



**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2002



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO



**Auditor of State
Betty Montgomery**

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

January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY

TABLE OF CONTENTS

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

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

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

To the Board of Education:

We have audited the general purpose financial statements of Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002 in which we noticed the District changed its policy related to the capitalization threshold for fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

December 20, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

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

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

To the Board of Education:

Compliance

We have audited the compliance of Highland Local School District, Medina County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

Schedule of Receipts and Expenditures of Federal Awards

We have audited the general purpose financial statements of the District, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002 in which we noted the District changed its policy related to the capitalization threshold for fixed assets. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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



Jim Petro
Auditor of State

December 20, 2002

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	048496	10.550		\$24,975		\$23,466
National School Lunch Program	048496 03-PU-02	10.555	\$41,897		\$41,897	
Total U.S. Department of Agriculture - Nutrition Cluster			41,897	24,975	41,897	23,466
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	048496-C1-S1-01	84.010			13,459	
	048496-C1-S1-02		74,609		65,335	
Total Title I Grants to Local Educational Agencies			74,609		78,794	
Special Education Cluster:						
Special Education Grants to States	048496 6B-SF 00	84.027			2,284	
	048496 6B-SF 01				28,763	
	048496 6B-SF 02		181,352		147,781	
Total Special Education Grants to States			181,352		178,828	
Special Education PreSchool Grants	048496-PG-S1-01P	84.173			296	
	048496-PG-S1-02P		9,509		8,829	
Total Special Education PreSchool Grants			9,509		9,125	
Total Special Education Cluster			190,861		187,953	
Safe and Drug-Free Schools and Communities State Grants	048496 DR-S1-01	84.186			53	
	048496 DR-S1 02		9,586		9,408	
Total Safe and Drug-Free Schools and Communities State Grants			9,586		9,461	
Eisenhower Professional Development State Grants	048496 MS-S1-02	84.281	8,774		6,881	
Innovative Education Program Strategies	048496 C2-S1-01	84.298			723	
	048496 C2-S1-01				12,632	
	048496 C2-S1 02		12,632		13,355	
Total Innovative Education Program Strategies			12,632		13,355	
Class-Size Reduction	048496-CR-S1-01	84.340			4,459	
	048496-CR-S1-02		30,970		30,970	
Total Class-Size Reduction			30,970		35,429	
School Renovation Grants	048496-ATS1-02	84.352	2,585			
Total U.S. Department of Education			327,432		331,873	
Totals			<u>\$369,329</u>	<u>\$24,975</u>	<u>\$373,770</u>	<u>\$23,466</u>

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

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA OF COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster: National School Lunch Program, #10.555 Food Donation, #10.550 Title I Grants to Local Educational Agencies, #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	\$300,000
<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



Medina, Ohio

**Comprehensive Annual
Financial Report**

For the Year Ended June 30, 2002

Highland Local School District

Medina, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2002

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

Highland Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002

Table of Contents

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

Highland Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002

Table of Contents
(Continued)

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

Highland Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002

Table of Contents
(Continued)

	Page
Self-Insurance Fund	89
Combining Statement of Cash Flows	90
Trust and Agency Funds.....	91
Combining Balance Sheet	92
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Special Trust Fund.....	93
Endowment Nonexpendable Trust Fund	94
Statement of Changes in Assets and Liabilities – Student Managed	
Activity Agency Fund	95
General Fixed Assets Account Group	96
Schedule of General Fixed Assets by Source.....	97
Schedule of General Fixed Assets by Function and Activity	98
Schedule of Changes in General Fixed Assets by Function	99
 Statistical Section	
General Governmental Revenues by Source And Expenditures by Function - Last Ten Years	102
Property Tax Levies and Collections - Last Ten Years.....	104
Assessed and Estimated Valuation of Property - Last Ten Years	105
Direct and Overlapping Property Tax Rates - Last Ten Years	106
Computation of Legal Debt Margin	108
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Years	109
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total Governmental Expenditures - Last Ten Years.....	110
Demographic Statistics.....	111
Property Values, Bank Deposits and Construction	112
Principal Taxpayers.....	113
Computation of Direct and Overlapping Bonded Debt	114
Directory of School Facilities.....	115
Miscellaneous Statistics.....	116



INTRODUCTORY SECTION



Highland Local Schools

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

December 27, 2002

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

The Comprehensive Annual Financial Report (CAFR) of the Highland Local School District (the "School District"), for the fiscal year ended June 30, 2002, is hereby submitted. This report, prepared by the Treasurer's Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2001-2002 fiscal year.

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

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

This CAFR is presented in three sections:

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

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

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

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

DESCRIPTION OF THE SCHOOL DISTRICT

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

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

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

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

As of June 30, 2002, the School District had 2,593 public students enrolled in four community schools: Sharon Elementary, Hinckley Elementary, Highland Middle School housing grades 6 through 8, and Highland High School, a comprehensive high school for grades 9 through 12. The School District also operates other facilities including a bus garage, maintenance facility, and several sports fields.

Following a period of decline in the mid 1980's, the enrollment in the School District, as of the June 2002 count, has grown more than 40% since 1990 when enrollment was at 1,846. New major housing developments and several smaller ones are attracting an increasing number of young families with children to the community. Within the District, an additional 158 lots have been approved for housing construction.

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education (the "Board") of the School District is comprised of five members elected at large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the School District. The Board is responsible for the adoption of the tax budget, the annual operating budget, and approves all expenditures of the School District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Ohio Revised Code. Current members include, Robert Senkar, President, Ruth Abboud, Vice President, Nancy Wingenbach, Robert Kelly and Robert Chaffee. Combined, these individuals have served the Highland Local School District for 33 years. Current members Robert Chaffee, Nancy Wingenbach and Robert Kelly ran unopposed and were re-elected in the November 2001 General Election. Upon accepting a position out of state, Robert Chaffee resigned from the Board of Education at the June 17, 2002 board meeting. Trent Smith was appointed on July 15, 2002 to serve the un-expired term of Mr. Chaffee.

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations within the School District. Dr. Bruce W. Armstrong was appointed Superintendent on August 1, 2000. He was originally given a three-year contract which ends on July 31, 2003. On February 19, 2002, Dr. Armstrong was given a five-year contract extension. Dr. Armstrong has a total of twenty-five years' experience in education.

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

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

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

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

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

<u>TOP TEN TANGIBLE TAX PAYERS (2001 Collection)</u>	
<u>Name</u>	<u>Valuation</u>
A. Schulman, Inc.	\$2,649,090
Avalon RV Center, Inc.	\$1,476,120
SFS Stadler, Inc.	\$1,108,530
Atlantic Tool & Die Company	\$1,051,550
Partners In Plastic	\$ 832,900
Power Transmission Technology, Inc.	\$ 761,200
Rental Service Corp USA, Inc.	\$ 672,290
Ruhlin Company	\$ 652,210
Inflatable Survival Systems, Inc.	\$ 609,740
Cell O Core	\$ 333,960

PUBLIC UTILITY PERSONAL (2002 Collection)

<u>Name</u>	<u>Valuation</u>
Ohio Edison	\$5,360,320
Verizon North	\$2,080,920
American Transmission	\$1,069,850
Columbia Gas of Ohio	\$ 670,990
Western Reserve Telephone	\$ 529,600
East Ohio Gas Co.	\$ 357,650
New Par	\$ 342,340
A T & T Communication of Ohio	\$ 318,210
Alltel Ohio Limited	\$ 263,980
Ohio Telephone & Telegraph	\$ 226,740

TOP TEN REAL ESTATE TAX PAYERS (2002 Collection)

<u>Name</u>	<u>Valuation</u>
Cornelius Mihalca	\$1,502,130
Kimball Hill Homes	\$1,422,200
Structured Management	\$1,151,510
Nicholas J. & Demetra K. Spirtos	\$1,002,790
Wakefield Run Development	\$ 897,510
Sharon Club Company	\$ 869,360
Progress Industrial	\$ 781,910
Ironwood Golf Course	\$ 759,640
SFS Stadler, Inc.	\$ 744,800
Portside Corporate	\$ 720,990

MAJOR INITIATIVES AND ACCOMPLISHMENTS

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

STUDENTS - STAFF – DISTRICT

NATIONAL MERIT SCHOLARSHIP PROGRAM

- Several students in the High School were award winners in the National Merit Scholarship Program. Merit Scholarship Winner: Alex Stefaniak; Finalists: Bonnie Briggle, Sean Koran, Brian Latko and Alex Stefaniak; Semifinalist: Jeffrey Stanowick; Commended Students: Benjamin Berardinis, Benjamin Bloss, Minna Krejci and Kyle May.

WAL-MART TEACHER OF THE YEAR

- Hinckley Elementary second grade teacher Carolyn Minen was named the “Wal-Mart Teacher of the Year” by the Strongsville Wal-Mart store. Mrs. Minen’s students nominated her for this prestigious award that included \$500 for an educational grant for Hinckley Elementary.

MUSIC IN THE SCHOOLS

- Many students in Highland High School and Middle School participate in either the choir or band program. Instructed by the talented staff of Christopher and Kate Ilg for choir and Daryl Kubilus, William Turner and Edward Marquette for band, the students are exposed to a variety of music from classical to jazz. Both programs compete in Ohio Music Education Association adjudicated events each year and consistently receive the highest rating possible for their performance.

ACADEMIC COMPETITION TEAM

- During the 2001-2002 academic year, Highland High School's (HHS) academic competition team, Convolutions, again competed in two interscholastic leagues. HHS is the only Medina County school participating in the Northeast Ohio Academic League and one of 8 schools competing in the Medina County Academician's League. HHS is a charter member of both leagues. The Convolutions team also participated in the semi-annual Knowledge Master Open, an international computer-based competition sponsored by Academic Hallmarks of Durango, Colorado. Fall 2001 results placed HHS at #6 of 47 Ohio high schools, #13 of 246 high schools with enrollment of 501-1000 and #97 of 1007 high schools overall. Students participated in 48 US states, the District of Columbia, the Virgin Islands, Canada, Hong Kong, Japan, Korea, Peru, Singapore, United Arab Emirates and Uzbekistan. The results for the Spring 2002 competition place HHS at #5 of 42 Ohio schools, #17 of 220 by enrollment and #132 of 925 overall. Participating in this competition were students in 48 US states, the District of Columbia, the Virgin Islands, Bahrain, Bangladesh, Bulgaria, Canada, China, Hong Kong, Japan, Korea, Peru, Poland, Singapore, United Arab Emirates, the United Kingdom and Uzbekistan. This year's team was led by seniors Alex Stefaniak, Amy Roth, Kyle May, Brian Latko, Minna Krejci, Jane Hornickel, Margaret Edgington and Ben Bloss.

POWER OF THE PEN

- Highland Middle School seventh and eighth grade Power of the Pen teams performed very well at the district and regional tournaments in Medina. The seventh grade team won the second place trophy and took a fourth place overall trophy. Going to compete at the state competition in May at The College of Wooster were Gavin Roy, Jonathan Tietz and Jillian Elias. Coaches for the writing team are Middle School staff members, Marcy Hughes and Cathy Wilhelm.

ENVIROTHON

- Highland High School Envirothon team members placed 7th in the Ohio Envirothon competition out of 20 total teams. "Envirothon" is a science competition that takes place outdoors and includes categories such as forestry, wildlife, aquatics, etc. Team members, Bonnie Briggie, Margaret Edgington, Minna Krejci, Kyle May and Amy Roth also participate in the Highland High School Green Club. During the 2001-2002 school year, the club raised funds to save an acre of rain forest, participated in biodiversity studies, aquatic sampling methods, observational astronomy and took part in an owl prowl and wolf pack activity.

NATIONAL BOARD CERTIFIED TEACHERS

- Six members of the Highland teaching staff have obtained National Board Certification through the National Board for Professional Standards (NBPTS). Elizabeth Gleason, Mary Cassidy, Annette Cross, Judith DeMars, Lora Rumsey and Roberta Davis have met the rigorous national standards and assessments for what teachers need to know and be able to do.

SPORTSMANSHIP

- For the 7th year in a row, Highland High School received the Ohio High School Athletic Association Harold A. Meyer Sportsmanship, Ethics and Integrity Award. This award recognizes the schools, students, coaches and communities that have established athletic programs with exemplary policies, philosophies and campaigns promoting sportsmanship, ethics and integrity.

ATHLETIC TEAMS

- The girl's tennis team was league co-champions for the third consecutive year.
- The football team had an undefeated regular season, won the league championship and qualified for the playoffs for second consecutive year. Senior Mike Kudla was named Northeast Inland District Defensive Player of the Year and 1st team All-Ohio.

- The boy's golf team was league champions, sectional champions and district champions. Kurt Parker was named 2nd team All-Ohio and Vince Belpulsi was named Medina County Gazette Golfer of the Year.
- The wrestling team had two league champions: Colin Kibler in the 103 pound weight division and Brett Young in the 119 pound weight division.
- Julie Kafun was named 2nd team All-Ohio in girls' basketball.
- The boy's track team had two league champions: Joe Platten in the 300 hurdles and Nic Saluppo in the 200m dash. Qualifying for the State track meet were Brian Jeffers in the high jump, Brett Ventura in the discus and Nic Saluppo in the 200m dash.
- Girls cross-country team qualified for regionals.
- The 8th grade boy's basketball team finished as league co-champions and placed 1st in the league tournament.
- Middle school girls track set several new track records for the school.

PEER LEADERS

- The Peer Leader program had 35 students from grades 10 – 12 participating during the 2001-2002 school year. After training, they go to the elementary schools once a month to present lessons on topics such as: making good choices, drugs and alcohol, peer pressure and cooperation. This successful program gives the elementary students a beginning sense of high school and gives the high school students an opportunity to provide a service and teach to the youngsters.

ELEMENTARY STUDENTS BECOME READING MILLIONAIRES

- For the 3rd year in a row, Sharon Elementary students are reading millionaires. During the 2001-2002 school year, students read 2,017,023 minutes while participating in the "S.P.O.R.T." program, which stands for "Students Participating on Our Reading Team". Every student who read 200 minutes in a single month became a member of "S.P.O.R.T" and were awarded with special prizes and treats throughout the year. Athletes from Highland High School visited Sharon students to provide encouragement. At the end of the year, all students were treated to an Akron Aeros game.

PLANT AND EDUCATIONAL SUPPORT

STATE REPORT CARD

- The Ohio Department of Education identified Highland Local Schools as one of only seventy-one school districts across the state to be rated "Excellent" on the Local Report Card. That determination was based on the School District's student performance, attendance, graduation and spending patterns. In order to be designated an "Excellent" district, Ohio schools must receive a score of 26 or 27 on their Local Report Cards. Highland Local Schools met 27 out of 27 state standards.

