<u>2,812,022</u>
<u>Liabilities:</u>	
Accounts payable	2,050,228
Accrued wages	2,755,802
Matured compensated absences payable	94,148
Intergovernmental payable	704,812
Accrued interest payable	132,441
Matured interest payable	412
Long-term liabilities:	
Due within one year	2,014,592
Due in more than one year:	
Net pension liability	37,444,877
Other amounts due in more than one year	<u>35,049,901</u>
Total liabilities	<u>80,247,213</u>
<u>Deferred inflows of resources:</u>	
Property taxes	20,340,029
Pension	<u>6,760,703</u>
Total deferred inflows of resources	<u>27,100,732</u>
<u>Net position:</u>	
Net investment in capital assets	11,643,058
Restricted for:	
Capital projects	2,781,794
Debt service	3,782,332
Food service	296,855
Extracurricular	110,593
Permanent fund purpose - scholarships	
Nonexpendable	9,510
Other purposes	19,248
Unrestricted	<u>(30,266,520)</u>
Total net position	<u>\$ (11,623,130)</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues			Net (Expense)
			Operating Grants,	Capital Grants,	Revenues and
			Contributions and	Contributions and	Changes in
			Interest	Interest	Net Position
	Expenses	Charges for			Governmental
		Services			Activities
Governmental Activities:					
Instruction:					
Regular	\$ 13,380,691	\$ 440,520	\$ 126,531	\$ -	\$ (12,813,640)
Special	4,142,380	227,527	889,292	-	(3,025,561)
Vocational	65,495	-	-	-	(65,495)
Other	165,630	-	-	-	(165,630)
Support services:					
Pupils	1,692,431	-	87,206	-	(1,605,225)
Instructional staff	724,539	-	11,997	-	(712,542)
Board of education	51,574	-	-	-	(51,574)
Administration	2,107,510	-	131,233	-	(1,976,277)
Fiscal	902,665	-	-	-	(902,665)
Business	11,530	-	-	-	(11,530)
Operation and maintenance of plant	2,889,632	49,594	-	-	(2,840,038)
Pupil transportation	2,039,769	525	-	-	(2,039,244)
Central	269,525	-	9,000	-	(260,525)
Operation of non-instructional services:					
Food service operations	1,218,328	931,472	214,240	-	(72,616)
Community services	195,252	224,431	-	-	29,179
Extracurricular activities	1,556,345	630,517	10,366	606,382	(309,080)
Interest and fiscal charges	1,625,747	-	-	-	(1,625,747)
Total governmental activities	\$ 33,039,043	\$ 2,504,586	\$ 1,479,865	\$ 606,382	(28,448,210)
General Revenues:					
Property taxes levied for:					
					20,560,950
					1,870,164
Shared revenue restricted for:					
					1,276,271
					8,626,440
					201,322
					515,526
					73,981
					<u>33,124,654</u>
					4,676,444
					<u>(16,299,574)</u>
					<u>\$ (11,623,130)</u>

See accompanying notes to the basic financial statements.

Highland Local School District

Balance Sheet

Governmental Funds

June 30, 2015

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 15,399,442	\$ 3,674,555	\$ 1,944,771	\$ 3,314,811	\$ 24,333,579
Cash and cash equivalents:					
With fiscal agents	-	412	-	-	412
Receivables:					
Taxes	20,698,115	1,885,754	-	-	22,583,869
Accounts	120,679	-	-	5,955	126,634
Intergovernmental	218,067	-	-	932,659	1,150,726
Interfund	800,800	-	-	-	800,800
Accrued interest	62,497	-	-	-	62,497
Inventory held for resale	-	-	-	21,147	21,147
Materials and supplies inventory	45,184	-	-	-	45,184
Prepaid items	43,965	-	-	-	43,965
Total assets	<u>\$ 37,388,749</u>	<u>\$ 5,560,721</u>	<u>\$ 1,944,771</u>	<u>\$ 4,274,572</u>	<u>\$ 49,168,813</u>
Liabilities:					
Accounts payable	\$ 149,486	\$ -	\$ 1,631,683	\$ 269,059	\$ 2,050,228
Accrued wages	2,588,658	-	-	167,144	2,755,802
Interfund payable	-	-	-	800,800	800,800
Intergovernmental payable	652,884	-	-	51,928	704,812
Matured compensated absences payable	94,148	-	-	-	94,148
Matured interest payable	-	412	-	-	412
Total liabilities	<u>3,485,176</u>	<u>412</u>	<u>1,631,683</u>	<u>1,288,931</u>	<u>6,406,202</u>
Deferred inflows of resources:					
Property taxes	18,645,698	1,694,331	-	-	20,340,029
Unavailable revenue	175,877	-	-	573,195	749,072
Unavailable revenue - delinquent property taxes	317,501	29,174	-	-	346,675
Total deferred inflows of resources	<u>19,139,076</u>	<u>1,723,505</u>	<u>-</u>	<u>573,195</u>	<u>21,435,776</u>
Fund balances:					
Nonspendable	89,149	-	-	8,000	97,149
Restricted	-	3,836,804	313,088	2,404,446	6,554,338
Committed	11,000	-	-	-	11,000
Assigned	402,711	-	-	-	402,711
Unassigned	14,261,637	-	-	-	14,261,637
Total fund balances	<u>14,764,497</u>	<u>3,836,804</u>	<u>313,088</u>	<u>2,412,446</u>	<u>21,326,835</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,388,749</u>	<u>\$ 5,560,721</u>	<u>\$ 1,944,771</u>	<u>\$ 4,274,572</u>	<u>\$ 49,168,813</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015

Total governmental fund balances		\$ 21,326,835
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,544,780
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 346,675	
Intergovernmental receivables	673,332	
Tuition and fees	53,269	
Extracurricular	13,896	
Rent	3,415	
Miscellaneous	5,160	
Total	<u>1,095,747</u>	1,095,747
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 2,812,022	
Deferred inflows - pension	(6,760,703)	
Net pension liability	<u>(37,444,877)</u>	
Total		(41,393,558)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(132,441)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (22,325,000)	
Capital appreciation bonds	(1,405,000)	
Accretion on bonds	(2,620,714)	
Premium on bonds	(738,545)	
Lease-purchase agreement	(8,433,177)	
Compensated absences	<u>(1,542,057)</u>	
Total		<u>(37,064,493)</u>
Net position of governmental activities		<u>\$ (11,623,130)</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, 2015

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes	\$ 20,663,437	\$ 1,880,629	\$ -	\$ -	\$ 22,544,066
Intergovernmental	8,465,320	271,820	-	2,549,808	11,286,948
Interest	188,873	-	12,449	862	202,184
Tuition and fees	919,222	-	-	-	919,222
Rent	46,179	-	-	-	46,179
Extracurricular activities	407,635	-	-	226,934	634,569
Gifts and donations	387,434	-	225,000	4,265	616,699
Charges for services	-	-	-	931,472	931,472
Miscellaneous	475,917	39,203	-	20,928	536,048
Total revenues	31,554,017	2,191,652	237,449	3,734,269	37,717,387
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	13,425,347	-	-	163,873	13,589,220
Special	3,599,327	-	-	673,120	4,272,447
Vocational	84,980	-	-	-	84,980
Other	181,898	-	-	-	181,898
Support services:					
Pupils	1,606,998	-	-	93,695	1,700,693
Instructional staff	714,472	-	-	11,874	726,346
Board of education	51,903	-	-	-	51,903
Administration	2,087,246	2,977	-	115,341	2,205,564
Fiscal	879,215	29,499	22	-	908,736
Business	11,220	-	-	-	11,220
Operation and maintenance of plant	2,482,236	-	-	5,941	2,488,177
Pupil transportation	1,872,124	-	-	-	1,872,124
Central	255,049	-	-	9,000	264,049
Operation of non-instructional services:					
Food service operations	-	-	-	1,132,425	1,132,425
Community services	198,100	-	-	-	198,100
Extracurricular activities	1,033,392	-	-	232,033	1,265,425
Capital outlay	52,136	-	8,621,163	597,301	9,270,600
Debt service:					
Principal retirement	-	1,390,000	-	262,614	1,652,614
Interest and fiscal charges	-	1,031,550	-	237,386	1,268,936
Total expenditures	28,535,643	2,454,026	8,621,185	3,534,603	43,145,457
Excess of revenues over (under) expenditures	3,018,374	(262,374)	(8,383,736)	199,666	(5,428,070)
<u>Other financing sources:</u>					
Proceeds from sale of capital assets	-	-	-	1,750	1,750
Lease-purchase agreement	-	-	1,440,725	-	1,440,725
Total other financing sources	-	-	1,440,725	1,750	1,442,475
Net change in fund balances	3,018,374	(262,374)	(6,943,011)	201,416	(3,985,595)
Fund balances beginning of year	11,746,123	4,099,178	7,256,099	2,211,030	25,312,430
Fund balances end of year	\$ 14,764,497	\$ 3,836,804	\$ 313,088	\$ 2,412,446	\$ 21,326,835

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, 2015**

Net change in fund balances - total governmental funds \$ (3,985,595)

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	\$ 9,270,600	
Capital contributions	73,981	
Depreciation expense	<u>(1,699,218)</u>	
Excess of capital asset additions and capital contributions over depreciation expense		7,645,363

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 position 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.

(2,074)

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	\$ (112,952)	
Intergovernmental	84,449	
Tuition and fees	(55,657)	
Extracurricular activities	4,066	
Rent	3,415	
Miscellaneous	<u>798</u>	
Net change in deferred inflows of resources during the year		(75,881)

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

2,459,731

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

(1,628,179)

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 position.

1,652,614

Some capital additions were financed through a lease-purchase agreement. In governmental funds, a lease-purchase agreement is considered a source of financing, but in the statement of net position, the lease-purchase agreement is reported as a liability.

(1,440,725)

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:

Decrease in compensated absences	\$ 31,520	
Decrease in employee separation incentives	376,481	
Increase in accrued interest payable	<u>(27,677)</u>	
Total additional expenditures		380,324

The amortization of issuance costs, bond premium and accretion is reflected as an expense in the statement of activities.

Premium	\$ 103,403	
Bond accretion	<u>(432,537)</u>	
Total additional expenses		<u>(329,134)</u>

Change in position of governmental activities

\$ 4,676,444

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 20,358,400	\$ 20,542,021	\$ 20,615,626	\$ 73,605
Intergovernmental	7,796,611	8,538,979	8,544,989	6,010
Interest	75,000	125,000	170,823	45,823
Tuition and fees	605,500	615,475	555,471	(60,004)
Rent	25,000	30,000	35,308	5,308
Extracurricular activities	302,000	312,000	331,413	19,413
Gifts and donations	1,000	500	381,382	380,882
Miscellaneous	31,600	47,500	52,680	5,180
Total revenues	<u>29,195,111</u>	<u>30,211,475</u>	<u>30,687,692</u>	<u>476,217</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	13,229,620	13,296,460	13,252,933	43,527
Special	3,528,347	3,605,054	3,567,269	37,785
Vocational	85,330	84,687	84,312	375
Other	152,765	163,165	161,172	1,993
Support services:				
Pupils	1,630,398	1,627,706	1,588,699	39,007
Instructional staff	731,905	746,261	733,863	12,398
Board of education	43,200	52,450	49,777	2,673
Administration	2,226,655	2,244,163	2,168,421	75,742
Fiscal	890,120	893,156	883,594	9,562
Business	13,025	13,025	11,251	1,774
Operation and maintenance of plant	2,456,665	2,629,932	2,580,035	49,897
Pupil transportation	1,924,520	1,945,347	1,968,839	(23,492)
Central	274,250	288,154	262,026	26,128
Extracurricular activities	1,046,170	1,046,970	1,003,875	43,095
Capital outlay	12,500	33,055	25,042	8,013
Total expenditures	<u>28,245,470</u>	<u>28,669,585</u>	<u>28,341,108</u>	<u>328,477</u>
Excess of revenues over expenditures	<u>949,641</u>	<u>1,541,890</u>	<u>2,346,584</u>	<u>804,694</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	-	5,000	4,957	(43)
Refund of prior year expenditures	-	613,642	612,124	(1,518)
Refund of prior year receipts	(21,418)	(21,418)	(29,704)	(8,286)
Advances in	1,000	500	500	-
Advances out	(5,000)	(805,000)	(800,800)	4,200
Transfers out	(12,000)	(14,000)	(12,000)	2,000
Total other financing sources (uses)	<u>(37,418)</u>	<u>(221,276)</u>	<u>(224,923)</u>	<u>(3,647)</u>
Net change in fund balance	912,223	1,320,614	2,121,661	801,047
Fund balance at beginning of year	12,527,167	12,527,167	12,527,167	-
Prior year encumbrances appropriated	272,192	272,192	272,192	-
Fund balance at end of year	<u>\$ 13,711,582</u>	<u>\$ 14,119,973</u>	<u>\$ 14,921,020</u>	<u>\$ 801,047</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	
	Endowment	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 52,234	\$ 82,890
Accounts receivable	-	4,442
Prepaid items		350
Total assets	<u>52,234</u>	<u>\$ 87,682</u>
<u>Liabilities:</u>		
Accounts payable	\$ 2,600	\$ 5,796
Due to students	-	81,886
Total liabilities	<u>2,600</u>	<u>\$ 87,682</u>
<u>Net position:</u>		
Held in trust for scholarships	49,634	
Total net position	<u>\$ 49,634</u>	

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust
	<u>Endowment</u>
<u>Additions:</u>	
Interest	\$ 108
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,600</u>
Change in net position	(2,492)
Net position beginning of year	<u>52,126</u>
Net position end of year	<u>\$ 49,634</u>

See accompanying notes to the basic financial statements.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 149 non-certificated employees, 190 certificated teaching and support personnel, and 16 administrators that provide services to 3,209 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, 2015.