TECHNOLOGY

- All buildings are wired, networked and have Internet access. Over the past three years, over 800 new computers have been purchased. Two computer labs are available in both the High School and Middle School buildings. ATM infrastructure to allow voice, video and data to the classroom is installed, and every building has a high-speed fiber optic wan connection. A new phone system was installed in every building using the existing fiber in place which will result in tremendous savings in long distance telephone charges for the School District.

FINANCIAL ADVISORY PANEL

- A ten-member Financial Advisory Panel was established two years ago. Two community representatives from four of the townships provide an independent review of the School District's finances, communicates this information with the citizens, and maintains dialogue with the Board of Education on financial issues. During the 2001-2002 school year, the Panel recommended that the Board place the limited, 10-year, 16.8 mill incremental "renewal levy" on the May ballot for a continuing period of time. The issue was overwhelmingly approved and 65% of the voters agreed with the Panel's assessment that the District needed to get stable local property taxes it could count on.

FISCALLY SOUND

- Despite growing costs of doing business, the controversy over state funding and increasing numbers of unfunded state and federal mandates, Highland Local Schools remain in sound financial condition. This is particularly noteworthy because the School District relies heavily on the residential taxpayer for additional operating revenues. In May, 2002, District voters overwhelmingly renewed a 16.8 mill incremental levy for a continuing period of time.

HIGHLAND FOUNDATION FOR EDUCATIONAL EXCELLENCE

- During the 2001-2002 school year, the Highland Foundation for Educational Excellence donated \$27,500 in grants to the School District. The money funded several large scale projects for the schools and "innovation grants" for individual classrooms. Foundation dollars paid for a GLOBE satellite program in Highland High School science classes and portable science presentation equipment at Highland Middle School. The Foundation brought classical guitarist and art collector Christian Thomas Lee to the schools as an artist-in-residence. Lee spent a week in the District showing students original works by artists Picasso and Faberge. With the Foundation's help, Highland was able to implement a program of community education classes and Saturday enrichment programs for all residents. In addition, the Foundation also awarded ten "innovation grants" to Highland teachers. Those grants paid for a digital camera for the High School newspaper, COSI on Wheels at Hinckley Elementary, kindergarten yearbook project at Sharon Elementary, stereo microscope for use at the Middle School's 6th grade camp, Great Leaps Reading Program at the Middle School, a Community Oral History Video Project at the High School, a simulated stock market program for 8th grade students, environmental stewardship program for 2nd grade students, framing of student artwork for Central Office display and computer software for special education students at Sharon Elementary. Increased donations are planned for the 2002-2003 school year.

THE CLASS OF 2002

FUTURE PLANS

- Following graduation, 75% of the Class of 2002 enrolled in a four-year college, 5% enrolled in a two-year college, 4% in a trade and technical program, and 16% entered the labor market or military.

VALEDICTORIAN

- Two valedictorians with a grade point average of 4.593 led the Class of 2002: Bonnie Brissle and Alex Stefaniak

HONORS DIPLOMAS

- Fifty-five graduates earned honors diplomas. An honors score on the Senior (twelfth grade) proficiency test is one of the seven of eight criteria needed to earn the honors diploma.

EDUCATIONAL EXCELLENCE

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

MERIT AWARDS

- 31% of the graduating class earned the State Award of Merit. To receive this honor, students must complete the core curriculum, plus have three units of a foreign language, a 3.25 grade point average, an average attendance of 90.8% or better and good character.

SCHOLARSHIP WINNERS

- Fifty-one members of the Class of 2002 shared in \$1,135,200 over a four-year period in college and university scholarships awarded at graduation.

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

FINANCIAL INFORMATION

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

Internal Controls

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

Single Audit Act

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

Budgetary Controls

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

General Governmental Functions

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

The following schedule presents a summary of revenues for all Governmental Funds for fiscal year ended June 30, 2002, and the amount and percentage of increases (decreases) in relation to the 2001 fiscal year.

<u>Revenue by Source</u>	<u>2001 Amount</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Taxes	12,354,172	14,538,929	61.70 %	2,184,757	17.68 %
Tuition and fees	42,011	184,042	0.78 %	142,031	338.08 %
Interest Income	597,311	1,747,965	7.42 %	1,150,654	192.64 %
Extracurricular	133,692	215,505	.091 %	81,813	61.20 %
Other Local	90,293	60,508	.026 %	(29,785)	(32.99) %
Intergovernmental	<u>5,454,444</u>	<u>6,817,025</u>	<u>28.93 %</u>	<u>1,362,581</u>	<u>24.98 %</u>
Total	<u>\$ 18,671,923</u>	<u>\$ 23,563,974</u>	<u>100.00 %</u>	<u>\$ 4,892,051</u>	<u>26.20 %</u>

Tax revenues increased due to the addition of a 6.82 mill bond issue and the six-year property reappraisal being included in the tax duplicate. The School District realized a 20.61% increase in the total valuation or a dollar figure of \$79,513,434. As a comparison, annual School District valuation increases have averaged 5.15% in years not related to six-year reappraisal or three-year update.

Tuition and fees income increased due to the District accepting additional special education students from other districts. The District received approximately \$96,000 more in tuition for these children.

Investment earnings were substantially higher in the 2001-2002 school year because bond issue proceeds were available to the District to invest. The School District maximized its investment earnings by purchasing certificates of deposits, US Treasury Bills, Notes and Bonds, certain banker's acceptance notes and commercial paper notes, along with high interest public funds savings accounts, a sweep account and STAR Ohio (State Treasury Asset Reserve). Interest earnings for 2001-2002 were \$1,747,965.

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

Extracurricular revenue increased due to increased gate receipts from athletic events. Winning sports teams bring increased community attendance to athletic games.

The following schedule presents a summary of expenditures for all governmental funds for the fiscal year ended June 30, 2002, and the amount and percentage of increases (decreases) in relation to the 2001 fiscal year.

<i>Expenditure by Function</i>	<i>2001 Amount</i>	<i>2002 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Percent of Increase (Decrease)</i>
Instruction	\$ 8,787,480	\$ 9,696,563	15.62 %	\$ 909,083	10.35 %
Pupil Support	682,467	791,643	1.28 %	109,176	16.00 %
Instructional Staff	904,511	1,066,087	1.72 %	161,576	17.86 %
Board of Education	17,434	21,438	0.03 %	4,004	22.97 %
Administration	1,358,748	1,386,350	2.23 %	27,602	2.03 %
Fiscal	510,379	576,577	0.93 %	66,198	12.97 %
Business	59,474	43,337	0.07 %	(16,137)	(27.13) %
Plant Operations	1,388,114	1,444,642	2.33 %	56,528	4.07 %
Pupil Transportation	1,012,720	1,151,899	1.86 %	139,179	13.74 %
Central	143,765	162,936	0.26 %	19,171	13.33 %
Extracurricular	539,987	712,490	1.15 %	172,503	31.95 %
Capital Outlay	371,270	2,967,386	4.78 %	2,596,116	699.25 %
Debt Service	<u>162,123</u>	<u>42,038,411</u>	<u>67.74 %</u>	<u>41,876,288</u>	<u>25,829.95 %</u>
Total	<u>\$ 15,938,472</u>	<u>\$ 62,059,759</u>	<u>100.00 %</u>	<u>\$ 46,121,287</u>	<u>289.37 %</u>

The Percent of Total column is substantially lower than percentages shown from this schedule in the 2000-2001 year. The District repaid bond issue notes in the amount of \$40,612,348 issued in the 2000-2001 fiscal year with bond proceeds sold in the 2001-2002 fiscal year, thereby causing the percentage to total expenses to be reduced in all other categories.

Normally, the largest expenditure component in the governmental funds is the instruction/pupil support account. Salaries of teachers, classroom aides, counselors, textbooks and classroom materials are examples of expenditures in this account. Collective bargaining agreements result in annual increases in salaries and wages that make up the bulk of instruction expenditures. In the 2001-2002 fiscal year, the District entered into a new 3-year agreement with both of its bargaining units.

The administrative function includes activities concerned with establishing and administering policies in connection with the School District. Expenditures in this category include salaries of the board of education, school building and central office administrators, and the necessary materials and equipment to perform those jobs.

The fiscal and business functions include the functions of purchasing, contracts, accounting, budgeting, and payroll.

Plant operations include the salary and benefit costs of the maintenance and custodial staff; large expenditures for utilities and repair/maintenance projects are incurred on an annual basis. No major repairs or renovations were made this year with the money generated in the Permanent Improvement Fund. The cash balance of over \$531,000 will be used for upcoming renovation expenses that will occur in all existing buildings.

Transportation and related functions include salaries and benefits for the supervisor, drivers, and mechanics; this area covers fuel costs, maintenance, repairs, and materials in connection with transportation of 2,545 public and non-public students on a daily basis.

Extracurricular activity functions include salaries and benefits for the athletic director, secretary, all coaches and advisors. Athletic supplies, equipment and game officials are expensed from the Special Revenue Funds established for those purposes. In the new negotiated agreements with the bargaining units, substantial percentage increases were made on the salary schedule and additional coaching and advisor positions were implemented.

Capital Outlay functions incurred higher costs this year due to work done by architects, engineers and contractors hired in building a new high school and to renovate all existing buildings. The majority of this category is being spent from the proceeds of the bond issue.

Debt Service represents repayment of bond issue notes in the amount of \$40,612,348 along with an interest payment on bonds in the amount of \$982,794. All other expenses incurred are fees charged by the Medina and Summit County Auditors in collection of property taxes.

Significant activity in the major funds of each Fund Type and Account Group is highlighted below.

General Fund

The School District ended the 2001-2002 fiscal year with a general fund unencumbered cash balance of \$11,926,442, of this balance, \$230,820 is considered to be set-aside for budget stabilization.

Special Revenue Funds

The Special Revenue Funds account for revenue derived primarily from grants and entitlements restricted by law to expenditures for specific purposes, or other formal actions to expend for a specific purpose. For the fiscal year ended June 30, 2002, Special Revenue Funds had combined revenues of \$658,595 and expenditures of \$662,864.

Debt Service Funds

The Debt Service Fund is established to account for the accumulation of resources for, and the payment of, all general short and long term debt incurred by the District. For the fiscal year ended June 30, 2002, the Debt Service Fund had combined revenues of \$1,554,570 and expenditures of \$42,032,847. As mentioned above, repayment of bond issue notes were made in fiscal year 2001-2002.

Capital Projects Funds

The Capital Projects Funds are used to account for all transactions related to acquiring, constructing or improving capital assets. The District is currently building a new high school and planning major renovations to its' existing buildings. These projects were approved by District voters in the 2000-2001 fiscal year, with permanent financing of a \$39,900,000 bond issue occurring the following year. During the year, \$32,256,632 was expended for these purposes, including roof replacements throughout the School District.

Enterprise Funds

The Enterprise Funds are the Food Service Fund and Uniform School Supplies Fund. These operations are similar to activities found in the private sector and it is the management's desire to track the profit and loss of these functions. All Enterprise operations showed a net loss in 2001-2002 of \$75,829.

Internal Service Funds

The two Internal Service Funds accounted for by the School District in 2001-2002 include Rotary and Self-Insurance Funds. During fiscal 2002, all Internal Service Funds, on a combined basis, had a total operating loss of \$108,908.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, other School District organizations, or other funds. The School District maintains an expendable trust and agency funds. On June 30, 2002, assets held in Fiduciary Funds totaled to \$151,719.

General Fixed Assets

The General Fixed Assets of the School District are used to carry on the main educational and support functions of the School District and, as such, are not financial resources available for expenditure. The total General Fixed Assets at June 30, 2002 were \$18,336,184. These assets are accounted for at historical cost. Depreciation is not recognized on General Fixed Assets.

DEBT ADMINISTRATION

The School District had general obligation bonds outstanding at June 30, 2002 in the amount of \$39,900,000. The District issued bonds in December, 2001 and the proceeds were used to retire a bond anticipation note that matured on January 24, 2002. This debt resulted from the passage on May 8, 2001, of a 6.82 mill, \$39,900,000 bond issue for a new high school and renovations to other district buildings.

CASH MANAGEMENT

The School District has approached the cash management program during 2001-2002 with the use of the following investment instruments: non-negotiable certificates of deposit, US Treasury Bills, Notes and Bonds, commercial paper notes, along with high interest public funds savings accounts, overnight repurchase agreements and STAR Ohio (State Treasury Asset Reserve). To maximize earnings, all investments are matched to liabilities. The School District monitors its cash management program and investments on a weekly basis. Total amount of interest earned was \$1,747,965.

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

RISK MANAGEMENT

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

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

The health benefits liability is limited by reinsurance that caps the individual liability at \$40,000 for fiscal year 2002. Control of the plan rests solely with the School District. The District's health plan participates in a health network which provides substantial discounts for the plan. A major advantage of the self-insurance program includes the School District's holding of fund balances, as well as savings on administrative costs. The School District's health insurance retained earnings balance on June 30, 2002 was \$1,543,890.

All employees of the School District are covered by worker's compensation. Since 1992, the School District has participated in a group-rating program in an effort to control these costs. The majority of school districts in Ohio are participating members.

PENSION PLANS

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

School District contributions for 2002 were \$1,171,752 as the employer portion to STRS and \$384,706 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$12,400 for fiscal 2002. The surcharge is calculated at 14% of the difference between the member's annual compensation and the minimum compensation level. For the 2001-02 fiscal year, a surcharge of \$32,890 was incurred.

OTHER INFORMATION

Independent Audit

Provisions of State statute require the School District's financial statements to be subjected to a biannual examination by The Auditor of State. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996. The Ohio Auditor of State performed the audit for the year ended June 30, 2002. The auditor's unqualified opinion rendered on the School District's general purpose financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. The School District has submitted this report for consideration to the GFOA. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

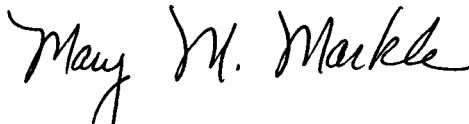
A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

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

I would also extend my appreciation to the members of the Highland Board of Education for their leadership, commitment to excellence and support. It is with great pride that the Highland Local School District presents the 2002 Comprehensive Annual Financial Report to the citizens and taxpayers of the district.