The School District is associated with the North Coast Council (NCC) and Ohio Schools Council which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organization. Information regarding NCC and the Ohio Schools Council is presented in Note 14.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

C. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities 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 position 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 three major governmental funds:

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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.

Building Fund: The building fund is used to account for the receipts and expenditures related to the construction of the athletic complex.

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the 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 fiduciary funds are a private purpose trust and two agency funds. The private purpose trust fund accounts for scholarships granted to students as specified in trust agreements and from donations received. One agency fund accounts for student activities managed by the student body and the other is used to account for money temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

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, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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 funds 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 inflows of resources, 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, 2015

Revenue - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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.

Nonexchange 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance the fiscal year 2016 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and County levied sales tax. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Expenditures/Expenses

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

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

F. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all 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 2015. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 used to purchase 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 investments". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, instruments of government sponsored mortgage-backed securities and an interest in STAR Ohio, 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 5.

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

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, 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 position.

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.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 required to be set aside by the School District for the acquisition or construction of capital improvements. 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 16 for additional information.

L. Net pension liability and pension expense

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

The current accounting standard requires School Districts to report their proportionate share of the net pension liability using the earning approach to pension accounting instead of the funding approach as previously used. The funding approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. Under the new standards, the net pension liability equals the School District's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the plan.

There is no repayment schedule for the net pension liability. The School District has no control over the changes in the pension benefits, contributions rate, and return on investments affecting the balance of the net pension liability. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

M. 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 position but are not reported on the fund financial statements.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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

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

N. 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 (including employee separation incentives) 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.

O. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position 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 position is available.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

P. Interfund Transactions

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

Q. Estimates

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

R. Fund Balance

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. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. 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 policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on previously reported net position:

Net position June 30, 2014	\$25,925,536
Adjustments:	
Net pension liability	(44,485,254)
Deferred outflow - payments subsequent to measurement date	<u>2,260,144</u>
Restated net position July 1, 2014	<u><u>(\$16,299,574)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 – 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:

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Fund Balances	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Materials and supplies inventory	\$ 45,184	\$ -	\$ -	\$ -	\$ 45,184
Prepays	43,965	-	-	-	43,965
Permanent fund principal	-	-	-	8,000	8,000
Total nonspendable	<u>89,149</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>97,149</u>
<u>Restricted for</u>					
Food service	-	-	-	320,565	320,565
Athletics and music	-	-	-	93,742	93,742
Auxiliary services	-	-	-	3,449	3,449
Special education	-	-	-	24,023	24,023
Scholarships and awards	-	-	-	15,443	15,443
Capital improvements	-	-	313,088	1,947,224	2,260,312
Debt service payments	-	3,836,804	-	-	3,836,804
Total restricted	<u>-</u>	<u>3,836,804</u>	<u>313,088</u>	<u>2,404,446</u>	<u>6,554,338</u>
<u>Committed</u>					
Underground storage tanks	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
<u>Assigned</u>					
Uniform school supplies	2,757	-	-	-	2,757
Public school support	84,546	-	-	-	84,546
Latchkey and community education	180,163	-	-	-	180,163
Various purchases on order*	135,245	-	-	-	135,245
Total assigned	<u>402,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,711</u>
Unassigned	<u>14,261,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,261,637</u>
Total fund balances	<u>\$ 14,764,497</u>	<u>\$ 3,836,804</u>	<u>\$ 313,088</u>	<u>\$ 2,412,446</u>	<u>\$ 21,326,835</u>

*Purchases on order consist primarily of supplies and purchased services.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 - 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.

	<u>General</u>
GAAP basis	\$ 3,018,374
Net adjustment for revenue accruals	103,258
Advances in	500
Net adjustment for expenditure accruals	51,098
Advances out	(800,800)
Encumbrances (Budget basis) outstanding at year-end	(213,721)
Perspective differences from funds budgeted as special revenue funds:	
Revenues	(352,502)
Transfers from the general fund	(12,000)
Expenditures	327,454
Budget basis	<u>\$ 2,121,661</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 within five years 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, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements 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 (STAR Ohio);

Highland Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

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 \$5,342,626. The School District's bank balance of \$5,506,416 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:

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

<u>Investment type</u>	<u>Fair Value</u>	Single	Portfolio		<u>Rating</u>
		<u>Issuer Ratio</u>	<u>Ratio</u>	<u>Maturity</u>	
Federal Farm Credit Bank	\$ 998,040		7.6%	7/23/2018	AA+ ⁽²⁾
Federal Farm Credit Bank	<u>1,001,050</u>		7.6%	7/24/2019	AA+ ⁽²⁾
Total FFCB	<u>1,999,090</u>	18.2%			
Federal National Mortgage Association	1,705,097		12.9%	8/25/2017	AA+ ⁽²⁾
Federal National Mortgage Association	1,298,323		9.8%	5/18/2018	AA+ ⁽²⁾
Federal National Mortgage Association	<u>996,900</u>		7.5%	5/20/2019	AA+ ⁽²⁾
Total FNMA	<u>4,000,320</u>	36.4%			
Federal Home Loan Bank	750,120		5.7%	3/18/2019	AA+ ⁽²⁾
Federal Home Loan Bank	<u>994,050</u>		7.5%	2/27/2020	AA+ ⁽²⁾
Total FHLB	<u>1,744,170</u>	15.9%			
Federal Home Loan Mortgage Corporation	1,000,310		7.6%	6/16/2017	AA+ ⁽²⁾
Federal Home Loan Mortgage Corporation	749,220		5.7%	3/19/2019	AA+ ⁽²⁾
Federal Home Loan Mortgage Corporation	498,785		3.8%	3/17/2020	AA+ ⁽²⁾
Federal Home Loan Mortgage Corporation	<u>993,290</u>		7.5%	3/19/2020	AA+ ⁽²⁾
Total FHLMC	<u>3,241,605</u>	29.5%			
Subtotal government sponsored securities	<u>10,985,185</u>	<u>100%</u>			
Repurchase agreements	2,210,000		16.7%	Daily	AA+ ⁽¹⁾
STAR Ohio	<u>18,786</u>		<u>0.1%</u>	53.4 ⁽³⁾	AAAm ⁽²⁾
	<u>\$ 13,213,971</u>		<u>100%</u>		

⁽¹⁾ Standard and Poor's rating of underlying investment

⁽²⁾ Standard and Poor's rating

⁽³⁾ Days (Average)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>		
		<u>< 1 year</u>	<u>< 2 years</u>	<u>3-5 years</u>
Negotiable certificates of deposit	\$ 5,912,518	\$ 1,942,817	\$ 1,245,452	\$ 2,724,249

All of the School District's negotiable CD's were covered in full by FDIC insurance.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2015.

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 \$2,210,000 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 National Mortgage Association (FNMA) 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 STAR Ohio an AAAm rating and the Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC) bonds an AA+ rating. Ohio law requires that STAR Ohio 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 FFCB bonds, FNMA bonds, FHLB bonds and FHLMC bonds. These investments are presented in the table on the previous page. The investment in STAR Ohio is a pooled investment and not of a single issuer. The School District's policy does not specify stricter limits than allowed by law.

All interest is legally required to be placed in the general fund, the food service and auxiliary services special revenue funds, the building capital projects fund and the Scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$188,873, which includes \$64,929 assigned from other School District funds.

NOTE 6 - 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, 2015

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, 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 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 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.

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, 2015 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 inflows of resources – property taxes.

The amount available as an advance at year-end was \$1,734,916 in the general fund and \$162,249 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.

The assessed values totaling \$723,954,090 upon which the current fiscal year taxes were collected are:

2014 <u>Property Category</u>	Medina <u>County</u>	Summit <u>County</u>
<u>Real Property</u>		
Residential and agricultural	\$ 652,168,330	\$ 6,611,200
Commercial, industrial and minerals	52,159,310	-
<u>Tangible Personal Property</u>		
Public utilities	<u>12,842,060</u>	<u>173,190</u>
Total	<u>\$ 717,169,700</u>	<u>\$ 6,784,390</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – 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 for a period of 30 years. 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 8 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (primarily 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 as follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General:	
Special education reimbursement	\$ 103,562
Tuition and fees	<u>114,505</u>
Total general	<u>218,067</u>
Other governmental funds:	
Sales tax	865,563
Grants	<u>67,096</u>
Total governmental funds	<u>932,659</u>
Total	<u>\$ 1,150,726</u>

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Governmental Activities</u>				
Nondepreciable capital assets				
Land	\$ 1,299,013	\$ -	\$ -	\$ 1,299,013
Construction in progress	368,525	9,154,472	-	9,522,997
Total nondepreciable capital assets	<u>1,667,538</u>	<u>9,154,472</u>	<u>-</u>	<u>10,822,010</u>
Depreciable capital assets				
Land improvements, depreciated	1,696,322	32,304	-	1,728,626
Buildings and building improvements	52,462,346	54,271	-	52,516,617
Furniture, fixtures, and equipment	4,061,392	23,794	(1,133,985)	2,951,201
Vehicles	2,910,038	79,740	-	2,989,778
Total depreciable capital assets	<u>61,130,098</u>	<u>190,109</u>	<u>(1,133,985)</u>	<u>60,186,222</u>
Less accumulated depreciation:				
Land improvements	(1,215,892)	(69,726)	-	(1,285,618)
Buildings and building improvements	(19,823,284)	(1,304,877)	-	(21,128,161)
Furniture, fixtures, and equipment	(3,134,065)	(127,212)	1,131,911	(2,129,366)
Vehicles	(1,722,904)	(197,403)	-	(1,920,307)
Total accumulated depreciation	<u>(25,896,145)</u>	<u>(1,699,218)</u>	<u>1,131,911</u>	<u>(26,463,452)</u>
Depreciable capital assets, net				
Governmental activities	<u>35,233,953</u>	<u>(1,509,109)</u>	<u>(2,074)</u>	<u>33,722,770</u>
Capital assets, net	<u>\$ 36,901,491</u>	<u>\$ 7,645,363</u>	<u>\$ (2,074)</u>	<u>\$ 44,544,780</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	535,820
Special		22,208
Vocational		4,548
Support services:		
Pupils		49,425
Instructional staff		24,548
Administration		23,441
Fiscal		3,971
Business		334
Operation and maintenance of plant		413,720
Pupil transportation		187,394
Central		7,070
Food service operations		94,829
Extracurricular activities		<u>331,910</u>
Total depreciation expense	\$	<u>1,699,218</u>

NOTE 10 - 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 more than one hundred member school districts, educational service centers, libraries, colleges 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 includes both individual and aggregate stop-loss provisions. 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 and wages. This rate is calculated based on accident history and administrative costs.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

A. School Employees Retirement System

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

Age and service requirements for retirement are as follows:

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$567,289 for fiscal year 2015. Of this amount \$55,187 is reported as an intergovernmental payable.

B. State Teachers Retirement System of Ohio

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The School District's contractually required contribution to STRS was \$1,892,442 for fiscal year 2015. Of this amount \$323,894 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$7,345,098	\$30,099,779	\$37,444,877
Proportion of the net pension liability	0.145133%	0.1237479%	
Pension expense	\$427,598	\$1,200,581	\$1,628,179

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 62,515	\$ 289,776	\$ 352,291
School District contributions subsequent to the measurement date	<u>567,289</u>	<u>1,892,442</u>	<u>2,459,731</u>
Total deferred outflows of resources	<u>\$ 629,804</u>	<u>\$ 2,182,218</u>	<u>\$ 2,812,022</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 1,192,130</u>	<u>\$ 5,568,573</u>	<u>\$ 6,760,703</u>

\$2,459,731 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (282,404)	\$ (1,319,699)	\$ (1,602,103)
2017	(282,404)	(1,319,699)	(1,602,103)
2018	(282,404)	(1,319,699)	(1,602,103)
2019	<u>(282,403)</u>	<u>(1,319,700)</u>	<u>(1,602,103)</u>
Total	<u>\$ (1,129,615)</u>	<u>\$ (5,278,797)</u>	<u>\$ (6,408,412)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Cash	1.00 %	0.00 %
US stocks	22.50	5.00
Non-US stocks	22.50	5.50
Fixed income	19.00	1.50
Private equity	10.00	10.00
Real assets	10.00	5.00
Multi-asset strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease <u>(6.75%)</u>	Current discount rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$ 10,479,273	\$7,345,098	\$4,708,987

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Domestic equity	31.00 %	8.00 %
International equity	26.00	7.85
Alternatives	14.00	8.00
Fixed income	18.00	3.75
Real estate	10.00	6.75
Liquidity reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease <u>(6.75%)</u>	Current discount rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$ 43,091,116	\$30,099,779	\$19,113,480

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$75,574.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$114,069, \$82,044, and \$78,857, respectively. For fiscal year 2015, 27.9 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$127,428, and \$126,703 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

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>Restated Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>
<u>General obligation bonds</u>					
<u>School Improvement Bonds</u>					
maturing December 1, 2026					
Serial and term bonds	\$ 23,715,000	\$ -	\$ (1,390,000)	\$ 22,325,000	
Capital appreciation bonds	1,405,000	-	-	1,405,000	500,000
Premium on bonds	841,948	-	(103,403)	738,545	-
Accretion on bonds	<u>2,188,177</u>	<u>432,537</u>	<u>-</u>	<u>2,620,714</u>	<u>1,015,000</u>
Total general obligation bonds	<u>28,150,125</u>	<u>432,537</u>	<u>(1,493,403)</u>	<u>27,089,259</u>	<u>1,515,000</u>
<u>Other Obligations</u>					
Athletic complex lease-purchase agreement	7,255,066	1,440,725	(262,614)	8,433,177	323,475
Compensated absences	1,479,919	313,994	(345,514)	1,448,399	82,459
Employee separation incentives	<u>470,139</u>	<u>-</u>	<u>(376,481)</u>	<u>93,658</u>	<u>93,658</u>
Total other obligations	<u>9,205,124</u>	<u>1,754,719</u>	<u>(984,609)</u>	<u>9,975,234</u>	<u>499,592</u>
<u>Net pension liability</u>					
STRS	35,854,660	-	(5,754,881)	30,099,779	-
SERS	<u>8,630,594</u>	<u>-</u>	<u>(1,285,496)</u>	<u>7,345,098</u>	<u>-</u>
Total net pension liability	<u>44,485,254</u>	<u>-</u>	<u>(7,040,377)</u>	<u>37,444,877</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 81,840,503</u>	<u>\$ 2,187,256</u>	<u>\$ (9,518,389)</u>	<u>\$ 74,509,370</u>	<u>\$ 2,014,592</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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. 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 December 2011, all of the old bonds have been called and redeemed. The new bonds include serial and capital appreciation bonds. Current year additions amounted to \$432,537 which represents the accretion of discounted interest.

Athletic complex lease-purchase agreement: On June, 5, 2014, the School District entered into a lease-purchase agreement to finance the construction of a new athletic complex. The aggregate amount of the principal component of payments under the agreement is \$7,255,066 and the interest component of those payments accrues at the fixed rate of 3.272%. Payments under the agreement, amounting to \$500,000 annually and first due on June 5, 2015, are planned to be paid from County sales tax revenue received by the School District. The final payment under the agreement is due June 5, 2034.

On October 21, 2014, the School District entered into a supplemental lease-purchase agreement to provide additional financing for the aforementioned athletic complex project in the aggregate principal amount of \$1,440,725. The interest component of payments accrues at the fixed rate of 3.25%. Payments under the supplemental agreement, amounting to \$99,091 annually and first due on October 21, 2015, are also to be paid from County sales tax revenue received by the School District. The final payment under the supplemental agreement is due October 21, 2034.

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

The School District pays pension obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to amortize all bonds and the lease-purchase agreement outstanding at June 30, 2015 are as follows:

Highland Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Fiscal Year	School Improvement Bonds				Athletic Complex Lease-Purchase Agreement		
	Principal	Interest	Interest Compounded	Total	Principal	Interest	Total
2016	\$ 500,000	\$ 1,003,750	\$ 1,015,000	\$ 2,518,750	\$ 323,475	\$ 275,617	\$ 599,092
2017	465,000	1,003,750	1,125,000	2,593,750	334,048	265,044	599,092
2018	440,000	1,003,750	1,225,000	2,668,750	344,966	254,126	599,092
2019	1,740,000	963,512	-	2,703,512	356,240	242,851	599,091
2020	1,905,000	879,222	-	2,784,222	367,884	231,207	599,091
2021-2025	12,265,000	2,873,263	-	15,138,263	2,027,838	967,619	2,995,457
2026-2030	6,415,000	285,797	-	6,700,797	2,381,615	613,842	2,995,457
2031-2034	-	-	-	-	2,297,111	198,345	2,495,456
Total	<u>\$ 23,730,000</u>	<u>\$ 8,013,044</u>	<u>\$ 3,365,000</u>	<u>\$ 35,108,044</u>	<u>\$ 8,433,177</u>	<u>\$ 3,048,651</u>	<u>\$ 11,481,828</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

North Coast Council (NCC) is a jointly governed organization comprised of twenty-seven member school districts and two educational service centers. The jointly governed organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. NCC is governed by a nine member Board of Directors chosen from the general membership of the NCC. Each participating entity's contribution to NCC is dependent upon student enrollment and/or software packages and services utilized. Financial information for NCC can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, which serves as fiscal agent. During fiscal year 2015, the School District contributed \$94,434 to NCC.

The Ohio Schools Council (Council) is a jointly governed organization among 200 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member 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 2015 the School District paid the Council \$95,470 for natural gas purchases, \$777 for membership fees, \$400 in co-operative purchasing and \$802 for other services. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 15 - CONTINGENCIES

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015.

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not yet finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either an immaterial receivable to or liability of the School District.

NOTE 16 - 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. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent 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, 2014	\$ -
Current year set-aside requirement	536,791
Current year offset	(1,390,000)
Qualifying disbursements	<u>(631,199)</u>
Total	<u>\$ (1,484,408)</u>
Balance carried forward to future years	<u>\$ -</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 800,800

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, 2015, all interfund loans outstanding are anticipated to be repaid in fiscal year 2016.

NOTE 18 – CONSTRUCTION COMMITMENTS

As of June 30, 2015, the School District has construction commitments for the athletic complex project in the amount of \$2,311,085.



Required Supplementary Information

Highland Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
School Employees Retirement System (SERS) of Ohio		
School District's proportion of the net pension liability	0.145133%	0.145133%
School District's proportionate share of the net pension liability	\$ 7,345,098	\$ 8,630,594
School District's covered employee payroll	\$ 4,209,805	\$ 4,093,569
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	174.48%	210.83%
Plan fiduciary net position as a percentage of total pension liability	71.70%	65.52%
	<u>2014</u>	<u>2013</u>
State Teachers Retirement System (STRS) of Ohio		
School District's proportion of the net pension liability	0.1237479%	0.1237479%
School District's proportionate share of the net pension liability	\$ 30,099,779	\$ 35,854,660
School District's covered employee payroll	\$ 12,897,423	\$ 12,543,962
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	233.38%	285.83%
Plan fiduciary net position as a percentage of total pension liability	74.70%	69.30%

(1) Information prior to 2013 is not available and the amounts presented are as of the School District's measurement date which is the prior fiscal year end.

Highland Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Three Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School Employees Retirement System (SERS) of Ohio			
Contractually required contribution	\$ 567,289	\$ 583,479	\$ 566,550
Contributions in relation to contractually required contribution	<u>(567,289)</u>	<u>(583,479)</u>	<u>(566,550)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 4,304,165	\$ 4,209,805	\$ 4,093,569
Contributions as a percentage of covered employee payroll	13.18%	13.86%	13.84%

	<u>2015</u>	<u>2014</u>	<u>2013</u>
State Teachers Retirement System (STRS) of Ohio			
Contractually required contribution	\$ 1,892,442	\$ 1,676,665	\$ 1,630,715
Contributions in relation to contractually required contribution	<u>(1,892,442)</u>	<u>(1,676,665)</u>	<u>(1,630,715)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 13,517,443	\$ 12,897,423	\$ 12,543,962
Contributions as a percentage of covered employee payroll	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available.

Highland Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

**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's 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, cheerleading, 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 for data communication links to connect any school to the local data acquisition site.

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.

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.

IDEA 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.

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, 2015

	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	\$ 598,632	\$ 2,706,669	\$ 9,510	\$ 3,314,811
Receivables:				
Accounts	5,344	611	-	5,955
Intergovernmental	67,096	865,563	-	932,659
Inventory held for resale	21,147	-	-	21,147
Total assets	<u>\$ 692,219</u>	<u>\$ 3,572,843</u>	<u>\$ 9,510</u>	<u>\$ 4,274,572</u>
<u>Liabilities:</u>				
Accounts payable	\$ 13,717	\$ 255,342	\$ -	\$ 269,059
Accrued wages	167,144	-	-	167,144
Interfund payable	800	800,000	-	800,800
Intergovernmental payable	51,928	-	-	51,928
Total liabilities	<u>233,589</u>	<u>1,055,342</u>	<u>-</u>	<u>1,288,931</u>
<u>Deferred inflows of resources</u>				
Unavailable revenue	<u>2,918</u>	<u>570,277</u>	<u>-</u>	<u>573,195</u>
<u>Fund balance:</u>				
Nonspendable	-	-	8,000	8,000
Restricted	455,712	1,947,224	1,510	2,404,446
Total fund balances	<u>455,712</u>	<u>1,947,224</u>	<u>9,510</u>	<u>2,412,446</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 692,219</u>	<u>\$ 3,572,843</u>	<u>\$ 9,510</u>	<u>\$ 4,274,572</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, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Intergovernmental	\$ 1,254,556	\$ 1,295,252	\$ -	\$ 2,549,808
Interest	842	-	20	862
Extracurricular activities	226,934	-	-	226,934
Gifts and donations	4,265	-	-	4,265
Charges for services	931,472	-	-	931,472
Miscellaneous	20,320	608	-	20,928
Total revenues	<u>2,438,389</u>	<u>1,295,860</u>	<u>20</u>	<u>3,734,269</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	132,921	30,952	-	163,873
Special	673,120	-	-	673,120
Support services:				
Pupils	93,695	-	-	93,695
Instructional staff	11,874	-	-	11,874
Administration	115,341	-	-	115,341
Operation and maintenance of plant	-	5,941	-	5,941
Central	9,000	-	-	9,000
Operation of non-instructional services:				
Food service operations	1,132,425	-	-	1,132,425
Extracurricular activities	232,033	-	-	232,033
Capital outlay	2,170	595,131	-	597,301
Debt service:				
Principal retirement	-	262,614	-	262,614
Interest and fiscal charges	-	237,386	-	237,386
Total expenditures	<u>2,402,579</u>	<u>1,132,024</u>	<u>-</u>	<u>3,534,603</u>
Excess of revenues over expenditures	<u>35,810</u>	<u>163,836</u>	<u>20</u>	<u>199,666</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	1,750	-	1,750
Net change in fund balances	35,810	165,586	20	201,416
Fund balances at beginning of year	419,902	1,781,638	9,490	2,211,030
Fund balances at end of year	<u>\$ 455,712</u>	<u>\$ 1,947,224</u>	<u>\$ 9,510</u>	<u>\$ 2,412,446</u>

Highland Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	<u>Food Service</u>	<u>Special Trust</u>	<u>Miscellaneous Local Grant</u>	<u>District Managed Student Activity</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 393,835	\$ 13,933	\$ 172	\$ 97,339
Receivables:				
Accounts	454	-	-	4,890
Intergovernmental	-	-	628	-
Inventory held for resale	21,147	-	-	-
Total assets	<u>\$ 415,436</u>	<u>\$ 13,933</u>	<u>\$ 800</u>	<u>\$ 102,229</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,732
Accrued wages	63,948	-	-	800
Interfund payable	-	-	800	-
Intergovernmental payable	30,923	-	-	37
Total liabilities	<u>94,871</u>	<u>-</u>	<u>800</u>	<u>5,569</u>
<u>Deferred inflows of resources</u>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,918</u>
<u>Fund balances:</u>				
Restricted	<u>320,565</u>	<u>13,933</u>	<u>-</u>	<u>93,742</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 415,436</u>	<u>\$ 13,933</u>	<u>\$ 800</u>	<u>\$ 102,229</u>

<u>Auxiliary Services</u>	<u>Data Communications</u>	<u>Race to the Top</u>	<u>IDEA, Part B</u>	<u>Title III Limited English Proficiency</u>	<u>Title I</u>
\$ 5,234	\$ -	\$ -	\$ 65,098	\$ -	\$ 23,021
-	-	-	-	-	-
-	-	-	48,077	-	18,391
-	-	-	-	-	-
<u>\$ 5,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,175</u>	<u>\$ -</u>	<u>\$ 41,412</u>
\$ 1,785	\$ -	\$ -	\$ 7,200	\$ -	\$ -
-	-	-	67,762	-	34,634
-	-	-	-	-	-
-	-	-	15,617	-	5,351
<u>1,785</u>	<u>-</u>	<u>-</u>	<u>90,579</u>	<u>-</u>	<u>39,985</u>
-	-	-	-	-	-
<u>3,449</u>	<u>-</u>	<u>-</u>	<u>22,596</u>	<u>-</u>	<u>1,427</u>
<u>\$ 5,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,175</u>	<u>\$ -</u>	<u>\$ 41,412</u>

(Continued)

Highland Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	IDEA Preschool Grant for Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ 598,632
Receivables:			
Accounts	-	-	5,344
Intergovernmental	-	-	67,096
Inventory held for resale	-	-	21,147
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,219</u>
<u>Liabilities:</u>			
Accounts payable	\$ -	\$ -	\$ 13,717
Accrued wages	-	-	167,144
Interfund payable	-	-	800
Intergovernmental payable	-	-	51,928
Total liabilities	<u>-</u>	<u>-</u>	<u>233,589</u>
<u>Deferred inflows of resources</u>			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>2,918</u>
<u>Fund balances:</u>			
Restricted	<u>-</u>	<u>-</u>	<u>455,712</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,219</u>



Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Special Trust</u>	<u>Miscellaneous Local Grant</u>	<u>District Managed Student Activity</u>
<u>Revenues:</u>				
Intergovernmental	\$ 213,442	\$ -	\$ 82,505	\$ -
Interest	798	29	-	-
Extracurricular activities	-	-	-	226,934
Gifts and donations	-	-	-	4,265
Charges for services	931,472	-	-	-
Miscellaneous	-	-	-	20,320
Total revenues	<u>1,145,712</u>	<u>29</u>	<u>82,505</u>	<u>251,519</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	22,710	-
Special	-	-	-	-
Support services:				
Pupils	-	-	58,000	-
Instructional staff	-	-	2,500	-
Administration	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,132,425	-	-	-
Extracurricular activities	-	-	-	232,033
Capital outlay	-	-	-	2,170
Total expenditures	<u>1,132,425</u>	<u>-</u>	<u>83,210</u>	<u>234,203</u>
Net change in fund balances	13,287	29	(705)	17,316
Fund balances at beginning of year	<u>307,278</u>	<u>13,904</u>	<u>705</u>	<u>76,426</u>
Fund balances at end of year	<u>\$ 320,565</u>	<u>\$ 13,933</u>	<u>\$ -</u>	<u>\$ 93,742</u>