Respectfully Submitted,



Mary M. Markle
Treasurer

Highland Local School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2002

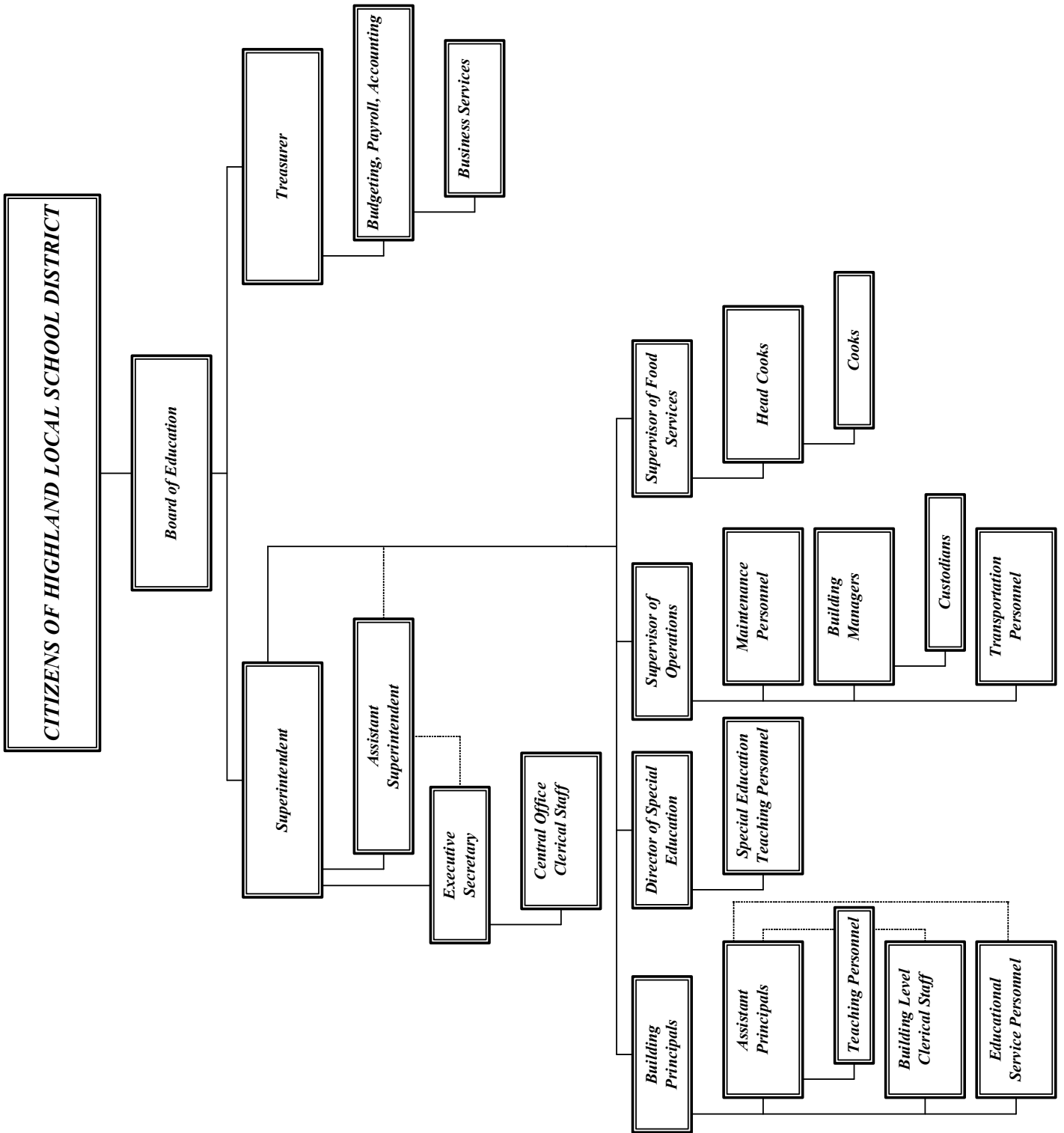
Board of Education

Robert Senkar	Board Member, President (Term: 1/1/00-12/31/03)
Ruth Abboud	Board Member, Vice-President (Term: 1/1/00-12/31/03)
Robert Kelly	Board Member (Term: 1/1/02-12/31/05)
Nancy Wingenbach	Board Member (Term: 1/1/02-12/31/05)
Robert Chaffee	Board Member (Term: 1/1/02-12/31/05)

Administration

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

**Highland Local School District
Organizational Chart**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Highland Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



Timothy A. Druce
President

Jeffrey L. Esser
Executive Director



FINANCIAL SECTION



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2002, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Highland Local School District, Medina County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 7, the District changed its accounting policy related to the capitalization threshold for fixed assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Jim Petro
Auditor of State

December 20, 2002

General Purpose Financial Statements

Highland Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
Assets and other debits:				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 11,850,910	\$ 153,234	\$ 303,279	\$ 30,330,789
Equity in pooled cash and cash equivalents-nonexpendable trust	-	-	-	-
Cash and cash equivalents:				
In segregated accounts	-	-	-	8,950,524
With fiscal agent	-	-	35,362	-
Receivables:				
Taxes	13,307,703	-	2,644,876	-
Accounts	31,742	-	-	10,000
Intergovernmental	-	9,220	-	-
Accrued interest	63,873	-	-	62,656
Interfund receivable	4,818	-	-	326,912
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Equity in pooled cash and cash equivalents (restricted)	230,820	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 25,489,866</u>	<u>\$ 162,454</u>	<u>\$ 2,983,517</u>	<u>\$ 39,680,881</u>
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 69,492	\$ 9,786	\$ -	\$ 17,586
Contracts payable	-	-	-	736,052
Accrued wages	1,596,101	25,099	-	-
Compensated absences payable	128,126	-	-	-
Interfund payable	-	4,818	326,912	-
Intergovernmental payable	291,378	3,753	-	-
Deferred revenue	12,503,065	1,440	2,481,963	-
Due to students	-	-	-	-
Matured bonds payable	-	-	30,000	-
Matured interest payable	-	-	5,362	-
Claims payable	-	-	-	-
Capital lease payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total liabilities	<u>14,588,162</u>	<u>44,896</u>	<u>2,844,237</u>	<u>753,638</u>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	125,027	12,344	-	29,374,450
Reserved for endowment	-	-	-	-
Reserved for property taxes	804,638	-	162,913	-
Reserved for budget stabilization	79,453	-	-	-
Unreserved, designated for budget stabilization	151,367	-	-	-
Unreserved, undesignated	9,741,219	105,214	(23,633)	9,552,793
Total fund equity and other credits	<u>10,901,704</u>	<u>117,558</u>	<u>139,280</u>	<u>38,927,243</u>
Total liabilities, fund equity and other credits	<u>\$ 25,489,866</u>	<u>\$ 162,454</u>	<u>\$ 2,983,517</u>	<u>\$ 39,680,881</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 144,187	\$ 1,582,838	\$ 91,526	\$ -	\$ -	\$ 44,456,763
-	-	58,597	-	-	58,597
-	111,500	-	-	-	9,062,024
-	-	-	-	-	35,362
-	-	-	-	-	15,952,579
-	-	1,596	-	-	43,338
5,692	-	-	-	-	14,912
-	-	-	-	-	126,529
-	-	-	-	-	331,730
15,986	-	-	-	-	15,986
1,949	-	-	-	-	1,949
-	-	-	-	-	230,820
37,537	-	-	18,336,184	-	18,373,721
-	-	-	-	139,280	139,280
-	-	-	-	40,601,730	40,601,730
<u>\$ 205,351</u>	<u>\$ 1,694,338</u>	<u>\$ 151,719</u>	<u>\$ 18,336,184</u>	<u>\$ 40,741,010</u>	<u>\$ 129,445,320</u>
\$ 90	\$ 275	\$ 2,000	\$ -	\$ -	\$ 99,229
-	-	-	-	-	736,052
49,469	-	-	-	-	1,670,669
14,264	-	-	-	671,725	814,115
-	-	-	-	-	331,730
36,428	-	-	-	122,264	453,823
11,895	-	-	-	-	14,998,363
-	-	65,059	-	-	65,059
-	-	-	-	-	30,000
-	-	-	-	-	5,362
-	144,101	-	-	-	144,101
-	-	-	-	47,021	47,021
-	-	-	-	39,900,000	39,900,000
<u>112,146</u>	<u>144,376</u>	<u>67,059</u>	<u>-</u>	<u>40,741,010</u>	<u>59,295,524</u>
-	-	-	18,336,184	-	18,336,184
14,022	-	-	-	-	14,022
79,183	1,549,962	-	-	-	1,629,145
-	-	-	-	-	29,511,821
-	-	56,464	-	-	56,464
-	-	-	-	-	967,551
-	-	-	-	-	79,453
-	-	-	-	-	151,367
-	-	28,196	-	-	19,403,789
<u>93,205</u>	<u>1,549,962</u>	<u>84,660</u>	<u>18,336,184</u>	<u>-</u>	<u>70,149,796</u>
<u>\$ 205,351</u>	<u>\$ 1,694,338</u>	<u>\$ 151,719</u>	<u>\$ 18,336,184</u>	<u>\$ 40,741,010</u>	<u>\$ 129,445,320</u>

Highland Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2002

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Property and other local taxes	\$ 12,984,566	\$ -	\$ 1,400,176	\$ 154,187
Intergovernmental	6,227,241	413,726	154,394	21,664
Interest	424,218	-	-	1,323,278
Tuition and fees	159,748	24,294	-	-
Extracurricular activities	-	215,505	-	-
Gifts and donations	15,290	4,609	-	-
Miscellaneous	22,905	461	-	11,925
Total revenues	19,833,968	658,595	1,554,570	1,511,054
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,350,858	82,852	-	13,120
Special	1,920,303	91,673	-	-
Vocational	200,031	-	-	-
Other	37,726	-	-	-
Support services:				
Pupils	754,830	36,813	-	-
Instructional staff	970,320	95,767	-	-
Board of education	21,438	-	-	-
Administration	1,284,542	98,244	3,545	19
Fiscal	547,218	-	17,243	12,116
Business	43,337	-	-	-
Operation and maintenance of plant	1,402,916	-	-	41,726
Pupil transportation	1,151,207	692	-	-
Central	110,219	18,717	-	34,000
Extracurricular activities	474,049	238,106	-	-
Capital outlay	186,185	-	-	2,781,201
Debt service:				
Principal retirement	22,064	-	39,900,000	-
Interest and fiscal charges	4,288	-	2,112,059	-
Total expenditures	16,481,531	662,864	42,032,847	2,882,182
Excess of revenues over (under) expenditures	3,352,437	(4,269)	(40,478,277)	(1,371,128)
<u>Other financing sources:</u>				
Proceeds of bonds	-	-	40,617,557	-
Proceeds from sale of fixed assets	700	-	-	-
Total other financing sources	700	-	40,617,557	-
Excess of revenues and other financing sources over (under) expenditures	3,353,137	(4,269)	139,280	(1,371,128)
Fund balances at beginning of year	7,548,567	121,827	-	40,298,371
Fund balances at end of year	\$ 10,901,704	\$ 117,558	\$ 139,280	\$ 38,927,243

See accompanying notes to the general purpose financial statements.

Fiduciary Fund	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 14,538,929
-	6,817,025
469	1,747,965
-	184,042
-	215,505
5,318	25,217
-	35,291
5,787	23,563,974
-	7,446,830
-	2,011,976
-	200,031
-	37,726
-	791,643
-	1,066,087
-	21,438
-	1,386,350
-	576,577
-	43,337
-	1,444,642
-	1,151,899
-	162,936
335	712,490
-	2,967,386
-	39,922,064
-	2,116,347
335	62,059,759
5,452	(38,495,785)
-	40,617,557
-	700
-	40,618,257
5,452	2,122,472
20,611	47,989,376
\$ 26,063	\$ 50,111,848

Highland Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types		
	Revised Budget	General Fund	
		Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 12,788,994	\$ 12,743,412	\$ (45,582)
Intergovernmental	6,172,564	6,227,241	54,677
Interest	546,000	503,921	(42,079)
Tuition and fees	109,762	142,260	32,498
Extracurricular activities	-	-	-
Gifts and donations	7,000	15,290	8,290
Miscellaneous	15,845	16,914	1,069
Total revenues	<u>19,640,165</u>	<u>19,649,038</u>	<u>8,873</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,356,712	7,269,064	87,648
Special	1,808,198	1,830,061	(21,863)
Vocational	205,734	197,963	7,771
Other	37,862	37,726	136
Support services:			
Pupils	780,698	746,559	34,139
Instructional staff	1,133,860	967,392	166,468
Board of education	22,707	21,863	844
Administration	1,331,771	1,300,438	31,333
Fiscal	544,116	545,611	(1,495)
Business	65,790	47,736	18,054
Operation and maintenance of plant	1,530,279	1,453,369	76,910
Pupil transportation	1,189,748	1,158,707	31,041
Central	142,881	110,830	32,051
Extracurricular activities	420,221	473,868	(53,647)
Capital outlay	228,923	203,177	25,746
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>16,799,500</u>	<u>16,364,364</u>	<u>435,136</u>
Excess of revenues over (under) expenditures	<u>2,840,665</u>	<u>3,284,674</u>	<u>444,009</u>
<u>Other financing sources (uses):</u>			
Proceeds of bonds	-	-	-
Proceeds from sale of fixed assets	700	700	-
Refund of prior year expenditures	-	6,354	6,354
Refund of prior year receipts	(500)	(500)	-
Advances in	-	-	-
Advances out	-	(4,818)	(4,818)
Operating transfers in	-	759	759
Operating transfers out	(759)	(759)	-
Total other financing sources (uses)	<u>(559)</u>	<u>1,736</u>	<u>2,295</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,840,106	3,286,410	446,304
Fund balances at beginning of year	8,260,842	8,260,842	-
Prior year encumbrances appropriated	379,190	379,190	-
Fund balances at end of year	<u>\$ 11,480,138</u>	<u>\$ 11,926,442</u>	<u>\$ 446,304</u>