<u>Auxiliary Services</u>	<u>Data Communications</u>	<u>Race to the Top</u>	<u>IDEA, Part B</u>	<u>Title III Limited English Proficiency</u>	<u>Title I</u>
\$ 86,604	\$ 9,000	\$ 5,223	\$ 584,191	\$ 4,174	\$ 214,495
15	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>86,619</u>	<u>9,000</u>	<u>5,223</u>	<u>584,191</u>	<u>4,174</u>	<u>214,495</u>
53,799	-	6,045	-	-	-
-	-	-	443,053	-	220,847
27,228	-	-	8,467	-	-
5,200	-	-	-	4,174	-
-	-	-	115,341	-	-
-	9,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>86,227</u>	<u>9,000</u>	<u>6,045</u>	<u>566,861</u>	<u>4,174</u>	<u>220,847</u>
392	-	(822)	17,330	-	(6,352)
3,057	-	822	5,266	-	7,779
<u>\$ 3,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,596</u>	<u>\$ -</u>	<u>\$ 1,427</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, 2015

	IDEA Preschool Grant for Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>			
Intergovernmental	\$ 9,041	\$ 45,881	\$ 1,254,556
Interest	-	-	842
Extracurricular activities	-	-	226,934
Gifts and donations	-	-	4,265
Charges for services	-	-	931,472
Miscellaneous	-	-	20,320
Total revenues	<u>9,041</u>	<u>45,881</u>	<u>2,438,389</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	50,367	132,921
Special	9,220	-	673,120
Support services:			
Pupils	-	-	93,695
Instructional staff	-	-	11,874
Administration	-	-	115,341
Central	-	-	9,000
Operation of non-instructional services:			
Food service operations	-	-	1,132,425
Extracurricular activities	-	-	232,033
Capital outlay	-	-	2,170
Total expenditures	<u>9,220</u>	<u>50,367</u>	<u>2,402,579</u>
Net change in fund balances	(179)	(4,486)	35,810
Fund balances at beginning of year	<u>179</u>	<u>4,486</u>	<u>419,902</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,712</u>

Highland Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015

	<u>Permanent Improvement</u>	<u>Sales Tax</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 212,251	\$ 2,494,418	\$ 2,706,669
<u>Receivables:</u>			
Accounts	611	-	611
Intergovernmental	-	865,563	865,563
Total assets	<u>\$ 212,862</u>	<u>\$ 3,359,981</u>	<u>\$ 3,572,843</u>
<u>Liabilities:</u>			
Accounts payable	\$ -	\$ 255,342	\$ 255,342
Interfund payable	-	800,000	800,000
Total liabilities	<u>-</u>	<u>1,055,342</u>	<u>1,055,342</u>
<u>Deferred inflows of resources</u>			
Unavailable revenue	<u>507</u>	<u>569,770</u>	<u>570,277</u>
<u>Fund balance:</u>			
Restricted	<u>212,355</u>	<u>1,734,869</u>	<u>1,947,224</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 212,862</u>	<u>\$ 3,359,981</u>	<u>\$ 3,572,843</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, 2015

	<u>Permanent Improvement</u>	<u>Sales Tax</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Intergovernmental	\$ -	\$ 1,295,252	\$ 1,295,252
Miscellaneous	608	-	608
Total revenues	<u>608</u>	<u>1,295,252</u>	<u>1,295,860</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	30,952	30,952
Support services:			
Operation and maintenance of plant	-	5,941	5,941
Capital outlay	-	595,131	595,131
Debt service:			
Principal retirement	-	262,614	262,614
Interest and fiscal charges	-	237,386	237,386
Total expenditures	<u>-</u>	<u>1,132,024</u>	<u>1,132,024</u>
Excess of revenues over expenditures	<u>608</u>	<u>163,228</u>	<u>163,836</u>
<u>Other financing sources:</u>			
Proceeds from sale of capital assets	<u>-</u>	<u>1,750</u>	<u>1,750</u>
Net change in fund balances	608	164,978	165,586
Fund balances at beginning of year	211,747	1,569,891	1,781,638
Fund balances at end of year	<u>\$ 212,355</u>	<u>\$ 1,734,869</u>	<u>\$ 1,947,224</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 main 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.

MAJOR CAPITAL PROJECT FUND

Building

To account for the receipts and expenditures related to the construction of an athletic complex.

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, 2015

General Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 20,542,021	\$ 20,615,626	\$ 73,605
Intergovernmental	8,538,979	8,544,989	6,010
Interest	125,000	170,823	45,823
Tuition and fees	615,475	555,471	(60,004)
Rent	30,000	35,308	5,308
Extracurricular activities	312,000	331,413	19,413
Gifts and donations	500	381,382	380,882
Miscellaneous	47,500	52,680	5,180
Total revenues	<u>30,211,475</u>	<u>30,687,692</u>	<u>476,217</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	13,296,460	13,252,933	43,527
Special	3,605,054	3,567,269	37,785
Vocational	84,687	84,312	375
Other	163,165	161,172	1,993
Support services:			
Pupils	1,627,706	1,588,699	39,007
Instructional staff	746,261	733,863	12,398
Board of education	52,450	49,777	2,673
Administration	2,244,163	2,168,421	75,742
Fiscal	893,156	883,594	9,562
Business	13,025	11,251	1,774
Operation and maintenance of plant	2,629,932	2,580,035	49,897
Pupil transportation	1,945,347	1,968,839	(23,492)
Central	288,154	262,026	26,128
Extracurricular activities	1,046,970	1,003,875	43,095
Capital outlay	33,055	25,042	8,013
Total expenditures	<u>28,669,585</u>	<u>28,341,108</u>	<u>328,477</u>
Excess of revenues over expenditures	<u>1,541,890</u>	<u>2,346,584</u>	<u>804,694</u>
<u>Other financing sources (uses):</u>			
Proceeds from the sale of capital assets	5,000	4,957	(43)
Refund of prior year expenditures	613,642	612,124	(1,518)
Refund of prior year receipts	(21,418)	(29,704)	(8,286)
Advances in	500	500	-
Advances out	(805,000)	(800,800)	4,200
Transfers out	(14,000)	(12,000)	2,000
Total other financing sources (uses)	<u>(221,276)</u>	<u>(224,923)</u>	<u>(3,647)</u>
Net change in fund balance	1,320,614	2,121,661	801,047
Fund balance at beginning of year	12,527,167	12,527,167	-
Prior year encumbrances appropriated	272,192	272,192	-
Fund balance at end of year	<u>\$ 14,119,973</u>	<u>\$ 14,921,020</u>	<u>\$ 801,047</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, 2015

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 105,000	\$ 76,346	\$ (28,654)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	100,000	88,647	11,353
Excess of revenues over (under) expenditures	5,000	(12,301)	(17,301)
<u>Other financing sources:</u>			
Transfers in	-	12,000	12,000
Net change in fund balance	5,000	(301)	(5,301)
Fund balance at beginning of year	1,140	1,140	-
Fund balance at end of year	\$ 6,140	\$ 839	\$ (5,301)

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 18,000	\$ 16,368	\$ (1,632)
Extracurricular activities	30,500	29,593	(907)
Gifts and donations	11,500	6,052	(5,448)
Total revenues	60,000	52,013	(7,987)
<u>Expenditures:</u>			
Current:			
Extracurricular activities	59,152	54,044	5,108
Excess of revenues over (under) expenditures	848	(2,031)	(2,879)
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	102	102
Net change in fund balance	848	(1,929)	(2,777)
Fund balance at beginning of year	73,009	73,009	-
Prior year encumbrances appropriated	1,142	1,142	-
Fund balance at end of year	\$ 74,999	\$ 72,222	\$ (2,777)

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, 2015

Latchkey and Community Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 160,000	\$ 178,790	\$ 18,790
Extracurricular activities	55,000	45,641	(9,359)
Total revenues	<u>215,000</u>	<u>224,431</u>	<u>9,431</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	222,500	200,147	22,353
Excess of revenues over (under) expenditures	<u>(7,500)</u>	<u>24,284</u>	<u>31,784</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	<u>-</u>	<u>372</u>	<u>372</u>
Net change in fund balance	(7,500)	24,656	32,156
Fund balance at beginning of year	174,271	174,271	-
Fund balance at end of year	<u>\$ 166,771</u>	<u>\$ 198,927</u>	<u>\$ 32,156</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, 2015

Debt Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 1,777,800	\$ 1,876,286	\$ 98,486
Intergovernmental	295,000	271,820	(23,180)
Total revenues	<u>2,072,800</u>	<u>2,148,106</u>	<u>75,306</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Administration	5,000	2,977	2,023
Fiscal	37,500	29,499	8,001
Debt service:			
Principal retirement	1,390,000	1,390,000	-
Interest and fiscal charges	1,031,550	1,031,550	-
Total expenditures	<u>2,464,050</u>	<u>2,454,026</u>	<u>10,024</u>
Excess of revenues under expenditures	<u>(391,250)</u>	<u>(305,920)</u>	<u>85,330</u>
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	-	(843)	(843)
Refund of prior year expenditures	-	40,046	40,046
Total other financing sources (uses)	<u>-</u>	<u>39,203</u>	<u>39,203</u>
Net change in fund balance	(391,250)	(266,717)	124,533
Fund balance at beginning of year	3,941,272	3,941,272	-
Fund balance at end of year	<u>\$ 3,550,022</u>	<u>\$ 3,674,555</u>	<u>\$ 124,533</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, 2015

Building Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 8,900	\$ 12,449	\$ 3,549
Gifts and donations	225,000	225,000	-
Total revenues	<u>233,900</u>	<u>237,449</u>	<u>3,549</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	-	22	(22)
Capital outlay	8,930,000	8,781,253	148,747
Total expenditures	<u>8,930,000</u>	<u>8,781,275</u>	<u>148,725</u>
Excess of revenues under expenditures	<u>(8,696,100)</u>	<u>(8,543,826)</u>	<u>152,274</u>
<u>Other financing sources:</u>			
Lease-purchase agreement	<u>1,440,725</u>	<u>1,440,725</u>	<u>-</u>
Net change in fund balance	(7,255,375)	(7,103,101)	152,274
Fund balance at beginning of year	7,256,099	7,256,099	-
Prior year encumbrances appropriated	1	1	-
Fund balance at end of year	<u>\$ 725</u>	<u>\$ 152,999</u>	<u>\$ 152,274</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, 2015

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 162,000	\$ 173,130	\$ 11,130
Interest	750	798	48
Charges for services	934,750	931,313	(3,437)
Total revenues	<u>1,097,500</u>	<u>1,105,241</u>	<u>7,741</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations	1,166,985	1,099,294	67,691
Excess of revenues (over) under expenditures	<u>(69,485)</u>	<u>5,947</u>	<u>75,432</u>
<u>Other financing sources:</u>			
Proceeds from sale of fixed assets	800	-	(800)
Refund of prior year expenditures	1,700	1,349	(351)
Total other financing sources	<u>2,500</u>	<u>1,349</u>	<u>(1,151)</u>
Net change in fund balance	(66,985)	7,296	74,281
Fund balance at beginning of year	386,319	386,319	-
Prior year encumbrances appropriated	110	110	-
Fund balance at end of year	<u>\$ 319,444</u>	<u>\$ 393,725</u>	<u>\$ 74,281</u>

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 20	\$ 29	\$ 9
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Net change in fund balance	20	29	9
Fund balance at beginning of year	13,904	13,904	-
Fund balance at end of year	<u>\$ 13,924</u>	<u>\$ 13,933</u>	<u>\$ 9</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, 2015

Miscellaneous Local Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 90,000	\$ 82,816	\$ (7,184)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	28,205	22,710	5,495
Support services:			
Pupils	58,000	58,000	-
Instructional staff	2,500	2,500	-
Total expenditures	88,705	83,210	5,495
Excess of revenues over (under) expenditures	1,295	(394)	(1,689)
<u>Other financing sources (uses):</u>			
Advances in	-	800	800
Advances out	(500)	(500)	-
Total other financing sources (uses)	(500)	300	800
Net change in fund balance	795	(94)	(889)
Fund balance at beginning of year	266	266	-
Fund balance at end of year	\$ 1,061	\$ 172	\$ (889)

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, 2015

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 188,200	\$ 225,809	\$ 37,609
Gifts and donations	2,000	4,265	2,265
Miscellaneous	18,000	18,567	567
Total revenues	<u>208,200</u>	<u>248,641</u>	<u>40,441</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	266,950	237,441	29,509
Excess of revenues (over) under expenditures	<u>(58,750)</u>	<u>11,200</u>	<u>69,950</u>
<u>Other financing sources (uses):</u>			
Proceeds from sale of capital assets	1,800	1,800	-
Refund of prior year expenditures	-	145	145
Transfers in	-	7,013	7,013
Transfers out	-	(7,013)	(7,013)
Total other financing sources (uses)	<u>1,800</u>	<u>1,945</u>	<u>145</u>
Net change in fund balance	(56,950)	13,145	70,095
Fund balance at beginning of year	80,196	80,196	-
Prior year encumbrances appropriated	3,450	3,450	-
Fund balance at end of year	<u>\$ 26,696</u>	<u>\$ 96,791</u>	<u>\$ 70,095</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, 2015

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 86,604	\$ 86,604	\$ -
Interest	40	15	(25)
Total revenues	<u>86,644</u>	<u>86,619</u>	<u>(25)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	57,429	53,955	3,474
Support services:			
Pupils	27,228	27,228	-
Instructional staff	5,200	5,200	-
Total expenditures	<u>89,857</u>	<u>86,383</u>	<u>3,474</u>
Net change in fund balance	(3,213)	236	3,449
Fund balance at beginning of year	3,213	3,213	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,449</u>	<u>\$ 3,449</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	9,000	9,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
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, 2015

Race to the Top Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,223	\$ 5,223	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,045	6,045	-
Net change in fund balance	(822)	(822)	-
Fund balance at beginning of year	822	822	-
Fund balance at end of year	\$ -	\$ -	\$ -

IDEA, Part B Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 665,190	\$ 617,114	\$ (48,076)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	512,433	429,467	82,966
Support services:			
Pupils	17,732	16,690	1,042
Administration	138,536	124,793	13,743
Total expenditures	668,701	570,950	97,751
Net change in fund balance	(3,511)	46,164	49,675
Fund balance at beginning of year	3,511	3,511	-
Fund balance at end of year	\$ -	\$ 49,675	\$ 49,675

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, 2015

Title III Limited English Proficiency Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,174	\$ 4,174	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	4,174	4,174	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 263,560	\$ 245,169	\$ (18,391)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	265,826	224,414	41,412
Net change in fund balance	(2,266)	20,755	23,021
Fund balance at beginning of year	1,949	1,949	-
Prior year encumbrances appropriated	317	317	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 23,021</u>	<u>\$ 23,021</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, 2015

IDEA Preschool Grant for Handicapped Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,041	\$ 9,041	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	9,220	9,220	-
Net change in fund balance	(179)	(179)	-
Fund balance at beginning of year	179	179	-
Fund balance at end of year	\$ -	\$ -	\$ -

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 50,367	\$ 50,367	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	50,367	50,367	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2015

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ 1,000	\$ 651	\$ (349)
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Net change in fund balance	1,000	651	(349)
Fund balance at beginning of year	211,600	211,600	-
Fund balance at end of year	<u>\$ 212,600</u>	<u>\$ 212,251</u>	<u>\$ (349)</u>

Sales Tax Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,200,000	\$ 1,280,480	\$ 80,480
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	174,273	76,136	98,137
Support services:			
Operation and maintenance of plant	6,000	-	6,000
Pupil transportation	100,000	77,990	22,010
Extracurricular activities	25,000	24,566	434
Capital outlay	3,830,857	3,288,502	542,355
Total expenditures	<u>4,136,130</u>	<u>3,467,194</u>	<u>668,936</u>
Excess of revenues under expenditures	<u>(2,936,130)</u>	<u>(2,186,714)</u>	<u>749,416</u>
<u>Other financing sources:</u>			
Advances in	1,500,000	800,000	(700,000)
Net change in fund balance	(1,436,130)	(1,386,714)	49,416
Fund balance at beginning of year	1,078,189	1,078,189	-
Prior year encumbrances appropriated	361,130	361,130	-
Fund balance at end of year	<u>\$ 3,189</u>	<u>\$ 52,605</u>	<u>\$ 49,416</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, 2015

Sharon Elementary Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 15	\$ 20	\$ 5
<u>Expenditures:</u>			
<u>Current:</u>			
Extracurricular activities	1,000	-	1,000
Net change in fund balance	(985)	20	1,005
Fund balance at beginning of year	9,490	9,490	-
Fund balance at end of year	<u>\$ 8,505</u>	<u>\$ 9,510</u>	<u>\$ 1,005</u>

Fiduciary Funds

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

Statement of Changes in Assets and Liabilities – Agency Funds

Highland Local School District
Schedule of Revenues, Expenses and Changes in
Net Position - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2015

Endowment Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 85	\$ 108	\$ 23
<u>Expenses:</u>			
Payments in accordance with trust agreement	3,100	2,600	500
Net change in net position	(3,015)	(2,492)	523
Net position at beginning of year	54,726	54,726	-
Net position at end of year	<u>\$ 51,711</u>	<u>\$ 52,234</u>	<u>\$ 523</u>

Highland Local School District
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Beginning Balance July 1, 2014	Additions	Deductions	Ending Balance June 30, 2015
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 99,168	\$ 238,737	\$ 255,015	\$ 82,890
Accounts receivable	3,707	4,442	3,707	4,442
Prepays	-	350	-	350
Total assets	<u>\$ 102,875</u>	<u>\$ 243,529</u>	<u>\$ 258,722</u>	<u>\$ 87,682</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,641	\$ 5,796	\$ 2,641	\$ 5,796
Due to students	100,234	238,737	257,085	81,886
Total liabilities	<u>\$ 102,875</u>	<u>\$ 244,533</u>	<u>\$ 259,726</u>	<u>\$ 87,682</u>
 <u>District Agency</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 18,713	18,713	\$ -
Total assets	<u>\$ -</u>	<u>\$ 18,713</u>	<u>\$ 18,713</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Undistributed monies	\$ -	\$ 18,713	\$ 18,713	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 18,713</u>	<u>\$ 18,713</u>	<u>\$ -</u>
 <u>Total All Agency Funds</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 99,168	\$ 257,450	\$ 273,728	\$ 82,890
Accounts receivable	3,707	4,442	3,707	4,442
Prepays	-	350	-	350
Total assets	<u>\$ 102,875</u>	<u>\$ 262,242</u>	<u>\$ 277,435</u>	<u>\$ 87,682</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,641	\$ 5,796	\$ 2,641	\$ 5,796
Undistributed monies	-	18,713	18,713	-
Due to students	100,234	238,737	257,085	81,886
Total liabilities	<u>\$ 102,875</u>	<u>\$ 263,246</u>	<u>\$ 278,439</u>	<u>\$ 87,682</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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2 - S13
Revenue Capacity 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.	S14 - S21
Debt Capacity 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.	S22 - S26
Economic and Demographic Information 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.	S27 - S28
Operating Information 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.	S29 - S35

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Highland Local School District

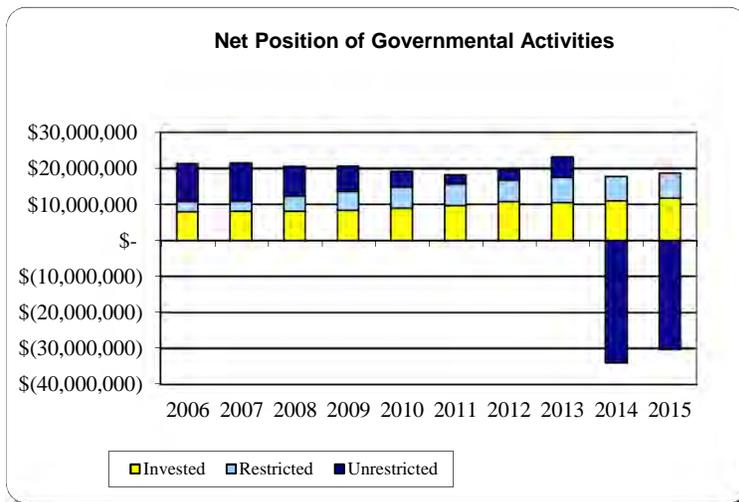
Net Position by Component (1)

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net investment in capital assets	\$ 7,964,723	\$ 8,125,241	\$ 8,177,748	\$ 8,392,251	\$ 8,954,771
Restricted for:					
Capital projects	106,684	54,671	1,141,918	1,622,689	1,656,878
Debt service	2,347,308	2,377,566	2,501,332	3,235,491	3,609,424
Food service	-	-	-	-	188,359
School supplies	-	-	-	-	33,348
Extracurricular	-	-	-	-	69,739
Community services	-	-	-	-	43,858
Underground fuel tanks	-	-	-	-	11,000
Set-asides	-	-	-	-	19,514
Permanent fund - scholarships	-	-	-	-	-
Nonexpendable	-	-	-	-	-
Other purposes	322,883	279,073	468,741	425,735	160,019
Unrestricted	10,570,714	10,644,919	8,231,810	6,956,164	4,469,649
Total net position	<u>\$ 21,312,312</u>	<u>\$ 21,481,470</u>	<u>\$ 20,521,549</u>	<u>\$ 20,632,330</u>	<u>\$ 19,216,559</u>

(1) Accrual basis of accounting

(2) The School District implemented GASB 68 during fiscal year 2015 and as a result 2014 was restated.



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Restated 2014 (2)</u>	<u>2015</u>
\$ 9,669,207	\$ 10,755,278	\$ 10,511,519	\$ 10,939,543	\$ 11,643,058
2,077,685	2,357,036	2,601,236	2,354,937	2,781,794
3,408,983	3,217,874	3,971,722	4,050,538	3,782,332
184,693	205,561	286,017	284,760	296,855
-	-	-	-	-
39,662	81,931	101,618	90,330	110,593
-	-	-	-	-
-	-	-	-	-
83,514	-	-	-	-
13,582	9,449	9,468	9,490	9,510
181,637	32,885	13,940	22,294	19,248
2,566,072	3,030,160	5,685,245	(34,051,466)	(30,266,520)
<u>\$ 18,225,035</u>	<u>\$ 19,690,174</u>	<u>\$ 23,180,765</u>	<u>\$ (16,299,574)</u>	<u>\$ (11,623,130)</u>

Highland Local School District

Changes in Net Position of Governmental Activities (1) Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses					
Regular instruction	\$ 10,721,321	\$ 11,694,726	\$ 11,630,853	\$ 12,267,061	\$ 13,533,366
Special instruction	2,225,319	2,391,597	2,532,361	2,843,678	2,851,628
Vocational instruction	267,436	278,131	295,393	306,980	278,812
Adult/continuing	986	521	-	-	-
Other	403,904	332,028	307,011	265,925	191,003
Pupil support	1,192,215	1,262,276	1,381,581	1,597,409	1,749,221
Instructional staff support	1,549,011	1,657,555	1,583,859	1,708,797	2,083,672
Board of education	25,436	27,888	33,005	33,633	33,645
Administration	2,067,429	2,021,332	2,123,603	2,255,136	2,161,944
Fiscal	706,597	749,712	810,182	582,842	827,008
Business	36,062	78,529	44,154	50,648	36,531
Operation and maintenance of plant	3,768,269	3,203,861	3,191,462	3,408,779	3,110,315
Pupil transportation	1,542,484	1,527,721	1,688,917	1,734,063	1,676,783
Central	153,649	197,879	181,280	219,387	264,307
Food service operations	894,970	986,923	1,013,841	1,148,334	1,141,808
Community services	135,893	146,024	156,968	169,629	176,670
Extracurricular activities	1,242,002	1,277,106	1,353,162	1,369,821	1,496,114
Interest and fiscal charges	2,972,182	1,636,900	1,611,869	1,577,328	1,532,326
Total expenses	\$ 29,905,165	\$ 29,470,709	\$ 29,939,501	\$ 31,539,450	\$ 33,145,153
Program Revenues					
Charges for services:					
Regular instruction	\$ 221,451	\$ 225,761	\$ 239,115	\$ 238,027	\$ 247,264
Special instruction	178,437	168,579	165,710	98,795	137,634
Pupil support	-	150	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Food service operations	795,779	866,953	901,162	950,221	931,813
Community services	135,201	139,972	161,156	164,935	174,856
Extracurricular activities	209,855	223,847	247,871	253,354	280,120
Operating grants and contributions:					
Regular instruction	76,138	70,745	71,979	69,443	143,879
Special instruction	100,587	116,895	124,064	165,260	550,683
Vocational instruction	-	-	12,711	9,518	9,589
Pupil support	122,762	149,830	127,479	119,036	235,598
Instructional staff support	234,980	263,892	274,294	239,901	342,775
Administration	158,417	116,151	148,168	141,176	152,431
Fiscal	-	-	-	-	-
Pupil transportation	-	898	-	2,011	-
Central	25,146	25,554	44,882	24,506	13,513
Food service operations	82,847	124,710	149,554	143,949	170,647
Community services	-	-	-	-	-
Extracurricular activities	8,155	3,923	16,217	13,065	403
Capital grants and contributions:					
Regular instruction	-	-	-	-	-
Vocational instruction	-	11,375	-	-	-
Operation and maintenance of plant					
Pupil transportation	11,102	19,706	13,013	28,775	-
Extracurricular activities	-	-	-	-	-
Total program revenues	\$ 2,360,857	\$ 2,551,941	\$ 2,697,375	\$ 2,661,972	\$ 3,391,205

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	13,252,386	\$ 13,295,407	\$ 12,871,326	\$ 13,828,776	\$ 13,380,691
	2,900,696	3,057,727	3,020,373	4,076,189	4,142,380
	127,409	124,250	174,978	65,283	65,495
	-	-	-	-	-
	144,687	182,691	138,331	135,706	165,630
	1,842,272	1,512,642	1,693,796	1,654,213	1,692,431
	1,738,607	1,596,863	1,615,746	573,718	724,539
	24,458	28,395	26,183	23,298	51,574
	1,936,593	2,147,082	2,095,174	2,221,590	2,107,510
	692,848	828,528	865,692	845,133	902,665
	22,959	28,600	29,088	21,235	11,530
	2,802,333	2,655,492	2,892,366	2,927,324	2,889,632
	1,794,621	1,924,504	1,961,636	2,018,714	2,039,769
	277,615	254,820	227,927	263,869	269,525
	1,203,299	1,176,518	1,125,550	1,201,725	1,218,328
	198,692	191,394	194,263	207,235	195,252
	1,383,734	1,438,877	1,466,326	1,575,167	1,556,345
	1,477,529	1,417,530	1,363,893	1,373,690	1,625,747
\$	<u>31,820,738</u>	<u>31,861,320</u>	<u>31,762,648</u>	<u>33,012,865</u>	<u>33,039,043</u>