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,237,263	\$ 1,237,263	\$ -
410,276	405,946	(4,330)	154,394	154,394	-
-	-	-	-	-	-
23,900	24,294	394	-	-	-
215,666	217,268	1,602	-	-	-
4,200	4,609	409	-	-	-
300	461	161	-	-	-
<u>654,342</u>	<u>652,578</u>	<u>(1,764)</u>	<u>1,391,657</u>	<u>1,391,657</u>	<u>-</u>
83,947	82,853	1,094	-	-	-
108,783	92,986	15,797	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,819	36,801	1,018	-	-	-
110,868	89,475	21,393	-	-	-
-	-	-	-	-	-
108,189	97,268	10,921	3,600	3,545	55
-	-	-	18,000	17,243	757
-	-	-	-	-	-
2,000	-	2,000	-	-	-
693	692	1	-	-	-
33,357	18,717	14,640	-	-	-
255,500	244,994	10,506	-	-	-
-	-	-	-	-	-
-	-	-	39,900,000	39,900,000	-
-	-	-	1,694,748	1,695,142	(394)
<u>741,156</u>	<u>663,786</u>	<u>77,370</u>	<u>41,616,348</u>	<u>41,615,930</u>	<u>418</u>
<u>(86,814)</u>	<u>(11,208)</u>	<u>75,606</u>	<u>(40,224,691)</u>	<u>(40,224,273)</u>	<u>418</u>
-	-	-	40,200,640	40,200,640	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(4,059)	(4,059)	-	-	-
-	4,818	4,818	326,912	326,912	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>759</u>	<u>759</u>	<u>40,527,552</u>	<u>40,527,552</u>	<u>-</u>
(86,814)	(10,449)	76,365	302,861	303,279	418
129,051	129,051	-	-	-	-
16,302	16,302	-	-	-	-
<u>\$ 58,539</u>	<u>\$ 134,904</u>	<u>\$ 76,365</u>	<u>\$ 302,861</u>	<u>\$ 303,279</u>	<u>\$ 418</u>

Highland Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund (Continued)
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Capital Projects Funds Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 170,916	\$ 170,916	\$ -
Intergovernmental	21,664	21,664	-
Interest	1,152,208	1,210,790	58,582
Tuition and fees	-	-	-
Extracurricular activities	-	-	-
Gifts and donations	-	-	-
Miscellaneous	1,175	1,925	750
Total revenues	<u>1,345,963</u>	<u>1,405,295</u>	<u>59,332</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	617	13,120	(12,503)
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support services:			
Pupils	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	578	19	559
Fiscal	15,093	12,116	2,977
Business	-	-	-
Operation and maintenance of plant	777,787	41,726	736,061
Pupil transportation	-	-	-
Central	34,000	34,000	-
Extracurricular activities	-	-	-
Capital outlay	34,819,088	32,155,651	2,663,437
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>35,647,163</u>	<u>32,256,632</u>	<u>3,390,531</u>
Excess of revenues over (under) expenditures	<u>(34,301,200)</u>	<u>(30,851,337)</u>	<u>3,449,863</u>
<u>Other financing sources (uses):</u>			
Proceeds of bonds	-	-	-
Proceeds from sale of fixed assets	-	-	-
Refund of prior year expenditures	-	-	-
Refund of prior year receipts	-	-	-
Advances in	-	-	-
Advances out	(326,912)	(326,912)	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>(326,912)</u>	<u>(326,912)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(34,628,112)</u>	<u>(31,178,249)</u>	<u>3,449,863</u>
Fund balances at beginning of year	35,749,005	35,749,005	-
Prior year encumbrances appropriated	4,532,636	4,532,636	-
Fund balances at end of year	<u>\$ 5,653,529</u>	<u>\$ 9,103,392</u>	<u>\$ 3,449,863</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust Fund					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 14,197,173	\$ 14,151,591	\$ (45,582)
-	-	-	6,758,898	6,809,245	50,347
388	469	81	1,698,596	1,715,180	16,584
-	-	-	133,662	166,554	32,892
-	-	-	215,666	217,268	1,602
5,367	5,318	(49)	16,567	25,217	8,650
-	-	-	17,320	19,300	1,980
<u>5,755</u>	<u>5,787</u>	<u>32</u>	<u>23,037,882</u>	<u>23,104,355</u>	<u>66,473</u>
-	-	-	7,441,276	7,365,037	76,239
-	-	-	1,916,981	1,923,047	(6,066)
-	-	-	205,734	197,963	7,771
-	-	-	37,862	37,726	136
-	-	-	818,517	783,360	35,157
-	-	-	1,244,728	1,056,867	187,861
-	-	-	22,707	21,863	844
-	-	-	1,444,138	1,401,270	42,868
-	-	-	577,209	574,970	2,239
-	-	-	65,790	47,736	18,054
-	-	-	2,310,066	1,495,095	814,971
-	-	-	1,190,441	1,159,399	31,042
-	-	-	210,238	163,547	46,691
7,000	335	6,665	682,721	719,197	(36,476)
-	-	-	35,048,011	32,358,828	2,689,183
-	-	-	39,900,000	39,900,000	-
-	-	-	1,694,748	1,695,142	(394)
<u>7,000</u>	<u>335</u>	<u>6,665</u>	<u>94,811,167</u>	<u>90,901,047</u>	<u>3,910,120</u>
<u>(1,245)</u>	<u>5,452</u>	<u>6,697</u>	<u>(71,773,285)</u>	<u>(67,796,692)</u>	<u>3,976,593</u>
-	-	-	40,200,640	40,200,640	-
-	-	-	700	700	-
-	-	-	-	6,354	6,354
-	-	-	(500)	(4,559)	(4,059)
-	-	-	326,912	331,730	4,818
-	-	-	(326,912)	(331,730)	(4,818)
-	-	-	-	759	759
-	-	-	(759)	(759)	-
-	-	-	<u>40,200,081</u>	<u>40,203,135</u>	<u>3,054</u>
(1,245)	5,452	6,697	(31,573,204)	(27,593,557)	3,979,647
20,610	20,610	-	44,159,508	44,159,508	-
-	-	-	4,928,128	4,928,128	-
<u>\$ 19,365</u>	<u>\$ 26,062</u>	<u>\$ 6,697</u>	<u>\$ 17,514,432</u>	<u>\$ 21,494,079</u>	<u>\$ 3,979,647</u>

Highland Local School District
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Operating revenues:</u>				
Tuition	\$ 60,417	\$ -	\$ -	\$ 60,417
Sales	630,328	-	-	630,328
Charges for services	-	1,547,467	-	1,547,467
Interest	-	-	1,732	1,732
Other operating revenues	11,670	54,337	-	66,007
Total operating revenue	<u>702,415</u>	<u>1,601,804</u>	<u>1,732</u>	<u>2,305,951</u>
<u>Operating expenses:</u>				
Salaries	284,499	-	-	284,499
Fringe benefits	115,545	-	-	115,545
Purchased services	10,379	296,475	-	306,854
Materials and supplies	103,345	53,236	-	156,581
Cost of sales	289,898	-	-	289,898
Depreciation	4,272	-	-	4,272
Claims	-	1,364,536	-	1,364,536
Other operating expenses	37,310	-	2,600	39,910
Total operating expenses	<u>845,248</u>	<u>1,714,247</u>	<u>2,600</u>	<u>2,562,095</u>
Operating loss	<u>(142,833)</u>	<u>(112,443)</u>	<u>(868)</u>	<u>(256,144)</u>
<u>Non-operating revenues:</u>				
Federal donated commodities	23,466	-	-	23,466
Operating grants	42,264	-	-	42,264
Interest	1,274	3,535	-	4,809
Total non-operating revenues	<u>67,004</u>	<u>3,535</u>	<u>-</u>	<u>70,539</u>
Net loss	<u>(75,829)</u>	<u>(108,908)</u>	<u>(868)</u>	<u>(185,605)</u>
Retained earnings/fund balance at beginning of year	155,012	1,658,870	59,465	1,873,347
Retained earnings/fund balance at end of year	<u>\$ 79,183</u>	<u>\$ 1,549,962</u>	<u>\$ 58,597</u>	<u>\$ 1,687,742</u>

See accompanying notes to the general purpose financial statements.

Highland Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 690,745	\$ -	\$ -	\$ 690,745
Cash received from other operating sources	11,670	54,337	-	66,007
Cash received from quasi-external transactions with other funds	-	1,547,467	-	1,547,467
Cash payments to suppliers for goods and services	(380,510)	(349,436)	-	(729,946)
Cash payments to employees for services	(277,144)	-	-	(277,144)
Cash payments for employee benefits	(103,585)	-	-	(103,585)
Cash payments for claims	-	(1,363,278)	-	(1,363,278)
Cash payments for other operating expenses	(37,310)	-	(2,600)	(39,910)
Net cash used for operating activities	<u>(96,134)</u>	<u>(110,910)</u>	<u>(2,600)</u>	<u>(209,644)</u>
<u>Cash flows from noncapital financing activities:</u>				
Operating grants	43,359	-	-	43,359
Net cash provided by noncapital financing activities	<u>43,359</u>	<u>-</u>	<u>-</u>	<u>43,359</u>
<u>Cash flows from investing activities:</u>				
Interest on investments	1,274	3,535	1,732	6,541
Net cash provided by investing financing	<u>1,274</u>	<u>3,535</u>	<u>1,732</u>	<u>6,541</u>
Net decrease in cash and cash equivalents	(51,501)	(107,375)	(868)	(159,744)
Cash and cash equivalents at beginning of year	158,378	1,801,713	59,465	2,019,556
Cash and cash equivalents at end of year	<u>\$ 106,877</u>	<u>\$ 1,694,338</u>	<u>\$ 58,597</u>	<u>\$ 1,859,812</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>				
Operating loss	\$ (142,833)	\$ (112,443)	\$ (868)	\$ (256,144)
Adjustments to reconcile operating loss to net cash used for operating activities:				
Depreciation	4,272	-	-	4,272
Federal donated commodities	23,466	-	-	23,466
Interest reported as operating income	-	-	(1,732)	(1,732)
Change in assets and liabilities:				
(Increase) decrease in assets:				
Inventory	(720)	-	-	(720)
Increase (decrease) in liabilities:				
Accounts payable	90	275	-	365
Accrued wages	12,366	-	-	12,366
Compensated absences payable	(5,011)	-	-	(5,011)
Intergovernmental payable	11,960	-	-	11,960
Claims payable	-	1,258	-	1,258
Deferred revenue	276	-	-	276
Total adjustments	<u>46,699</u>	<u>1,533</u>	<u>(1,732)</u>	<u>46,500</u>
Net cash used for operating activities	<u>\$ (96,134)</u>	<u>\$ (110,910)</u>	<u>\$ (2,600)</u>	<u>\$ (209,644)</u>

Noncash Activities:

Donated commodities are received from the federal government in the Food Service enterprise fund in the amount of \$23,466.

See accompanying notes to the general purpose financial statements.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The Highland Local School District was established in 1952 through the consolidation of the former Granger-Sharon and Hinckley Local School Districts. The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 113 non-certificated and 175 certificated full-time teaching personnel, including nine administrators, who provide services to 2,593 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2002.

The School District is associated with the Lake Erie Educational Computer Association (LEECA) which is defined as a jointly governed organization. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding LEECA is presented in Note 14.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

HIGHLAND LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Proprietary Fund Types:

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

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

Internal Service Funds - These funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

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

Account Groups:

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District, except those accounted for in the proprietary or trust funds.

C. Measurement Focus and Basis of Accounting

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

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary and nonexpendable trust funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

D. Budgetary Data

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Medina County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

Appropriations:

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

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for enterprise funds.

Lapsing of Appropriations:

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented on the General Purpose Financial Statements in the account, "Equity in pooled cash and cash equivalents". During fiscal year 2002, investments were limited to overnight repurchase agreements, certificates of deposit, commercial paper, notes of federal government agencies, and Star Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the School Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 4.

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

HIGHLAND LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

For the Fiscal Year Ended June 30, 2002

The District has invested funds in STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

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

F. Inventory

Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. The amount of inventory in governmental funds was not significant on June 30, 2002, and therefore was not recorded. Inventories of proprietary funds consist of donated food, purchased food, and supplies held for resale and are expensed when used.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of proprietary fund fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets may include unexpected revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve and designations.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and all other grant requirements have been met. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

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

Capital Projects Funds

SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

Food Distribution Program
National School Lunch Program

Grants and entitlements amounted to approximately 26% of the School District's revenue during the 2002 fiscal year.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

L. Interfund Transactions

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

M. Estimates

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

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

N. Fund Balance Reserves/Designations

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, endowments, and property taxes. A portion of general fund balance is designated for budget stabilization as explained in Note 17.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying general purpose financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. There were no changes in contributed capital during the year.

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

*Excess of Revenues and Other Financing Sources Over (Under)
Expenditures and Other Financing Uses*

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<i>GAAP Basis</i>	\$ 3,353,137	\$ (4,269)	\$ 139,280	\$ (1,371,128)
<i>Revenue Accruals</i>	(177,817)	(1,199)	(252,918)	(105,759)
<i>Expenditure Accruals</i>	274,531	13,348	416,917	426,726
<i>Encumbrances (Budget Basis)</i>				
<i>Outstanding at year end</i>	<u>(163,441)</u>	<u>(18,329)</u>	-	<u>(30,128,088)</u>
<i>Budget Basis</i>	<u>\$ 3,286,410</u>	<u>\$ (10,449)</u>	<u>\$ 303,279</u>	<u>\$ (31,178,249)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

1. United States Treasury Bills, Notes, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

HIGHLAND LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

For the Fiscal Year Ended June 30, 2002

3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim moneys available for investment at any one time and not to exceed 180 days.
8. Under limited circumstances corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits:

At fiscal year-end, the carrying amount of the School District's deposits was \$43,409,822 and the bank balance was \$43,882,213. The School District had \$5,270 in petty cash at June 30, 2002. \$5,567,656 of the bank balance was covered by federal depository insurance or secured by a letter of credit from the Federal Home Loan Bank. \$38,314,557 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments:

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of custodial risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
U.S. Government Backed Securities	\$ 8,950,524	\$ 8,950,524
Repurchase Agreements	<u>75,000</u>	<u>75,000</u>
Total Categorized	<u>\$ 9,025,524</u>	<u>\$ 9,025,524</u>
 <u>Noncategorized Investments</u>		
STAR Ohio		<u>1,402,950</u>
Total Investments		<u>\$ 10,428,474</u>

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

Interest earned on investments in the Permanent Improvement capital projects fund, the Food Service enterprise fund, the Special Trust expendable trust fund, the Endowment nonexpendable trust fund, and the Self Insurance internal service fund are recorded in those funds as required by a board resolution. All other interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during the fiscal year 2002 amounted to \$424,218 which includes interest of \$210,155 assigned from other School District funds.

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. Real property tax collections by the County are remitted to the School District a year after they are assessed by the County. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value.

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

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

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The School District receives property taxes from Medina and Summit Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2002 are available as an advance to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$804,638 in the general fund and \$162,913 in the Bond Retirement debt service fund, and is recognized as revenue.