\$	325,626	\$ 309,651	\$ 400,610	\$ 271,518	\$ 440,520
	324,337	184,196	244,229	465,743	227,527
	-	-	-	-	-
	35,069	23,972	46,821	19,787	49,594
	1,299	-	500	397	525
	903,561	930,344	932,408	937,627	931,472
	184,594	224,522	252,917	233,425	224,431
	465,715	551,124	567,050	611,370	630,517
	497,137	148,700	166,820	152,549	126,531
	473,045	333,283	416,255	724,264	889,292
	14,766	18,583	9,661	5,228	-
	247,435	99,512	119,543	66,292	87,206
	340,551	156,641	101,304	9,428	11,997
	152,576	122,531	94,383	112,198	131,233
	-	-	-	-	-
	-	-	-	-	-
	16,375	9,000	9,000	9,000	9,000
	190,132	200,443	179,004	203,210	214,240
	-	-	-	-	-
	2,921	2,809	11,974	11,100	10,366
	219,775	31,133	-	8,570	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	606,382
\$	<u>4,394,914</u>	<u>3,346,444</u>	<u>3,552,479</u>	<u>3,841,706</u>	<u>4,590,833</u>

(Continued)

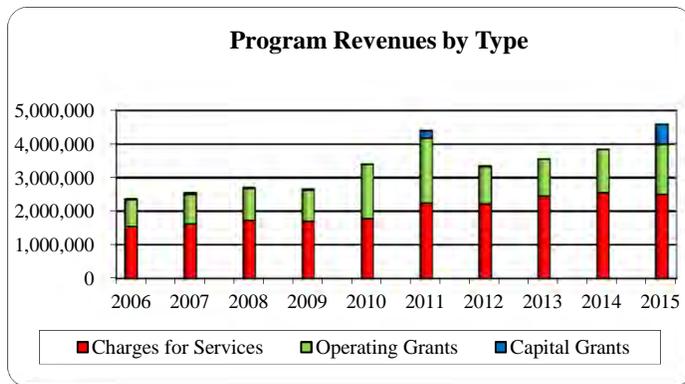
Highland Local School District

Changes in Net Position of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net expense	\$ (27,544,308)	\$ (26,918,768)	\$ (27,242,126)	\$ (28,877,478)	\$ (29,753,948)
General revenues					
Property taxes levied for:					
General purposes	\$ 15,546,822	\$ 15,555,154	\$ 13,853,173	\$ 15,986,234	\$ 16,066,186
Debt service	2,921,464	2,829,115	2,673,131	3,259,666	3,031,522
Shared revenue restricted for:					
Permanent improvement projects	-	-	1,083,075	988,270	903,935
Grants and entitlements not restricted to specific programs	6,991,349	7,611,072	7,639,433	8,043,456	8,105,796
Gain on sale of capital assets	-	-	-	-	-
Investment earnings	703,123	892,439	710,732	402,579	126,571
Miscellaneous	332,223	200,146	313,020	267,796	104,167
Capital contributions	-	-	9,641	40,258	-
Total general revenues	\$ 26,494,981	\$ 27,087,926	\$ 26,282,205	\$ 28,988,259	\$ 28,338,177
Restatement	-	-	-	-	-
Change in net position	\$ (1,049,327)	\$ 169,158	\$ (959,921)	\$ 110,781	\$ (1,415,771)

(1) Accrual basis of accounting



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ (27,425,824)</u>	<u>\$ (28,514,876)</u>	<u>\$ (28,210,169)</u>	<u>\$ (29,171,159)</u>	<u>\$ (28,448,210)</u>
\$ 14,749,803	\$ 18,322,249	\$ 19,989,424	\$ 20,192,960	\$ 20,560,950
2,569,187	2,673,851	2,699,400	2,143,338	1,870,164
965,410	1,205,228	1,132,357	1,226,381	1,276,271
7,994,452	7,855,973	7,777,932	8,206,922	8,626,440
3,429	-	-	-	-
72,367	37,648	56,945	72,970	201,322
79,652	70,264	44,702	73,359	515,526
-	-	-	-	73,981
<u>\$ 26,434,300</u>	<u>\$ 30,165,213</u>	<u>\$ 31,700,760</u>	<u>\$ 31,915,930</u>	<u>\$ 33,124,654</u>
-	185,198	-	-	-
<u>\$ (991,524)</u>	<u>\$ 1,465,139</u>	<u>\$ 3,490,591</u>	<u>\$ 2,744,771</u>	<u>\$ 4,676,444</u>

Highland Local School District

Program Revenues of Governmental Activities by Function (1)

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:					
<i>Function</i>					
Regular instruction	\$ 297,589	\$ 296,506	\$ 311,094	\$ 307,470	\$ 391,143
Special instruction	279,024	285,474	289,774	264,055	688,317
Vocational	-	11,375	12,711	9,518	9,589
Pupil support	122,762	149,980	127,479	119,036	235,598
Instructional staff support	234,980	263,892	274,294	239,901	342,775
Administration	158,417	116,151	148,168	141,176	152,431
Operation and maintenance of plant	-	23,000	-	-	-
Pupil transportation	11,102	20,604	13,013	30,786	-
Central	25,146	25,554	44,882	24,506	13,513
Operation of food service	878,626	991,663	1,050,716	1,094,170	1,102,460
Community services	135,201	139,972	161,156	164,935	174,856
Extracurricular activities	218,010	227,770	264,088	266,419	280,523
<i>Total program revenues</i>	<u>\$ 2,360,857</u>	<u>\$ 2,551,941</u>	<u>\$ 2,697,375</u>	<u>\$ 2,661,972</u>	<u>\$ 3,391,205</u>

(1) Accrual basis of accounting

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,042,538	\$ 489,484	\$ 567,430	\$ 432,637	\$ 567,051
797,382	517,479	660,484	1,190,007	1,116,819
14,766	18,583	9,661	5,228	-
247,435	99,512	119,543	66,292	87,206
340,551	156,641	101,304	9,428	11,997
152,576	122,531	94,383	112,198	131,233
35,069	23,972	46,821	19,787	49,594
1,299	-	500	397	525
16,375	9,000	9,000	9,000	9,000
1,093,693	1,130,787	1,111,412	1,140,837	1,145,712
184,594	224,522	252,917	233,425	224,431
468,636	553,933	579,024	622,470	1,247,265
<u>\$ 4,394,914</u>	<u>\$ 3,346,444</u>	<u>\$ 3,552,479</u>	<u>\$ 3,841,706</u>	<u>\$ 4,590,833</u>

Highland Local School District

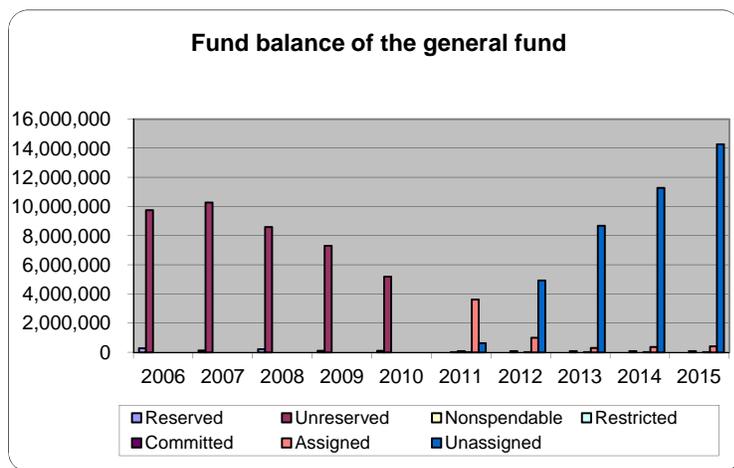
Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	287,675	116,287	213,153	102,151	101,637
Unreserved	9,744,608	10,272,640	8,583,272	7,304,207	5,197,517
Total general fund	10,032,283	10,388,927	8,796,425	7,406,358	5,299,154
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Reserved	127,283	36,621	374,093	435,824	210,951
Unreserved, undesignated, Reported in:					
Special revenue funds	246,377	293,424	434,316	400,804	483,663
Debt service funds	2,370,836	2,410,054	2,546,384	3,288,081	3,641,664
Capital projects funds	19,408	34,983	245,512	661,274	947,648
Permanent funds	-	-	-	-	-
Total all other governmental funds	2,763,904	2,775,082	3,600,305	4,785,983	5,283,926
Total governmental funds	\$ 12,796,187	\$ 13,164,009	\$ 12,396,730	\$ 12,192,341	\$ 10,583,080

(1) Modified accrual basis of accounting

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



<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 24,504	\$ 90,855	\$ 87,636	\$ 88,776	\$ 89,149
83,514	-	-	-	-
11,000	11,000	11,000	11,000	11,000
3,614,371	991,561	301,310	366,751	402,711
631,779	4,915,493	8,669,050	11,279,596	14,261,637
-	-	-	-	-
-	-	-	-	-
<u>4,365,168</u>	<u>6,008,909</u>	<u>9,068,996</u>	<u>11,746,123</u>	<u>14,764,497</u>
43,720	46,253	8,000	8,000	8,000
5,281,760	5,328,720	6,469,011	13,558,307	6,554,338
(25,093)	(18,749)	(41,635)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,300,387</u>	<u>5,356,224</u>	<u>6,435,376</u>	<u>13,566,307</u>	<u>6,562,338</u>
<u>\$ 9,665,555</u>	<u>\$ 11,365,133</u>	<u>\$ 15,504,372</u>	<u>\$ 25,312,430</u>	<u>\$ 21,326,835</u>

Highland Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes	\$ 18,346,454	\$ 18,515,726	\$ 16,681,532	\$ 19,345,857	\$ 18,939,596	\$ 17,201,552	\$ 21,064,928	\$ 22,761,358	\$ 22,381,342	\$ 22,544,066
Intergovernmental	7,790,850	8,557,524	9,091,172	9,979,017	10,649,294	10,810,822	10,167,638	10,002,051	10,724,743	11,286,948
Interest	696,365	882,484	696,463	380,224	124,038	72,742	38,181	57,720	73,927	202,184
Tuition and fees	537,938	539,674	552,810	498,531	552,406	656,457	766,747	807,807	919,429	919,222
Extracurricular activities	206,545	218,351	255,761	256,581	287,025	501,945	582,340	601,065	625,928	634,569
Gifts and donations	36,089	26,461	52,627	33,718	29,697	205,602	3,445	12,614	12,043	616,699
Charges for services	795,779	867,103	906,356	950,221	931,813	903,561	930,344	932,408	937,627	931,472
Rentals	5,748	26,510	32,119	9,843	29,990	29,362	29,679	44,846	21,762	46,179
Miscellaneous	297,765	149,295	243,554	248,812	74,621	79,630	80,612	57,379	85,220	536,048
<i>Total revenues</i>	<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>	<u>35,277,248</u>	<u>35,782,021</u>	<u>37,717,387</u>
Expenditures										
Current:										
Instruction:										
Regular	10,329,294	11,047,306	10,902,743	11,907,554	12,898,398	12,657,182	12,249,029	12,263,773	13,467,510	13,589,220
Special	2,227,555	2,357,378	2,497,941	2,825,726	2,831,356	2,831,117	2,958,355	3,032,484	4,050,032	4,272,447
Vocational	261,950	263,085	282,569	293,248	261,892	141,847	112,849	113,217	80,006	84,980
Adult/Continuing	986	521	-	-	-	-	-	-	-	-
Other	394,844	330,157	305,858	265,997	194,788	143,339	157,681	148,582	147,415	181,898
Support services:										
Pupil	1,107,738	1,227,954	1,300,439	1,516,857	1,683,942	1,722,396	1,532,556	1,586,402	1,611,128	1,700,693
Instructional staff	1,315,844	1,397,604	1,367,298	1,612,960	2,076,802	1,704,854	1,508,034	1,600,503	607,290	726,346
Board of education	25,436	27,888	33,005	33,633	33,645	24,458	28,395	26,183	23,298	51,903
Administration	2,056,772	1,922,082	2,037,368	2,185,130	2,052,878	1,965,762	2,103,060	2,074,697	2,136,192	2,205,564
Fiscal	710,315	734,019	800,733	567,240	770,401	724,058	816,823	854,114	834,800	908,736
Business	36,062	78,529	44,154	50,472	36,180	22,625	28,266	28,754	20,901	11,220
Operation and maintenance										
of plant	3,440,335	2,806,910	2,830,797	3,049,780	2,710,393	2,441,134	2,255,324	2,481,079	2,513,190	2,488,177
Pupil transportation	1,395,312	1,369,076	1,520,887	1,573,226	1,495,310	1,629,459	1,710,405	1,770,872	1,801,469	1,872,124
Central	151,015	193,570	173,502	211,344	250,666	263,951	240,868	216,613	252,533	264,049
Operation of non-instructional services:										
Food service operations	827,147	899,504	923,041	1,042,087	1,046,074	1,109,577	1,079,686	1,029,311	1,107,094	1,132,425
Community services	138,676	145,140	156,897	168,472	176,825	198,365	193,316	194,263	207,235	198,100
Extracurricular activities	914,522	946,786	1,007,783	1,039,040	1,161,036	1,055,419	1,104,566	1,136,079	1,241,021	1,265,425
Capital outlay	1,591,189	532,441	330,717	548,996	457,954	406,331	639,922	288,260	777,865	9,270,600
Debt service:										
Principal retirement	930,327	1,566,967	1,436,075	1,549,562	1,694,042	1,861,101	2,033,269	1,153,707	1,275,000	1,652,614
Interest and fiscal charges	1,464,747	1,571,389	1,524,434	1,465,869	1,395,159	1,310,500	1,217,132	1,139,116	1,084,850	1,268,936
Issuance costs	335,824	-	-	-	-	-	-	-	-	-
<i>Total expenditures</i>	<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>	<u>31,138,009</u>	<u>33,238,829</u>	<u>43,145,457</u>