During the year the voters of the School District approved a new levy. The proceeds of the levy will be used for payment of debt and interest on School Improvement notes and bonds. The assessed values upon which the fiscal year 2002 taxes were collected are:

<u>Property Category</u>	<u>2001 Assessed Value</u>	<u>2000 Assessed Value</u>
<u>Real Property</u>		
<i>Residential and Agricultural</i>	\$ 405,577,570	\$ 328,484,360
<i>Commercial and Industrial</i>	29,876,620	21,801,700
<i>Public Utilities</i>	5,800	6,990
 <u>Tangible Personal Property</u>		
<i>General</i>	18,012,416	19,629,432
<i>Public Utilities</i>	11,900,010	15,936,500
<i>Total</i>	<u>\$ 465,372,416</u>	<u>\$ 385,858,982</u>

NOTE 6 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts, accrued interest and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The general fund accounts receivable at June 30, 2002 consisted of excess cost reimbursements and other miscellaneous reimbursements of \$31,742.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 7 - FIXED ASSETS

A summary of the enterprise fund's fixed assets as of June 30, 2002 follows:

<u>Classification</u>	<u>Balance</u>
<i>Equipment</i>	\$ 109,976
<i>Less: accumulated depreciation</i>	<u>(72,439)</u>
<i>Net Fixed Assets</i>	<u>\$ 37,537</u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capitalization</u> <u>Change</u>	<u>Balance</u> <u>June 30</u>
<i>Land</i>	\$ 4,879,705	\$ -	\$ -	\$ (18,994)	\$ 4,860,711
<i>Buildings and improvements</i>	6,429,727	-	-	(12,698)	6,417,029
<i>Furniture, fixtures, and equipment</i>	4,330,357	40,236	(34,698)	(2,193,101)	2,142,794
<i>Vehicles</i>	2,045,190	188,538	(46,440)	(35,252)	2,152,036
<i>Construction in progress</i>	-	2,763,614	-	-	2,763,614
<i>Total</i>	<u>\$ 17,684,979</u>	<u>\$ 2,992,388</u>	<u>\$ (81,138)</u>	<u>\$ (2,260,045)</u>	<u>\$ 18,336,184</u>

During the year, the School District increased their fixed asset capitalization threshold from \$500 to \$5,000. As a result, the General Fixed Asset Account Group fixed assets decreased by \$2,260,045.

NOTE 8 - RISK MANAGEMENT

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

The School District uses an Internal Service Fund to record and report its self-funded health care insurance program. The claims liability of \$144,101 reported in the fund at June 30, 2002, was estimated by the third party administrator and is based on the requirements of GASB Statement 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$40,000 per employee. Changes in the fund's claims liability during 2001 and 2002 were:

	<u>Balance at</u> <u>beginning of year</u>	<u>Current</u> <u>year claims</u>	<u>Claim</u> <u>payments</u>	<u>Balance at</u> <u>end of year</u>
2001	\$ 109,596	\$ 1,476,336	\$ 1,443,089	\$ 142,843
2002	\$ 142,843	\$ 1,364,536	\$ 1,363,278	\$ 144,101

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 5.46% for pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$150,035, \$132,946, and \$111,647, respectively; 46% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$81,431 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 9.5% for pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$795,117, \$721,295, and \$690,970, respectively; 83% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$137,335 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$376,635 during the 2002 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.256 million at June 30, 2001 (latest information available). For the year ended June 30, 2001, the net health care costs paid by the STRS were \$300,722,000 and eligible benefit recipients totaled 102,132.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll, a decrease of 1.26% from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$267,561, which includes a surcharge of \$32,890 during the 2002 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (latest information available) were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the SERS's net assets available for payment of health care benefits was \$315.7 million. The number of participants receiving health care benefits was approximately 50,000.

NOTE 11 - CONSTRUCTION COMMITMENTS

During the current fiscal year, the School District had construction in progress. As a result, the School District had contracts payable and contractual commitments outstanding related to the construction of a new High School, an addition to Hinckley Elementary and renovations and improvements of all the School District buildings at June 30, 2002. The construction is paid from the Building capital projects fund. Contracts payable and construction commitments at June 30, 2002 were \$736,052 and \$29,374,450, respectively.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 12 - LONG-TERM DEBT

Changes in long-term obligations of the School District during the 2002 fiscal year were as follows:

	<i>Balance</i> <u>July 1</u>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <u>June 30</u>
<i>General Long-Term Obligations</i>				
<i>School Improvement Bonds, 3.0 - 5.75%</i>				
<i>maturing December 1, 2026</i>	\$ -	\$ 39,900,000	\$ -	\$ 39,900,000
<i>Bond Anticipation Note, 3.12%</i>				
<i>maturing January 24, 2002</i>	39,900,000	-	(39,900,000)	-
<i>Other Obligations</i>				
<i>Compensated absences</i>	625,818	89,519	(43,612)	671,725
<i>Capital leases payable</i>	69,085	-	(22,064)	47,021
<i>Employer pension obligations</i>	<u>132,334</u>	<u>122,264</u>	<u>(132,334)</u>	<u>122,264</u>
<i>Total General Long-Term Obligations</i>	<u>\$ 40,727,237</u>	<u>\$ 40,111,783</u>	<u>\$ (40,098,010)</u>	<u>\$ 40,741,010</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2002, including interest payments is as follows:

<i>School Improvement Bonds</i>			
<i>Fiscal</i> <u>Year</u>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2003	\$ 40,000	\$ 1,963,887	\$ 2,003,887
2004	715,000	1,952,563	2,667,563
2005	805,000	1,928,756	2,733,756
2006	905,000	1,900,969	2,805,969
2007	1,005,000	1,868,675	2,873,675
2008-2012	6,950,000	8,552,262	15,502,262
2013-2017	5,540,000	7,004,938	12,544,938
2018-2022	9,335,000	5,023,594	14,358,594
2023-2027	<u>14,605,000</u>	<u>1,945,625</u>	<u>16,550,625</u>
<i>Total</i>	<u>\$ 39,900,000</u>	<u>\$ 32,141,269</u>	<u>\$ 72,041,269</u>

The School Improvement Bonds will be paid from the Bond Retirement debt service fund. The Bonds were issued for providing resources for the constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and their sites. The bond proceeds consisted of the bond principal and \$717,557 of premium. The bonds and interest are to be repaid from the proceeds of property taxes collected from a levy that was approved by the taxpayers.

Compensated absences and employer pension due to the School Employees and State Teachers Retirement Systems will be paid from the fund from which the person is paid.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

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

<i>Fiscal year</i>	<i>Lease Payments</i>
2003	\$ 26,352
2004	24,156
<i>Total minimum lease payments</i>	<u>50,508</u>
<i>Less: amount representing interest</i>	<u>(3,487)</u>
<i>Total</i>	<u><u>\$ 47,021</u></u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Lorain County Board of Education which serves as fiscal agent. During fiscal year 2002, the School District contributed \$24,003 to LEECA.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and latchkey program. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

<u>Description</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey</u>	<u>Total</u>
Operating revenues	\$ 570,828	\$ 59,500	\$ 72,087	\$ 702,415
Operating expenses before depreciation	711,900	56,444	72,632	840,976
Depreciation expense	4,272	-	-	4,272
Operating income (loss)	(145,344)	3,056	(545)	(142,833)
Operating grants	42,264	-	-	42,264
Donated commodities	23,466	-	-	23,466
Net income (loss)	(78,340)	3,056	(545)	(75,829)
Net working capital	809	11,142	57,981	69,932
Total assets	121,262	11,142	72,947	205,351
Compensated absences payable	14,264	-	-	14,264
Total equity	24,082	11,142	57,981	93,205
Encumbrances outstanding (budget basis) at June 30, 2002	\$ 64	\$ -	\$ 28	\$ 92

NOTE 16 - CONTINGENCIES

A. Grants:

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation:

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

C. School Funding

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

HIGHLAND LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 17 - STATUTORY RESERVES

The School District is required by State statute to annually set aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years. Although the School District had qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides.

Although no longer required by state statute, a budget stabilization reserve may still be set aside at the discretion of the School District. The budget stabilization reserve consists of the amounts received from the Bureau of Workers' Compensation (BWC) in the form of refunds and additional amounts reserved by the Board as previously required by law. The amount received from the BWC amounted to \$79,453, and the remaining \$151,367 was due to Board action. The amount from Board action is shown as a designated fund balance on the combined balance sheet.

During the fiscal year ended June 30, 2002 the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Budget Stabilization Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of June 30, 2001</i>	\$ 62,623	\$ 140,839	\$ 230,820	\$ 434,282
<i>Current year Set-aside requirement</i>	300,648	300,648	-	601,296
<i>Qualifying disbursements</i>	<u>(413,510)</u>	<u>(2,420,839)</u>	<u>-</u>	<u>(2,834,349)</u>
<i>Total</i>	<u>\$ (50,239)</u>	<u>\$ (1,979,352)</u>	<u>\$ 230,820</u>	<u>\$ (1,798,771)</u>
<i>Balance carried forward to FY 2003</i>	<u>\$ (50,239)</u>		<u>\$ 230,820</u>	
 <i>Restricted Cash</i>			 <u>\$ 230,820</u>	

NOTE 18 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2002, consist of the following interfund receivables and payables:

	<i>Receivable</i>	<i>Payable</i>
<i>General Fund</i>	\$ 4,818	\$ -
<i>Building capital projects</i>	326,912	-
<i>Miscellaneous Local Grants special revenue</i>	-	4,818
<i>Debt service</i>	<u>-</u>	<u>326,912</u>
	<u>\$ 331,730</u>	<u>\$ 331,730</u>

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

GENERAL FUND

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

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 12,788,994	\$ 12,743,412	\$ (45,582)
Intergovernmental	6,172,564	6,227,241	54,677
Interest	546,000	503,921	(42,079)
Tuition and fees	109,762	142,260	32,498
Gifts and donations	7,000	15,290	8,290
Miscellaneous	15,845	16,914	1,069
Total revenues	19,640,165	19,649,038	8,873
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,315,006	5,231,974	83,032
Fringe benefits	1,567,654	1,537,911	29,743
Purchased services	52,020	48,423	3,597
Materials and supplies	312,588	346,910	(34,322)
Capital outlay - new	32,884	34,892	(2,008)
Capital outlay - replacement	76,560	68,954	7,606
Total regular	7,356,712	7,269,064	87,648
Special:			
Salaries and wages	1,228,125	1,238,392	(10,267)
Fringe benefits	357,618	344,818	12,800
Purchased services	188,534	223,379	(34,845)
Materials and supplies	31,921	23,022	8,899
Capital outlay - new	2,000	450	1,550
Total special	1,808,198	1,830,061	(21,863)
Vocational:			
Salaries and wages	149,625	140,114	9,511
Fringe benefits	45,009	46,162	(1,153)
Purchased services	600	614	(14)
Materials and supplies	10,500	11,073	(573)
Total vocational	205,734	197,963	7,771
Other:			
Purchased services	37,862	37,726	136
Total instruction	9,408,506	9,334,814	73,692
Support services:			
Pupils:			
Salaries and wages	495,620	481,448	14,172
Fringe benefits	145,154	143,759	1,395
Purchased services	113,503	98,692	14,811
Materials and supplies	14,184	8,509	5,675
Capital outlay - new	12,237	14,151	(1,914)
Total pupils	780,698	746,559	34,139

(Continued)

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Instructional staff:			
Salaries and wages	435,550	421,401	14,149
Fringe benefits	145,604	132,421	13,183
Purchased services	181,964	183,187	(1,223)
Materials and supplies	84,352	43,854	40,498
Capital outlay - new	284,160	185,894	98,266
Capital outlay - replacement	2,230	635	1,595
Total instructional staff	1,133,860	967,392	166,468
Board of education:			
Salaries and wages	11,600	11,600	-
Fringe benefits	683	627	56
Purchased services	4,757	6,346	(1,589)
Materials and supplies	525	-	525
Other	5,142	3,290	1,852
Total board of education	22,707	21,863	844
Administration:			
Salaries and wages	809,416	804,731	4,685
Fringe benefits	339,540	343,394	(3,854)
Purchased services	70,451	73,851	(3,400)
Materials and supplies	16,198	13,047	3,151
Capital outlay - new	4,425	3,022	1,403
Capital outlay - replacement	6,993	7,080	(87)
Other	84,748	55,313	29,435
Total administration	1,331,771	1,300,438	31,333
Fiscal:			
Salaries and wages	209,790	208,822	968
Fringe benefits	80,134	82,439	(2,305)
Purchased services	17,492	19,715	(2,223)
Materials and supplies	10,136	4,867	5,269
Capital outlay - new	1,344	65	1,279
Capital outlay - replacement	2,100	4,749	(2,649)
Other	223,120	224,954	(1,834)
Total fiscal	544,116	545,611	(1,495)
Business:			
Salaries and wages	12,950	12,902	48
Fringe benefits	270	204	66
Purchased services	7,119	6,453	666
Capital outlay - new	25,427	19,552	5,875
Capital outlay - replacement	20,024	8,625	11,399
Total business	65,790	47,736	18,054

(Continued)

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and maintenance of plant:			
Salaries and wages	592,905	590,873	2,032
Fringe benefits	214,944	207,284	7,660
Purchased services	491,611	493,480	(1,869)
Materials and supplies	129,546	119,920	9,626
Capital outlay - new	67,158	18,793	48,365
Capital outlay - replacement	28,462	18,513	9,949
Other	5,653	4,506	1,147
Total operation and maintenance of plant	<u>1,530,279</u>	<u>1,453,369</u>	<u>76,910</u>
Pupil transportation:			
Salaries and wages	480,819	482,821	(2,002)
Fringe benefits	106,796	122,207	(15,411)
Purchased services	210,402	187,762	22,640
Materials and supplies	216,915	191,109	25,806
Capital outlay - new	416	470	(54)
Capital outlay - replacement	174,400	174,338	62
Total pupil transportation	<u>1,189,748</u>	<u>1,158,707</u>	<u>31,041</u>
Central:			
Salaries and wages	37,800	33,056	4,744
Fringe benefits	14,397	9,506	4,891
Purchased services	86,590	66,929	19,661
Materials and supplies	1,206	421	785
Capital outlay - new	1,313	815	498
Other	1,575	103	1,472
Total central	<u>142,881</u>	<u>110,830</u>	<u>32,051</u>
Total support services	<u>6,741,850</u>	<u>6,352,505</u>	<u>389,345</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	33,368	53,504	(20,136)
Fringe benefits	5,319	8,071	(2,752)
Purchased services	105	-	105
Other	551	250	301
Total academic and subject oriented activities	<u>39,343</u>	<u>61,825</u>	<u>(22,482)</u>
Sports oriented activities:			
Salaries and wages	276,539	289,816	(13,277)
Fringe benefits	33,652	44,528	(10,876)
Purchased services	32,611	33,681	(1,070)
Materials and supplies	22,306	22,611	(305)
Capital outlay - new	3,750	3,480	270
Total sports oriented activities	<u>368,858</u>	<u>394,116</u>	<u>(25,258)</u>

(Continued)

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
School and public service co-curricular activities:			
Salaries and wages	11,900	15,837	(3,937)
Fringe benefits	120	2,090	(1,970)
Total school and public service co-curricular activities	12,020	17,927	(5,907)
Total extracurricular activities	420,221	473,868	(53,647)
Capital outlay:			
Site improvement services:			
Purchased services	200,686	175,042	25,644
Architecture and engineering services:			
Purchased services	26,635	26,635	-
Building acquisition and construction services:			
Capital outlay - new	102	-	102
Other Facilities acquisition and construction services:			
Purchased services	1,500	1,500	-
Total capital outlay	228,923	203,177	25,746
Total expenditures	16,799,500	16,364,364	435,136
Excess of revenues over expenditures	2,840,665	3,284,674	444,009
<u>Other financing sources (uses):</u>			
Proceeds from sale of fixed assets	700	700	-
Refund of prior year expenditures	-	6,354	6,354
Refund of prior year receipts	(500)	(500)	-
Advances out	-	(4,818)	(4,818)
Operating transfers in	-	759	759
Operating transfers out	(759)	(759)	-
Total other financing sources (uses)	(559)	1,736	2,295
Excess of revenues and other financing sources over expenditures and other financing uses	2,840,106	3,286,410	446,304
Fund balance at beginning of year	8,260,842	8,260,842	-
Prior year encumbrances appropriated	379,190	379,190	-
Fund balance at end of year	\$ 11,480,138	\$ 11,926,442	\$ 446,304

SPECIAL REVENUE FUNDS

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

Public School Support

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

Miscellaneous Local Grants

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

Underground Storage Tanks

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

District Managed Student Activity

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

Teacher Development

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

Management Information System

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

Entry Year Programs

To account for the implementation of entry – year programs.