(Continued)

Highland Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years (Continued)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<i>Excess of revenues over (under) expenditures</i>	(942,357)	364,822	(963,847)	(204,389)	(1,609,261)	(1,751,802)	1,694,378	4,139,239	2,543,192	(5,428,070)
Other financing sources (uses)										
Sale of capital assets	-	3,000	-	-	-	6,200	5,200	-	9,800	1,750
Inception of capital lease	-	-	196,568	-	-	-	-	-	-	-
Lease-purchase agreement	-	-	-	-	-	-	-	-	7,255,066	1,440,725
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	23,750	20,670	18,750	13,100	27,000	-	-	-	-	-
Transfers out	(23,750)	(20,670)	(18,750)	(13,100)	(27,000)	-	-	-	-	-
<i>Total other financing sources (uses)</i>	335,824	3,000	196,568	-	-	6,200	5,200	-	7,264,866	1,442,475
<i>Net change in fund balances</i>	\$ (606,533)	\$ 367,822	\$ (767,279)	\$ (204,389)	\$ (1,609,261)	\$ (1,745,602)	\$ 1,699,578	\$ 4,139,239	\$ 9,808,058	\$ (3,985,595)
Debt service as a percentage of noncapital expenditures	9.7%	10.9%	10.2%	9.6%	9.4%	10.0%	10.4%	7.4%	7.3%	8.6%

(1) Modified accrual basis of accounting

Note: For 2006 - 2015, 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
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	-	-
2013	640,687,910	50,904,560	1,975,978,486	11,244,570	12,777,920	-	-
2014	642,160,230	50,591,380	1,979,290,314	12,280,060	13,954,614	-	-
2015	658,779,530	52,159,310	2,031,253,829	13,015,250	14,790,057	-	-

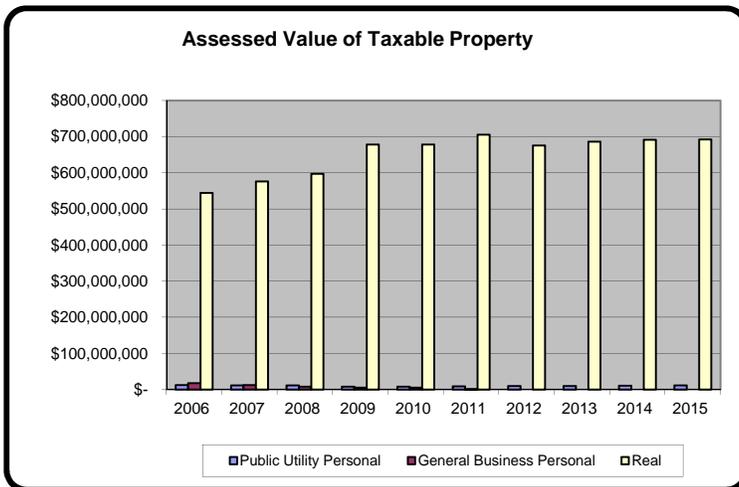
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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 phased out beginning in 2006. The listing percentages during the phase out were 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 was eliminated.

Source: Medina County Auditor and Summit County Fiscal Officer

Assessed Value	Total		Total Direct Tax Rate
	Estimated Actual Value	Ratio	
\$ 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
702,837,040	1,988,756,406	35.34%	76.80
705,031,670	1,993,244,928	35.37%	75.30
723,954,090	2,046,043,885	35.38%	75.30



Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

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	Total
											County Library	
2015	Brunswick Hills	72.30	-	3.00	75.30	8.04	11.85	3.05	-	0.75	1.85	100.84
	Granger Twp.	72.30	-	3.00	75.30	8.04	5.60	3.05	-	0.75	1.85	94.59
	Hinckley Twp.	72.30	-	3.00	75.30	8.04	13.05	3.05	-	2.75	1.85	104.04
	Medina Twp.	72.30	-	3.00	75.30	8.04	8.60	3.05	-	0.75	1.85	97.59
	Montville Twp.	72.30	-	3.00	75.30	8.04	10.95	3.05	-	0.75	1.85	99.94
	Sharon Twp.	72.30	-	3.00	75.30	8.04	7.40	3.05	-	0.75	1.85	96.39
	Wadsworth City	72.30	-	3.00	75.30	8.04	-	3.05	5.80	0.75	1.85	94.79
	Copley Twp.	72.30	-	3.00	75.30	12.70	16.90	3.05	-	1.46	2.10	111.51
2014	Brunswick Hills	72.30	-	3.00	75.30	8.04	11.85	3.05	-	0.75	1.85	100.84
	Granger Twp.	72.30	-	3.00	75.30	8.04	5.60	3.05	-	0.75	1.85	94.59
	Hinckley Twp.	72.30	-	3.00	75.30	8.04	13.05	3.05	-	2.75	1.85	104.04
	Medina Twp.	72.30	-	3.00	75.30	8.04	8.60	3.05	-	0.75	1.85	97.59
	Montville Twp.	72.30	-	3.00	75.30	8.04	10.95	3.05	-	0.75	1.85	99.94
	Sharon Twp.	72.30	-	3.00	75.30	8.04	7.40	3.05	-	0.75	1.85	96.39
	Wadsworth City	72.30	-	3.00	75.30	8.04	-	3.05	5.80	0.75	1.85	94.79
	Copley Twp.	72.30	-	3.00	75.30	12.70	16.90	3.05	-	1.46	2.11	111.52
2013	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
	Copley Twp.	72.40	-	4.40	76.80	12.70	16.90	3.05	-	1.46	2.14	113.05
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
	Copley Twp.	72.40	-	4.40	76.80	12.70	16.90	3.05	-	1.46	2.10	113.01

Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

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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	
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
	Copley Twp.	65.50	-	4.40	69.90	12.70	16.90	3.05	-	1.46	2.10	106.11
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
	Copley Twp.	65.50	-	4.40	69.90	12.70	16.90	3.05	-	1.46	2.10	106.11
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
	Copley Twp.	65.50	-	5.05	70.55	14.16	16.90	3.05	-	-	2.08	106.74
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
	Copley Twp. (1)	65.50	-	5.05	70.55	14.26	16.90	3.05	-	-	2.07	106.83

(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	
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

81-5

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.

(1) Copley Twp. Rates are not available before 2008.

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
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
2012	25,439,240	24,675,070	97.00	760,379	25,435,449	99.99
2013	25,858,109	25,131,425	97.19	694,396	25,825,821	99.88
2014	25,347,619	24,742,137	97.61	721,498	25,463,635	100.46

Source: Medina County Auditor and Summit County Fiscal Officer

- (1) Includes homestead exemptions and rollback of locally assessed taxes which is reimbursed by the State and reported as intergovernmental revenue.
- (2) The 2015 information cannot be presented because all collections have not been made by June 30, 2015.
- (3) The County's current reporting system does not track delinquent tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

Highland Local School District

Principal Taxpayers

Real Estate Tax

2015 and 2006

Name of Taxpayer	<u>2015</u>		
	Assessed Value	Rank	Percent of Real Property Assessed Value
SFS Stadler, Inc	\$ 2,252,820	1	0.32%
Structured Management	1,330,730	2	0.19%
Pinnacle Sports Complex LLC	1,295,640	3	0.18%
Akron-Medina Corporate Park	1,275,380	4	0.18%
Pleasant Valley Construction Co.	1,183,730	5	0.17%
Graftech International Holdings, Inc.	1,058,750	6	0.15%
Pride One Route 18 LLC	1,032,500	7	0.15%
EBB Investments LLC	1,013,820	8	0.14%
Hinckley Equestrian Center LLC	964,290	9	0.14%
Sharon Club Company	952,980	10	0.13%
Totals	<u>\$ 12,360,640</u>		<u>1.74%</u>
Total assessed valuation	<u>\$ 710,938,840</u>		

Name of Taxpayer	<u>2006</u>		
	Assessed Value	Rank	Percent of Real Property Assessed Value
Pinnacle Sports	\$ 1,166,550	1	0.20%
Structured Management	1,160,370	2	0.20%
Nicholas J & Demetra K Spiritos	1,038,750	3	0.18%
Sharon Club Company	973,340	4	0.17%
Pride One Rt 18	854,150	5	0.15%
Clover Pointe III LTD	844,110	6	0.15%
Dornoch LTD	787,990	7	0.14%
Ironwood Golf Course	786,900	8	0.14%
SFS Stadler Inc.	758,330	9	0.13%
Hinckley Hills Golf Course	684,090	10	0.12%
Totals	<u>\$ 9,054,580</u>		<u>1.57%</u>
Total assessed valuation	<u>\$ 576,073,590</u>		

Source: Medina County Auditor and Summit County Fiscal Officer

(1) The amounts presented represent the assessed values upon which 2015 and 2006 collections were based.

Highland Local School District

Principal Taxpayers

Public Utilities Tax

2015 and 2006

Name of Taxpayer	<u>2015 (2)</u>		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 9,883,080	1	75.93%
Columbia Gas of Ohio	1,443,700	2	11.09%
American Transmission	1,142,890	3	8.78%
East Ohio Gas	481,480	4	3.70%
Western Reserve Telephone	47,090	5	0.36%
Wheeling and Lake Erie Railroad	46,370	6	0.36%
Buckeye Pipe Line Co. LP	38,080	7	0.29%
Northern Ohio Telephone Company	37,820	8	0.29%
Knox Energy Cooperative Association	32,630	9	0.25%
Totals	<u>\$ 13,153,140</u>		<u>101.06%</u>
Total assessed valuation	<u>\$ 13,015,250</u>		

Name of Taxpayer	<u>2006</u>		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 5,860,340	1	50.14%
Verizon North	1,829,020	2	15.65%
American Transmission	803,610	3	6.88%
Columbia Gas of Ohio	727,860	4	6.23%
New Par	613,310	5	5.25%
Western Reserve Telephone	430,390	6	3.68%
East Ohio Gas	407,680	7	3.49%
Cingular Wireless	271,790	8	2.33%
Sprint Com	268,830	9	2.30%
Alltell	218,790	10	1.87%
Totals	<u>\$ 11,431,620</u>		<u>97.80%</u>
Total assessed valuation	<u>\$ 11,688,790</u>		

Source: Medina County Auditor and Summit County Fiscal Officer

(1) The amounts presented represent the assessed values upon which 2015 and 2006 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

Governmental Activities

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Lease-Purchase Agreement</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Population (2)</u>	<u>Per Capita</u>
2006	\$ 39,282,637	\$ 58,155	-	\$ 39,340,792	5.81%	15,589	\$ 2,523.63
2007	37,790,736	31,188	-	37,821,924	5.19%	15,632	2,419.52
2008	36,485,940	166,681	-	36,652,621	4.97%	15,758	2,325.97
2009	35,070,817	127,119	-	35,197,936	5.19%	16,113	2,184.44
2010	31,355,000	88,077	-	31,443,077	4.40%	17,281	1,819.52
2011	31,871,418	46,976	-	31,918,394	4.10%	17,346	1,840.10
2012	30,068,951	3,707	-	30,072,658	3.37%	17,388	1,729.51
2013	29,148,520	-	-	29,148,520	3.18%	17,388	1,676.36
2014	28,150,125	-	7,255,066	35,405,191	n/a	17,388	2,036.19
2015	27,089,259	-	8,433,177	35,522,436	n/a	17,388	2,042.93

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. 2012 represents latest available information on population.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>General Bonded Debt</u>	<u>Resources Available to Pay Principal</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value (1)</u>	<u>Net Bonded Debt per Capita</u>
2006	15,589	\$ 39,282,637	\$ 2,347,308	\$ 36,935,329	2.16%	\$ 2,369
2007	15,632	37,790,736	2,377,566	35,413,170	2.02%	2,265
2008	15,758	36,485,940	2,501,332	33,984,608	1.72%	2,157
2009	16,113	35,070,817	3,235,491	31,835,326	1.61%	1,976
2010	17,281	31,355,000	3,609,424	27,745,576	1.37%	1,606
2011	17,346	31,871,418	3,408,983	28,462,435	1.47%	1,641
2012	17,388	30,068,951	3,217,874	26,851,077	1.36%	1,544
2013	17,388	29,148,520	3,971,722	25,176,798	1.27%	1,448
2014	17,388	28,150,125	4,050,538	24,099,587	1.21%	1,386
2015	17,388	27,089,259	3,782,332	23,306,927	1.14%	1,340