Data Communications

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

SchoolNet Professional Development

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

Textbooks/Instructional Material Subsidy

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

Ohio Reads

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

Miscellaneous State Grants

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

Eisenhower Professional Development Program

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

Title VI-B

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

Title I

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

Title VI

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

Drug Free School Grant

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

EHA Preschool Grant for Handicapped

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

Miscellaneous Federal Grants

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

Highland Local School District
Combining Balance Sheet
All Special Revenue Funds
June 30, 2002

	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>	<u>Underground Storage Tanks</u>	<u>District Managed Student Activity</u>
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 43,983	\$ -	\$ 11,000	\$ 19,463
Receivables:				
Intergovernmental	-	7,780	-	-
Total assets	<u>\$ 43,983</u>	<u>\$ 7,780</u>	<u>\$ 11,000</u>	<u>\$ 19,463</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 200	\$ -	\$ 9,369
Accrued wages	-	-	-	-
Interfund payable	-	4,818	-	-
Intergovernmental payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>5,018</u>	<u>-</u>	<u>9,369</u>
 <u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	8,329	-	-	2,360
Unreserved, undesignated	35,654	2,762	11,000	7,734
Total fund equity	<u>43,983</u>	<u>2,762</u>	<u>11,000</u>	<u>10,094</u>
Total liabilities and fund equity	<u>\$ 43,983</u>	<u>\$ 7,780</u>	<u>\$ 11,000</u>	<u>\$ 19,463</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Textbooks/ Instructional Material Subsidy</u>
\$ 217	\$ 9,397	\$ -	\$ 14,000	\$ 3,745	\$ -
-	-	-	-	-	-
<u>\$ 217</u>	<u>\$ 9,397</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 3,745</u>	<u>\$ -</u>

\$ 217	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

-	-	-	-	-	-
-	9,397	-	14,000	3,745	-
-	9,397	-	14,000	3,745	-
<u>\$ 217</u>	<u>\$ 9,397</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 3,745</u>	<u>\$ -</u>

(Continued)

Highland Local School District
Combining Balance Sheet
All Special Revenue Funds
June 30, 2002

	Ohio Reads	Miscellaneous State Grants	Eisenhower Professional Development Program	Title VI-B
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 3,248	\$ 1,893	\$ 33,571
Receivables:				
Intergovernmental	-	-	-	1,440
Total assets	<u>\$ -</u>	<u>\$ 3,248</u>	<u>\$ 1,893</u>	<u>\$ 35,011</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	19,152
Interfund payable	-	-	-	-
Intergovernmental payable	-	-	-	2,739
Deferred revenue	-	-	-	1,440
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,331</u>
<u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	-	975	-	-
Unreserved, undesignated	-	2,273	1,893	11,680
Total fund equity	<u>-</u>	<u>3,248</u>	<u>1,893</u>	<u>11,680</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 3,248</u>	<u>\$ 1,893</u>	<u>\$ 35,011</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant for Handicapped</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 9,274	\$ -	\$ 178	\$ 680	\$ 2,585	\$ 153,234
-	-	-	-	-	9,220
<u>\$ 9,274</u>	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 680</u>	<u>\$ 2,585</u>	<u>\$ 162,454</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,786
5,947	-	-	-	-	25,099
-	-	-	-	-	4,818
1,014	-	-	-	-	3,753
-	-	-	-	-	1,440
<u>6,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,896</u>
-	-	-	680	-	12,344
2,313	-	178	-	2,585	105,214
<u>2,313</u>	<u>-</u>	<u>178</u>	<u>680</u>	<u>2,585</u>	<u>117,558</u>
<u>\$ 9,274</u>	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 680</u>	<u>\$ 2,585</u>	<u>\$ 162,454</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Public School Support	Miscellaneous Local Grants	Underground Storage Tanks	District Managed Student Activity
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 48,720	\$ -	\$ -
Tuition and fees	24,294	-	-	-
Extracurricular activities	45,959	-	-	169,546
Gifts and donations	606	-	-	4,003
Miscellaneous	-	-	-	461
Total revenues	<u>70,859</u>	<u>48,720</u>	<u>-</u>	<u>174,010</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	14,640	-	-
Special	-	2,469	-	-
Support services:				
Pupils	-	30,861	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Extracurricular activities	61,805	-	-	176,301
Total expenditures	<u>61,805</u>	<u>47,970</u>	<u>-</u>	<u>176,301</u>
Excess of revenues over (under) expenditures	9,054	750	-	(2,291)
Fund balances at beginning of year	<u>34,929</u>	<u>2,012</u>	<u>11,000</u>	<u>12,385</u>
Fund balances at end of year	<u>\$ 43,983</u>	<u>\$ 2,762</u>	<u>\$ 11,000</u>	<u>\$ 10,094</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Textbooks/ Instructional Material Subsidy</u>
\$ -	\$ 9,397	\$ -	\$ 14,000	\$ 7,592	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>9,397</u>	<u>-</u>	<u>14,000</u>	<u>7,592</u>	<u>-</u>
-	-	-	-	5,958	701
-	-	-	-	-	-
-	-	-	-	-	-
2,152	-	3,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,960	-	8,757	-	-
-	-	-	-	-	-
<u>2,152</u>	<u>9,960</u>	<u>3,000</u>	<u>8,757</u>	<u>5,958</u>	<u>701</u>
(2,152)	(563)	(3,000)	5,243	1,634	(701)
<u>2,152</u>	<u>9,960</u>	<u>3,000</u>	<u>8,757</u>	<u>2,111</u>	<u>701</u>
<u>\$ -</u>	<u>\$ 9,397</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 3,745</u>	<u>\$ -</u>

(Continued)

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Ohio Reads	Miscellaneous State Grants	Eisenhower Professional Development Program	Title VI-B
<u>Revenues:</u>				
Intergovernmental	\$ 4,000	\$ -	\$ 8,774	\$ 181,352
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,000</u>	<u>-</u>	<u>8,774</u>	<u>181,352</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,000	-	-	-
Special	-	5,061	-	1,834
Support services:				
Pupils	-	-	-	-
Instructional staff	-	-	6,881	83,734
Administration	-	-	-	98,244
Pupil transportation	-	-	-	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>4,000</u>	<u>5,061</u>	<u>6,881</u>	<u>183,812</u>
Excess of revenues over (under) expenditures	-	(5,061)	1,893	(2,460)
Fund balances at beginning of year	-	8,309	-	14,140
Fund balances at end of year	<u>\$ -</u>	<u>\$ 3,248</u>	<u>\$ 1,893</u>	<u>\$ 11,680</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free School Grant</u>	<u>EHA Preschool Grant for Handicapped</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 74,609	\$ 12,632	\$ 9,586	\$ 9,509	\$ 33,555	\$ 413,726
-	-	-	-	-	24,294
-	-	-	-	-	215,505
-	-	-	-	-	4,609
-	-	-	-	-	461
<u>74,609</u>	<u>12,632</u>	<u>9,586</u>	<u>9,509</u>	<u>33,555</u>	<u>658,595</u>
-	13,355	8,769	-	35,429	82,852
79,136	-	-	3,173	-	91,673
-	-	-	5,952	-	36,813
-	-	-	-	-	95,767
-	-	-	-	-	98,244
-	-	692	-	-	692
-	-	-	-	-	18,717
-	-	-	-	-	238,106
<u>79,136</u>	<u>13,355</u>	<u>9,461</u>	<u>9,125</u>	<u>35,429</u>	<u>662,864</u>
(4,527)	(723)	125	384	(1,874)	(4,269)
<u>6,840</u>	<u>723</u>	<u>53</u>	<u>296</u>	<u>4,459</u>	<u>121,827</u>
<u>\$ 2,313</u>	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 680</u>	<u>\$ 2,585</u>	<u>\$ 117,558</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Public School Support Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition and fees	\$ 23,900	\$ 24,294	\$ 394
Extracurricular activities	46,748	45,959	(789)
Gifts and donations	200	606	406
Total revenues	<u>70,848</u>	<u>70,859</u>	<u>11</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
School and public service co-curricular activities:			
Materials and supplies	<u>94,300</u>	<u>70,134</u>	<u>24,166</u>
Excess of revenues over (under) expenditures	(23,452)	725	24,177
Fund balance at beginning of year	31,236	31,236	-
Prior year encumbrances appropriated	<u>3,693</u>	<u>3,693</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,477</u>	<u>\$ 35,654</u>	<u>\$ 24,177</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 48,720	\$ 40,940	\$ (7,780)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	3,730	3,630	100
Purchased services	11,134	11,010	124
Materials and supplies	42	-	42
Other	406	-	406
Total regular	15,312	14,640	672
Special:			
Salaries and wages	2,350	2,350	-
Materials and supplies	650	119	531
Total special	3,000	2,469	531
Total instruction	18,312	17,109	1,203
Support services:			
Pupils:			
Salaries and wages	6,200	6,103	97
Purchased services	25,919	24,758	1,161
Total pupils	32,119	30,861	1,258
Total expenditures	50,431	47,970	2,461
Excess of revenues under expenditures	(1,711)	(7,030)	(5,319)
<u>Other financing sources:</u>			
Advances in	-	4,818	4,818
Excess of revenues and other financing sources under expenditures	(1,711)	(2,212)	(501)
Fund balance at beginning of year	2,012	2,012	-
Fund balance at end of year	\$ 301	\$ (200)	\$ (501)

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Underground Storage Tanks Fund
For the Fiscal Year Ended June 30, 2002**

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

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular activities	\$ 168,918	\$ 171,309	\$ 2,391
Gifts and donations	4,000	4,003	3
Miscellaneous	300	461	161
Total revenues	<u>173,218</u>	<u>175,773</u>	<u>2,555</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
Academic and subject oriented activities:			
Materials and supplies	534	-	534
Sports oriented activities:			
Purchased services	80,703	71,154	9,549
Materials and supplies	66,319	75,057	(8,738)
Capital outlay - new	3,563	3,745	(182)
Other	10,081	24,904	(14,823)
Total sports oriented activities	<u>160,666</u>	<u>174,860</u>	<u>(14,194)</u>
Total expenditures	<u>161,200</u>	<u>174,860</u>	<u>(13,660)</u>
Excess of revenues over expenditures	<u>12,018</u>	<u>913</u>	<u>(11,105)</u>
<u>Other financing uses:</u>			
Refund of prior year receipts	-	(1,763)	(1,763)
Excess of revenues over (under) expenditures and other financing uses	12,018	(850)	(12,868)
Fund balance at beginning of year	12,274	12,274	-
Prior year encumbrances appropriated	110	110	-
Fund balance at end of year	<u>\$ 24,402</u>	<u>\$ 11,534</u>	<u>\$ (12,868)</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Teacher Development Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	-	402	(402)
Materials and supplies	1,935	1,750	185
Total expenditures	1,935	2,152	(217)
Excess of revenues under expenditures	(1,935)	(2,152)	(217)
Fund balance at beginning of year	1,936	1,936	-
Prior year encumbrances appropriated	216	216	-
Fund balance at end of year	\$ 217	\$ -	\$ (217)

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Management Information System Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,397	\$ 9,397	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Capital outlay - new	19,357	9,960	9,397
Excess of revenues under expenditures	(9,960)	(563)	9,397
Fund balance at beginning of year	9,832	9,832	-
Prior year encumbrances appropriated	128	128	-
Fund balance at end of year	\$ -	\$ 9,397	\$ 9,397

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Entry Year Programs Fund
For the Fiscal Year Ended June 30, 2002**

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

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Data Communications Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 14,000	\$ 14,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Purchased services	148	148	-
Capital outlay - new	13,852	8,609	5,243
Total expenditures	14,000	8,757	5,243
Excess of revenues over expenditures	-	5,243	5,243
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	8,757	8,757	-
Fund balance at end of year	\$ 8,757	\$ 14,000	\$ 5,243

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 4,142	\$ 7,592	\$ 3,450
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	4,586	4,341	245
Purchased services	1,167	1,167	-
Materials and supplies	450	450	-
Total instruction	6,203	5,958	245
Support services:			
Instructional staff:			
Salaries and wages	50	-	50
Total expenditures	6,253	5,958	295
Excess of revenues over (under) expenditures	(2,111)	1,634	3,745
Fund balance at beginning of year	2,111	2,111	-
Fund balance at end of year	\$ -	\$ 3,745	\$ 3,745

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Textbooks/Instructional Material Subsidy Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and supplies	702	702	-
Excess of revenues under expenditures	(702)	(702)	-
Fund balance at beginning of year	702	702	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Ohio Reads Fund
For the Fiscal Year Ended June 30, 2002**

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

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased services	1,624	975	649
Materials and supplies	525	96	429
Capital outlay - new	3,530	4,915	(1,385)
Other	2,630	50	2,580
Total expenditures	8,309	6,036	2,273
Excess of revenues under expenditures	(8,309)	(6,036)	2,273
Fund balance at beginning of year	8,309	8,309	-
Fund balance at end of year	\$ -	\$ 2,273	\$ 2,273

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Eisenhower Professional Development Program Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 8,774	\$ 8,774	\$ -
<u>Expenditures:</u>			
Support services:			
Instructional staff:			
Salaries and wages	5,995	5,280	715
Fringe benefits	926	806	120
Purchased services	1,853	795	1,058
Total expenditures	8,774	6,881	1,893
Excess of revenues over expenditures	-	1,893	1,893
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 1,893	\$ 1,893

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title VI-B Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 181,352	\$ 181,352	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	220	-	220
Fringe benefits	34	-	34
Materials and supplies	2	-	2
Capital outlay - new	2,460	1,834	626
Total instruction	2,716	1,834	882
Support services:			
Instructional staff:			
Salaries and wages	55,812	51,707	4,105
Fringe benefits	41,297	25,735	15,562
Total instructional staff	97,109	77,442	19,667
Administration:			
Salaries and wages	79,143	71,649	7,494
Fringe benefits	29,046	25,619	3,427
Total administration	108,189	97,268	10,921
Operation and maintenance of plant:			
Salaries and wages	2,000	-	2,000
Total support services	207,298	174,710	32,588
Total expenditures	210,014	176,544	33,470
Excess of revenues over (under) expenditures	(28,662)	4,808	33,470
<u>Other financing uses:</u>			
Refund of prior year receipts	-	(2,284)	(2,284)
Excess of revenues over (under) expenditures and other financing uses	(28,662)	2,524	31,186
Fund balance at beginning of year	28,661	28,661	-
Prior year encumbrances appropriated	2,386	2,386	-
Fund balance at end of year	\$ 2,385	\$ 33,571	\$ 31,186

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Title I Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 74,609	\$ 74,609	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	74,805	67,636	7,169
Fringe benefits	13,263	11,158	2,105
Total expenditures	88,068	78,794	9,274
Excess of revenues under expenditures	(13,459)	(4,185)	9,274
Fund balance at beginning of year	13,459	13,459	-
Fund balance at end of year	\$ -	\$ 9,274	\$ 9,274

Highland Local School District

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Title VI Fund

For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 12,632	\$ 12,632	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	1,000	1,000	-
Purchased services	2,632	2,632	-
Materials and supplies	8,000	8,000	-
Capital outlay - new	1,723	1,723	-
Total expenditures	13,355	13,355	-
Excess of revenues under expenditures	(723)	(723)	-
Fund balance at beginning of year	7	7	-
Prior year encumbrances appropriated	716	716	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Drug Free School Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,586	\$ 9,586	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,400	6,400	-
Fringe benefits	1,016	962	54
Purchased services	1,354	1,354	-
Materials and supplies	176	53	123
Total instruction	8,946	8,769	177
Support services:			
Pupil transportation:			
Salaries and wages	600	600	-
Fringe benefits	93	92	1
Total support services	693	692	1
Total expenditures	9,639	9,461	178
Excess of revenues over (under) expenditures	(53)	125	178
Fund balance at beginning of year	53	53	-
Fund balance at end of year	\$ -	\$ 178	\$ 178

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - EHA Preschool Grant for Handicapped Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 9,509	\$ 9,509	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and supplies	2,089	2,098	(9)
Capital outlay - new	2,016	1,755	261
Total instruction	4,105	3,853	252
Support services:			
Pupils:			
Purchased services	5,700	5,940	(240)
Total expenditures	9,805	9,793	12
Excess of revenues under expenditures	(296)	(284)	12
<u>Other financing uses:</u>			
Refund of prior year receipts	-	(12)	(12)
Excess of revenues under expenditures and other financing uses	(296)	(296)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	296	296	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 33,555	\$ 33,555	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	35,429	35,429	-
Special:			
Capital outlay - new	2,585	-	2,585
Total expenditures	38,014	35,429	2,585
Excess of revenues under expenditures	(4,459)	(1,874)	2,585
Fund balance at beginning of year	4,459	4,459	-
Fund balance at end of year	\$ -	\$ 2,585	\$ 2,585

DEBT SERVICE FUND

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

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

CAPITAL PROJECTS FUNDS

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

Permanent Improvement

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

Building

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

SchoolNet

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

Highland Local School District
Combining Balance Sheet
All Capital Projects Funds
June 30, 2002

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Total All Funds</u>
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 724,479	\$ 29,606,310	\$ -	\$ 30,330,789
Cash and cash equivalents:				
In segregated accounts	-	8,950,524	-	8,950,524
Receivables:				
Accounts	-	10,000	-	10,000
Accrued interest	-	62,656	-	62,656
Interfund receivable	-	326,912	-	326,912
Total assets	<u>\$ 724,479</u>	<u>\$ 38,956,402</u>	<u>\$ -</u>	<u>\$ 39,680,881</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 17,586	\$ -	\$ 17,586
Contracts payable	-	736,052	-	736,052
Total liabilities	<u>-</u>	<u>753,638</u>	<u>-</u>	<u>753,638</u>
<u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	-	29,374,450	-	29,374,450
Unreserved, undesignated	724,479	8,828,314	-	9,552,793
Total fund equity	<u>724,479</u>	<u>38,202,764</u>	<u>-</u>	<u>38,927,243</u>
Total liabilities and fund equity	<u>\$ 724,479</u>	<u>\$ 38,956,402</u>	<u>\$ -</u>	<u>\$ 39,680,881</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Total All Funds</u>
<u>Revenues:</u>				
Taxes	\$ 154,187	\$ -	\$ -	\$ 154,187
Intergovernmental	21,664	-	-	21,664
Interest	-	1,323,278	-	1,323,278
Miscellaneous	1,175	10,750	-	11,925
Total revenues	<u>177,026</u>	<u>1,334,028</u>	<u>-</u>	<u>1,511,054</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,503	-	617	13,120
Support services:				
Administration	19	-	-	19
Fiscal	2,533	9,583	-	12,116
Operation and maintenance of plant	41,726	-	-	41,726
Central	-	-	34,000	34,000
Capital outlay	-	2,781,201	-	2,781,201
Total expenditures	<u>56,781</u>	<u>2,790,784</u>	<u>34,617</u>	<u>2,882,182</u>
Excess of revenues over (under) expenditures	120,245	(1,456,756)	(34,617)	(1,371,128)
Fund balances at beginning of year	604,234	39,659,520	34,617	40,298,371
Fund balances at end of year	<u>\$ 724,479</u>	<u>\$ 38,202,764</u>	<u>\$ -</u>	<u>\$ 38,927,243</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 170,916	\$ 170,916	\$ -
Intergovernmental	21,664	21,664	-
Miscellaneous	1,175	1,175	-
Total revenues	<u>193,755</u>	<u>193,755</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Capital outlay - new	-	12,503	(12,503)
Support services:			
Administration:			
Other	578	19	559
Fiscal:			
Other	5,093	2,533	2,560
Operation and maintenance of plant:			
Purchased services	714,287	22,061	692,226
Materials and supplies	21,000	-	21,000
Capital outlay - new	31,500	8,665	22,835
Capital outlay - replacement	11,000	11,000	-
Total operation and maintenance of plant	<u>777,787</u>	<u>41,726</u>	<u>736,061</u>
Total support services	<u>783,458</u>	<u>44,278</u>	<u>739,180</u>
Total expenditures	<u>783,458</u>	<u>56,781</u>	<u>726,677</u>
Excess of revenues over (under) expenditures	(589,703)	136,974	726,677
Fund balance at beginning of year	587,504	587,504	-
Fund balance at end of year	<u>\$ (2,199)</u>	<u>\$ 724,478</u>	<u>\$ 726,677</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Building Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 1,152,208	\$ 1,210,790	\$ 58,582
Miscellaneous	-	750	750
Total revenues	<u>1,152,208</u>	<u>1,211,540</u>	<u>59,332</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal:			
Purchased services	<u>10,000</u>	<u>9,583</u>	<u>417</u>
Capital outlay:			
Architecture and engineering services:			
Purchased services	<u>4,541,083</u>	<u>5,210,532</u>	<u>(669,449)</u>
Building acquisition and construction services:			
Purchased services	257,505	137,795	119,710
Capital outlay - new	30,000,000	26,748,824	3,251,176
Other	<u>20,000</u>	<u>17,800</u>	<u>2,200</u>
Total building acquisition and construction services	<u>30,277,505</u>	<u>26,904,419</u>	<u>3,373,086</u>
Other Facilities acquisition and construction services:			
Purchased services	<u>500</u>	<u>40,700</u>	<u>(40,200)</u>
Total capital outlay	<u>34,819,088</u>	<u>32,155,651</u>	<u>2,663,437</u>
Total expenditures	<u>34,829,088</u>	<u>32,165,234</u>	<u>2,663,854</u>
Excess of revenues under expenditures	<u>(33,676,880)</u>	<u>(30,953,694)</u>	<u>2,723,186</u>
<u>Other financing uses:</u>			
Advances out	<u>(326,912)</u>	<u>(326,912)</u>	<u>-</u>
Excess of revenues under expenditures and other financing uses	<u>(34,003,792)</u>	<u>(31,280,606)</u>	<u>2,723,186</u>
Fund balance at beginning of year	35,160,884	35,160,884	-
Prior year encumbrances appropriated	<u>4,498,636</u>	<u>4,498,636</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,655,728</u>	<u>\$ 8,378,914</u>	<u>\$ 2,723,186</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - SchoolNet Fund
For the Fiscal Year Ended June 30, 2002**

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

ENTERPRISE FUNDS

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

Food Service

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

Uniform School Supplies

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

Latchkey

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

Highland Local School District
Combining Balance Sheet
All Enterprise Funds
June 30, 2002

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey</u>	<u>Total All Funds</u>
<u>Assets:</u>				
<u>Current assets:</u>				
Equity in pooled cash and cash equivalents	\$ 60,098	\$ 11,142	\$ 72,947	\$ 144,187
Receivables:				
Intergovernmental	5,692	-	-	5,692
Inventory held for resale	15,986	-	-	15,986
Materials and supplies inventory	1,949	-	-	1,949
Total current assets	<u>83,725</u>	<u>11,142</u>	<u>72,947</u>	<u>167,814</u>
<u>Non-current Assets:</u>				
Fixed assets, net of accumulated depreciation	37,537	-	-	37,537
Total assets	<u>\$ 121,262</u>	<u>\$ 11,142</u>	<u>\$ 72,947</u>	<u>\$ 205,351</u>
 <u>Liabilities and fund equity :</u>				
<u>Current liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 90	\$ 90
Accrued wages	42,287	-	7,182	49,469
Intergovernmental payable	28,734	-	7,694	36,428
Deferred revenue	11,895	-	-	11,895
Total current liabilities	<u>82,916</u>	<u>-</u>	<u>14,966</u>	<u>97,882</u>
<u>Long-term liabilities</u>				
Compensated absences payable	14,264	-	-	14,264
Total liabilities	<u>97,180</u>	<u>-</u>	<u>14,966</u>	<u>112,146</u>
<u>Fund equity:</u>				
Contributed capital	14,022	-	-	14,022
Retained earnings:				
Unreserved	10,060	11,142	57,981	79,183
Total fund equity	<u>24,082</u>	<u>11,142</u>	<u>57,981</u>	<u>93,205</u>
Total liabilities and fund equity	<u>\$ 121,262</u>	<u>\$ 11,142</u>	<u>\$ 72,947</u>	<u>\$ 205,351</u>

Highland Local School District
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Fiscal Year Ended June 30, 2002

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey</u>	<u>Total All Funds</u>
<u>Operating revenues:</u>				
Tuition	\$ -	\$ -	\$ 60,417	\$ 60,417
Sales	570,828	59,500	-	630,328
Other operating revenues	-	-	11,670	11,670
Total operating revenues	<u>570,828</u>	<u>59,500</u>	<u>72,087</u>	<u>702,415</u>
<u>Operating expenses:</u>				
Salaries	243,067	-	41,432	284,499
Fringe benefits	96,154	-	19,391	115,545
Purchased services	7,658	-	2,721	10,379
Material and supplies	40,601	56,444	6,300	103,345
Cost of sales	289,898	-	-	289,898
Depreciation	4,272	-	-	4,272
Other operating expense	34,522	-	2,788	37,310
Total operating expenses	<u>716,172</u>	<u>56,444</u>	<u>72,632</u>	<u>845,248</u>
Operating income (loss)	<u>(145,344)</u>	<u>3,056</u>	<u>(545)</u>	<u>(142,833)</u>
<u>Non-operating revenues:</u>				
Federal donated commodities	23,466	-	-	23,466
Operating grants	42,264	-	-	42,264
Interest	1,274	-	-	1,274
Total non-operating revenues	<u>67,004</u>	<u>-</u>	<u>-</u>	<u>67,004</u>
Net income (loss)	(78,340)	3,056	(545)	(75,829)
Retained earnings at beginning of year	88,400	8,086	58,526	155,012
Retained earnings at end of year	<u>\$ 10,060</u>	<u>\$ 11,142</u>	<u>\$ 57,981</u>	<u>\$ 79,183</u>

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Food Service Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 575,188	\$ 570,828	\$ (4,360)
Interest	1,200	1,274	74
Intergovernmental	38,787	43,359	4,572
Total revenues	<u>615,175</u>	<u>615,461</u>	<u>286</u>
<u>Expenses:</u>			
Salaries:			
Food service operations	<u>243,536</u>	<u>242,894</u>	<u>642</u>
Fringe benefits:			
Food service operations	<u>92,901</u>	<u>91,888</u>	<u>1,013</u>
Purchased services:			
Food service operations	<u>8,031</u>	<u>7,722</u>	<u>309</u>
Materials and supplies:			
Food service operations	<u>293,432</u>	<u>287,393</u>	<u>6,039</u>
Capital outlay:			
Capital outlay - new:			
Food service operations	<u>21,100</u>	<u>19,402</u>	<u>1,698</u>
Capital outlay - replacement:			
Food service operations	<u>-</u>	<u>682</u>	<u>(682)</u>
Total capital outlay	<u>21,100</u>	<u>20,084</u>	<u>1,016</u>
Total expenses	<u>659,000</u>	<u>649,981</u>	<u>9,019</u>
Excess of revenues under expenses	<u>(43,825)</u>	<u>(34,520)</u>	<u>9,305</u>
Fund equity at beginning of year	<u>94,554</u>	<u>94,554</u>	<u>-</u>
Fund equity at end of year	<u>\$ 50,729</u>	<u>\$ 60,034</u>	<u>\$ 9,305</u>