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Tax Valuation (2)	<u>\$ 587,762,380</u>	<u>\$ 609,528,440</u>	<u>\$ 687,069,640</u>	<u>\$ 687,350,200</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>52,898,614</u>	<u>54,857,560</u>	<u>61,836,268</u>	<u>61,861,518</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	37,435,000	35,895,000	34,520,000	33,010,000
Less Amount Available in Debt Service	<u>(2,347,308)</u>	<u>(2,377,566)</u>	<u>(2,501,332)</u>	<u>(3,235,491)</u>
Amount of Debt Subject to Limit	<u>35,087,692</u>	<u>33,517,434</u>	<u>32,018,668</u>	<u>29,774,509</u>
Legal Debt Margin	<u>\$ 17,810,922</u>	<u>\$ 21,340,126</u>	<u>\$ 29,817,600</u>	<u>\$ 32,087,009</u>
Legal Debt Margin as a Percentage of the Debt Limit	33.67%	38.90%	48.22%	51.87%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 587,762	\$ 609,528	\$ 687,070	\$ 687,350
Amount of Debt Subject to Limit	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 587,762</u>	<u>\$ 609,528</u>	<u>\$ 687,070</u>	<u>\$ 687,350</u>
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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ 715,298,270</u>	<u>\$ 685,337,860</u>	<u>\$ 696,622,220</u>	<u>\$ 702,837,040</u>	<u>\$ 705,031,670</u>	<u>\$ 723,954,090</u>
<u>64,376,844</u>	<u>61,680,407</u>	<u>62,696,000</u>	<u>63,255,334</u>	<u>63,452,850</u>	<u>65,155,868</u>
<u>31,355,000</u>	<u>29,535,000</u>	<u>27,545,000</u>	<u>26,395,000</u>	<u>25,120,000</u>	<u>23,730,000</u>
<u>(3,609,424)</u>	<u>(3,408,983)</u>	<u>(3,217,874)</u>	<u>(3,971,722)</u>	<u>(4,050,538)</u>	<u>(3,782,332)</u>
<u>27,745,576</u>	<u>26,126,017</u>	<u>24,327,126</u>	<u>22,423,278</u>	<u>21,069,462</u>	<u>19,947,668</u>
<u>\$ 36,631,268</u>	<u>\$ 35,554,390</u>	<u>\$ 38,368,874</u>	<u>\$ 40,832,056</u>	<u>\$ 42,383,388</u>	<u>\$ 45,208,200</u>
56.90%	57.64%	61.20%	64.55%	66.80%	69.38%
\$ 715,298	\$ 685,338	\$ 696,622	\$ 702,837	\$ 705,032	\$ 723,954
-	-	-	-	-	-
<u>\$ 715,298</u>	<u>\$ 685,338</u>	<u>\$ 696,622</u>	<u>\$ 702,837</u>	<u>\$ 705,032</u>	<u>\$ 723,954</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Highland Local School District
Computation of Direct and Overlapping Debt
June 30, 2015

<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	\$ 35,522,436	100.00%	\$ 35,522,436
Overlapping:			
Medina County	8,284,918	15.93%	1,319,787
Summit County	37,505,000	0.06%	22,503
Wadsworth City	4,040,438	2.70%	109,092
Montville Township	3,310,000	15.21%	503,451
Copley Township	-	1.42%	-
Akron Metro Regional Transit Authority	-	0.06%	-
Akron-Summit County Library District	27,695,000	0.09%	24,926
Medina County Library District	22,624,993	18.51%	4,187,886
Medina County Park District	-	11.32%	-
	<u>103,460,349</u>		<u>6,167,646</u>
Total direct and overlapping debt:	<u>\$ 138,982,785</u>		<u>\$ 41,690,082</u>

Source: Medina County Auditor and Summit County Fiscal Officer

(1) All debt reported as of December 31, 2014, except for Highland Local School District which is reported as of June 30, 2015.

(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>
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	17,346	779,024,452	44,911	7.0%
2012	17,388	891,815,175	51,289	6.3%
2013	17,388	917,685,889	52,777	6.6%
2014	17,388	n/a	n/a	6.4%
2015	17,388	n/a	n/a	5.3%

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
2014 and 2005

Employer	2014 (1)		
	Number of Employees	Rank	Percentage of Total County Employment
Westfield Group	1,800	1	3.02%
Medina County	1,277	2	2.14%
Medina Hospital	900	3	1.51%
Medina City School District	900	4	1.51%
Brunswick City School District	800	5	1.34%
MTD Products	600	6	1.01%
Wadsworth City School District	554	7	0.93%
Sandridge Food Corporation	525	8	0.88%
Great Lakes Construction	450	9	0.75%
Plastipak Packaging	350	10	0.58%
Total	8,156		13.67%
Total employment within the County	59,654		

Employer	2005		
	Number of Employees	Rank	Percentage of Total County Employment
Westfield Companies	1,755	1	3.23%
Medina County	1,340	2	2.47%
Schneider National Trucking	850	3	1.56%
Shilo Industries, Inc.	803	4	1.48%
Brunswick City School District	795	5	1.46%
Medina City School District	783	6	1.44%
Medina General Hospital	776	7	1.43%
Wadsworth City School District	470	8	0.86%
Cloverleaf Local School District	413	9	0.76%
Discount Drug Mart	375	10	0.69%
Total	8,360		15.38%
Total employment within the County	54,340		

Source: Medina County Economic Development Corporation

(1) 2014 information is the most current information available.

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Regular instruction										
Elementary classroom teachers	65	66	65	65	65	58	58	59	58.5	63
Middle school classroom teachers	29	30	29	31	32	33.5	31.75	34	33	33
High school classroom teachers	38.5	41	41	41	41	42	41.5	42	42.75	42.75
Special instruction										
Academically gifted teachers	2	1	2	2	1	0	1	1	2.5	2.5
Preschool teachers	2	2	2	2	2	2	2	2	2	2
Special education teachers	8	8	9	18	18	18	20	21	23	24
Tutors	20.5	21.5	22.5	17	19	15	14	11	7	7
Vocational instruction										
High school classroom teachers	3	3	3	3	2	1	1	1	1	1
Pupil support services										
Guidance counselors	6	5	5	7	5.75	5.75	5.75	5.75	5.75	5.75
Librarians	3	3	3	3	0.5	0.5	0.5	0	0	0
Psychologists	5	3	3	3	3	3	3	3	3	4
Speech and language pathologists	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.75	3	3
Aides	29.5	30	36	37.5	31	32	34.25	30.5	32.75	30.5
Computer	3	3	3	3	2	2	2	2	2	2
Library Aides	5	5	5	5	4	5	4	5	5	5
Secretaries/Clerical	17.5	16.5	17.5	17.5	17	17	16	16	16	16
Latchkey	6	6	6	6	7	7	6	6	6	6
Administrators										
Central Office	8	8	8	8	8	8	8	8	8	7
Elementary	3	3	3	3	3	3	3	3	3	3
Middle School	2	2	2	2	2	2	2	2	2	2
High school	2	2	2	2	2	2	2	2	2	3
Operation of plant										
Custodians & Maintenance	26.5	27.5	27.5	27.5	24	25	23.5	23	25	24
Pupil transportation										
Bus drivers	29	29	28	30.5	32	33	33.5	31.25	30.25	28.5
Bus Mechanics	3	3	3	3	2	2	2	2	2	2
Food service program										
Director	1	1	1	1	1	1	1	1	1	1
Cooks	16	15.5	15	15	15.5	15	15.5	15	15.25	14

Source: School District records

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

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>
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%	21.6	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	\$ 8,336	-1.34%	21.2	9.75%
2013	\$ 31,762,648	3,268	\$ 8,128	-2.50%	20.4	9.07%
2014	\$ 33,012,865	3,275	\$ 9,024	11.02%	20.1	9.04%
2015	\$ 33,039,043	3,209	n/a (2)	n/a	19.1	9.03%

Source: School District Records, Ohio Department of Education

(1) Expenditures per pupil as calculated and published by the Ohio Department of Education in the District Profile Report. The ODE prescribed calculation excludes certain expenditures, including debt service and capital outlay.

(2) Fiscal Year 2015 figures have not yet been published by the Ohio Department of Education.

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

Highland Local School District

Building Statistics

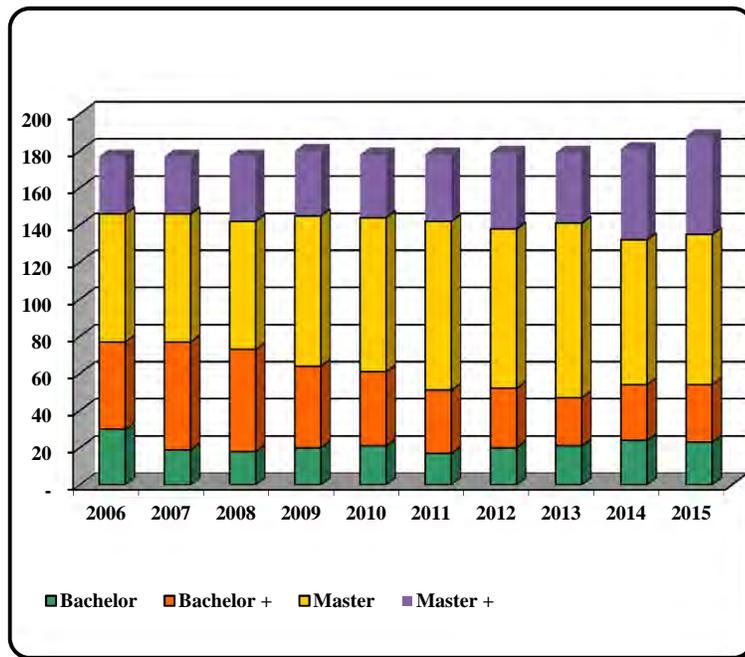
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Highland High School										
Constructed in 2004										
Total building square footage	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000
Enrollment grades 9-12	960	997	1,022	1,068	1,098	1,095	1,124	1,114	1,124	1,103
Student capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Regular instruction classrooms	45	45	45	45	45	45	45	45	45	45
Special instruction classrooms	4	4	4	4	4	4	4	4	4	4
Highland Middle School										
Constructed in 1958										
Total building square footage	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972
Enrollment grades 6-8	713	766	795	801	797	821	800	801	801	761
Student capacity	750	750	750	750	750	750	750	750	750	750
Regular instruction classrooms	30	30	30	30	29	29	29	30	30	30
Special instruction classrooms	5	5	5	5	5	5	5	5	5	5
Granger Elementary School										
Constructed in 1929										
Total building square footage	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081
Enrollment grades PS-5	505	524	529	505	499	512	484	482	479	468
Student capacity	525	525	525	525	525	525	525	525	525	525
Regular instruction classrooms	25	25	25	25	25	22	22	22	22	22
Special instruction classrooms	5	5	5	5	5	5	5	6	6	6
Hinckley Elementary School										
Constructed in 1949										
Total building square footage	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265
Enrollment grades K-5	425	466	458	445	454	441	454	438	438	437
Student capacity	400	400	400	400	400	400	400	400	400	400
Regular instruction classrooms	20	20	20	20	20	20	20	21	21	21
Special instruction classrooms	3	3	3	4	4	4	5	4	4	4
Sharon Elementary School										
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	452	458	465	450	479	463	430	433	433	440
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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bachelor's Degree	30	19	18	20	21	17	20	21	24	23
Bachelor + 15	18	26	26	17	20	15	11	6	14	15
Bachelor + 30	29	32	29	27	20	19	21	20	16	16
Master's Degree	69	69	69	81	83	91	86	94	78	81
Master's + 15	12	12	16	14	15	19	21	22	25	28
Master's + 30	19	19	19	21	19	17	20	16	24	25
Total	177	177	177	180	178	178	179	179	181	188



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>
2006	\$ 50,400	\$ 51,346
2007	54,683	52,596
2008	54,990	54,210
2009	56,451	55,583
2010	58,053	56,995
2011	59,832	57,904
2012	61,468	58,120
2013	59,817 (1)	57,966
2014	61,440	57,636
2015	63,233	n/a

Source: School District Records, Ohio Department of Education

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

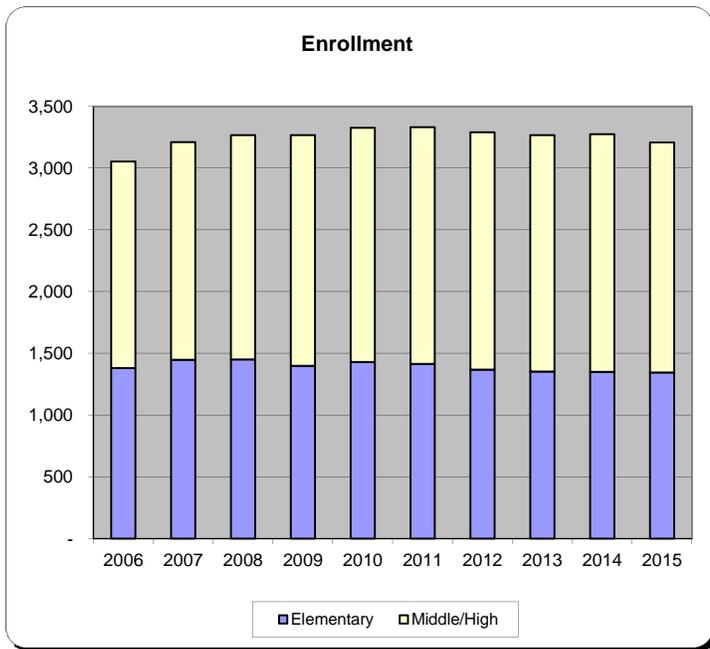
(1) Decrease in average certified staff salary attributable to the implementation of an employee severance plan at the end of the 2011-2012 school year.

Highland Local School District

Enrollment Statistics

Last Ten Fiscal Years

Fiscal Year	Highland Elementary Schools	Highland Middle/High School	Total
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
2013	1,353	1,915	3,268
2014	1,350	1,925	3,275
2015	1,345	1,864	3,209



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>
2006	96.30%	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%	96.30% (1)	79.70% (1)
2012	96.70%	94.50%	97.40% (1)	81.30% (1)
2013	96.40%	94.20%	97.10% (1)	82.20% (1)
2014	96.70%	94.20%	n/a (1)	n/a (1)
2015	n/a (1)	n/a (1)	n/a (1)	n/a (1)

Source: Ohio Department of Education

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

(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. Graduation rates are also published one year in arrears. Currently, the graduation rates for the 2013-2014 and 2014-2015 school years are not yet available.





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
JANUARY 12, 2016