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 59,448	\$ 59,500	\$ 52
<u>Expenses:</u>			
Materials and supplies:			
Regular instruction	65,000	56,444	8,556
Excess of revenues over (under) expenses	(5,552)	3,056	8,608
Fund equity at beginning of year	8,086	8,086	-
Fund equity at end of year	\$ 2,534	\$ 11,142	\$ 8,608

Highland Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Latchkey Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$ 60,417	\$ 60,417	\$ -
Other revenues	11,670	11,670	-
Total revenues	<u>72,087</u>	<u>72,087</u>	<u>-</u>
<u>Expenses:</u>			
Salaries:			
Community services	<u>42,000</u>	<u>34,250</u>	<u>7,750</u>
Fringe benefits:			
Community services	<u>26,968</u>	<u>11,697</u>	<u>15,271</u>
Purchased services:			
Community services	<u>29,106</u>	<u>2,659</u>	<u>26,447</u>
Materials and supplies:			
Community services	<u>13,083</u>	<u>6,251</u>	<u>6,832</u>
Capital outlay:			
Capital outlay - new:			
Community services	<u>143</u>	<u>49</u>	<u>94</u>
Total expenses	<u>111,300</u>	<u>54,906</u>	<u>56,394</u>
Excess of revenues over (under) expenses	(39,213)	17,181	56,394
Fund equity at beginning of year	<u>55,738</u>	<u>55,738</u>	<u>-</u>
Fund equity at end of year	<u>\$ 16,525</u>	<u>\$ 72,919</u>	<u>\$ 56,394</u>

Highland Local School District
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 2002

	Food Service	Uniform School Supplies	Latchkey	Total All Funds
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 570,828	\$ 59,500	\$ 60,417	\$ 690,745
Cash received from other operating sources	-	-	11,670	11,670
Cash payments to suppliers for goods and services	(315,135)	(56,444)	(8,931)	(380,510)
Cash payments to employees for services	(242,894)	-	(34,250)	(277,144)
Cash payments for employee benefits	(91,888)	-	(11,697)	(103,585)
Cash payments for other operating expenses	(34,522)	-	(2,788)	(37,310)
Net cash provided by (used for) operating activities	<u>(113,611)</u>	<u>3,056</u>	<u>14,421</u>	<u>(96,134)</u>
<u>Cash flows from noncapital financing activities:</u>				
Operating grants	43,359	-	-	43,359
Net cash provided by noncapital financing activities	<u>43,359</u>	<u>-</u>	<u>-</u>	<u>43,359</u>
<u>Cash flows from investing activities:</u>				
Interest on investments	1,274	-	-	1,274
Net cash provided by investing financing	<u>1,274</u>	<u>-</u>	<u>-</u>	<u>1,274</u>
Net increase (decrease) in cash and cash equivalents	(68,978)	3,056	14,421	(51,501)
Cash and cash equivalents at beginning of year	94,554	8,086	55,738	158,378
Cash and cash equivalents at end of year	<u>\$ 25,576</u>	<u>\$ 11,142</u>	<u>\$ 70,159</u>	<u>\$ 106,877</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>				
Operating income (loss)	\$ (145,344)	\$ 3,056	\$ (545)	\$ (142,833)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,272	-	-	4,272
Federal donated commodities	23,466	-	-	23,466
Change in assets and liabilities:				
(Increase) decrease in assets:				
Inventory	(720)	-	-	(720)
Increase (decrease) in liabilities:				
Accounts payable	-	-	90	90
Accrued wages	5,184	-	7,182	12,366
Compensated absences payable	(5,011)	-	-	(5,011)
Intergovernmental payable	4,266	-	7,694	11,960
Deferred revenue	276	-	-	276
Total adjustments	<u>31,733</u>	<u>-</u>	<u>14,966</u>	<u>46,699</u>
Net cash provided by (used for) operating activities	<u>\$ (113,611)</u>	<u>\$ 3,056</u>	<u>\$ 14,421</u>	<u>\$ (96,134)</u>

Noncash Activities:

Donated commodities are received from the federal government in the Food Service enterprise fund in the amount of \$23,466.

INTERNAL SERVICE FUNDS

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

Rotary

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

Self Insurance

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

Highland Local School District
Combining Balance Sheet
All Internal Service Funds
June 30, 2002

	<u>Rotary</u>	<u>Self Insurance</u>	<u>Total All Funds</u>
<u>Assets:</u>			
<u>Current assets:</u>			
Equity in pooled cash and cash equivalents	\$ 6,347	\$ 1,576,491	\$ 1,582,838
Cash and cash equivalents:			
In segregated accounts	-	111,500	111,500
Total assets	<u>\$ 6,347</u>	<u>\$ 1,687,991</u>	<u>\$ 1,694,338</u>
<u>Liabilities and fund equity :</u>			
<u>Current liabilities:</u>			
Accounts payable	\$ 275	\$ -	\$ 275
Contracts payable	-	144,101	144,101
Total liabilities	<u>275</u>	<u>144,101</u>	<u>144,376</u>
<u>Fund equity:</u>			
Retained earnings:			
Unreserved	6,072	1,543,890	1,549,962
Total liabilities and fund equity	<u>\$ 6,347</u>	<u>\$ 1,687,991</u>	<u>\$ 1,694,338</u>

Highland Local School District
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	<u>Rotary</u>	<u>Self Insurance</u>	<u>Total All Funds</u>
<u>Operating revenues:</u>			
Charges for services	\$ -	\$ 1,547,467	\$ 1,547,467
Other operating revenues	54,337	-	54,337
Total operating revenues	<u>54,337</u>	<u>1,547,467</u>	<u>1,601,804</u>
<u>Operating expenses:</u>			
Purchased services	1,116	295,359	296,475
Material and supplies	53,236	-	53,236
Claims	-	1,364,536	1,364,536
Total operating expenses	<u>54,352</u>	<u>1,659,895</u>	<u>1,714,247</u>
Operating loss	<u>(15)</u>	<u>(112,428)</u>	<u>(112,443)</u>
<u>Non-operating revenues:</u>			
Interest	-	3,535	3,535
Net loss	(15)	(108,893)	(108,908)
Retained earnings at beginning of year	6,087	1,652,783	1,658,870
Retained earnings at end of year	<u>\$ 6,072</u>	<u>\$ 1,543,890</u>	<u>\$ 1,549,962</u>

Highland Local School District
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Rotary Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Other revenues	\$ 55,515	\$ 54,337	\$ (1,178)
<u>Expenses:</u>			
Purchased services:			
Extracurricular activities	2,954	1,116	1,838
Materials and supplies:			
Extracurricular activities	51,746	53,236	(1,490)
Total expenses	54,700	54,352	348
Excess of revenues over (under) expenses	815	(15)	(830)
Fund equity at beginning of year	6,088	6,088	-
Fund equity at end of year	\$ 6,903	\$ 6,073	\$ (830)

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Self Insurance Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 1,547,429	\$ 1,547,467	\$ 38
Interest	3,500	3,535	35
Total revenues	<u>1,550,929</u>	<u>1,551,002</u>	<u>73</u>
<u>Expenses:</u>			
Purchased services:			
Central support services	<u>300,000</u>	<u>295,359</u>	<u>4,641</u>
Other:			
Central support services	<u>2,918,500</u>	<u>1,363,278</u>	<u>1,555,222</u>
Total expenses	<u>3,218,500</u>	<u>1,658,637</u>	<u>1,559,863</u>
Excess of revenues under expenses	(1,667,571)	(107,635)	1,559,936
Fund equity at beginning of year	<u>1,795,626</u>	<u>1,795,626</u>	<u>-</u>
Fund equity at end of year	<u>\$ 128,055</u>	<u>\$ 1,687,991</u>	<u>\$ 1,559,936</u>

Highland Local School District
Combining Statement of Cash Flows
All Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	Rotary	Self Insurance	Total All Funds
<u>Cash flows from operating activities:</u>			
Cash received from other operating sources	\$ 54,337	\$ -	\$ 54,337
Cash received from quasi-external transactions with other funds	-	1,547,467	1,547,467
Cash payments to suppliers for goods and services	(54,077)	(295,359)	(349,436)
Cash payments for claims	-	(1,363,278)	(1,363,278)
Net cash provided by (used for) operating activities	<u>260</u>	<u>(111,170)</u>	<u>(110,910)</u>
<u>Cash flows from investing activities:</u>			
Interest on investments	-	3,535	3,535
Net cash provided by investing financing	<u>-</u>	<u>3,535</u>	<u>3,535</u>
Net increase (decrease) in cash and cash equivalents	260	(107,635)	(107,375)
Cash and cash equivalents at beginning of year	6,087	1,795,626	1,801,713
Cash and cash equivalents at end of year	<u>\$ 6,347</u>	<u>\$ 1,687,991</u>	<u>\$ 1,694,338</u>
<u>Reconciliation of operating loss to net cash provided by (used for) operating activities:</u>			
Operating loss	\$ (15)	\$ (112,428)	\$ (112,443)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Increase (decrease) in liabilities:			
Accounts payable	275	-	275
Claims payable	-	1,258	1,258
Total adjustments	<u>275</u>	<u>1,258</u>	<u>1,533</u>
Net cash provided by (used for) operating activities	<u>\$ 260</u>	<u>\$ (111,170)</u>	<u>\$ (110,910)</u>

TRUST AND AGENCY FUNDS

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

EXPENDABLE TRUST

Special Trust

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

NONEXPENDABLE TRUST

Endowment

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

AGENCY

Student Managed Activity

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

Highland Local School District
Combining Balance Sheet
All Trust and Agency Funds
June 30, 2002

	<u>Expendable Trust Fund</u>	<u>Nonexpendable Trust Fund</u>	<u>Agency Fund</u>	
	<u>Special Trust</u>	<u>Endowment</u>	<u>Student Managed Activity</u>	<u>Totals</u>
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 26,063	\$ 58,597	\$ 65,463	\$ 150,123
Receivables:				
Accounts	-	-	1,596	1,596
Total assets	<u>\$ 26,063</u>	<u>\$ 58,597</u>	<u>\$ 67,059</u>	<u>\$ 151,719</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 2,000	\$ 2,000
Due to students	-	-	65,059	65,059
Total liabilities	<u>-</u>	<u>-</u>	<u>67,059</u>	<u>67,059</u>
<u>Fund equity:</u>				
Fund balance:				
Reserved for endowment	-	56,464	-	56,464
Unreserved, undesignated	26,063	2,133	-	28,196
Total fund equity	<u>26,063</u>	<u>58,597</u>	<u>-</u>	<u>84,660</u>
Total liabilities and fund equity	<u>\$ 26,063</u>	<u>\$ 58,597</u>	<u>\$ 67,059</u>	<u>\$ 151,719</u>

Highland Local School District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Trust Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 388	\$ 469	\$ 81
Gifts and donations	5,367	5,318	(49)
Total revenues	<u>5,755</u>	<u>5,787</u>	<u>32</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
School and public service co-curricular activities:			
Purchased services	1,000	-	1,000
Materials and supplies	5,000	335	4,665
Other	1,000	-	1,000
Total expenditures	<u>7,000</u>	<u>335</u>	<u>6,665</u>
Excess of revenues over (under) expenditures	(1,245)	5,452	6,697
Fund balance at beginning of year	20,610	20,610	-
Fund balance at end of year	<u>\$ 19,365</u>	<u>\$ 26,062</u>	<u>\$ 6,697</u>

Highland Local School District

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Endowment Fund
For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 1,618	\$ 1,732	\$ 114
<u>Expenses:</u>			
Other:			
Pupils support	2,600	2,600	-
Excess of revenues under expenses	(982)	(868)	114
Fund equity at beginning of year	59,465	59,465	-
Fund equity at end of year	\$ 58,483	\$ 58,597	\$ 114

Highland Local School District
Statement of Changes in Assets and Liabilities
Student Managed Activity Agency Fund
For the Fiscal Year Ended June 30, 2002

	Beginning Balance July 1, 2001	Additions	Deductions	Ending Balance June 30, 2002
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 64,148	\$ 1,315	\$ -	\$ 65,463
Accounts receivable	-	1,596	-	1,596
Total assets	<u>\$ 64,148</u>	<u>\$ 2,911</u>	<u>\$ -</u>	<u>\$ 67,059</u>
 <u>Liabilities:</u>				
Accounts payable	\$ -	\$ 2,000	\$ -	\$ 2,000
Due to students	64,148	2,911	(2,000)	65,059
Total liabilities	<u>\$ 64,148</u>	<u>\$ 4,911</u>	<u>\$ (2,000)</u>	<u>\$ 67,059</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

Highland Local School District
Schedule of General Fixed Assets by Source
As of June 30, 2002

General Fixed Assets:

Land and Land Improvements	\$ 4,860,711
Buildings	6,417,029
Furniture, Fixtures and Equipment	2,142,794
Vehicles	2,152,036
Construction in Progress	<u>2,763,614</u>
Total General Fixed Assets	<u>\$ 18,336,184</u>

Investment in General Fixed Assets
by Source:

General Fund	\$ 14,768,390
Special Revenue Funds	43,867
Capital Project Funds	<u>3,523,927</u>
Total General Fixed Assets	<u>\$ 18,336,184</u>

Highland Local School District
Schedule of General Fixed Assets by Function and Activity
As of June 30, 2002

Function	Land and Land Improvements	Buildings	Furniture, Fixtures, and Equipment	Vehicles	Construction in Progress	Total
Instruction:						
Regular	\$ 4,706,512	\$ 5,264,262	\$ 1,683,942	\$ 904,120	\$ -	\$ 12,558,836
Support services:						
Instructional staff	-	-	168,594	-	-	168,594
Administrative	-	-	30,941	-	-	30,941
Business	-	-	23,899	-	-	23,899
Operation of maintenance of plant	30,845	534,238	192,343	82,847	-	840,273
Pupil transportation	-	-	12,725	1,165,069	-	1,177,794
Operation of non-instructional services						
Extracurricular activities	-	-	30,350	-	-	30,350
Capital outlay	123,354	618,529	-	-	2,763,614	3,505,497
Total General Fixed Assets	<u>\$ 4,860,711</u>	<u>\$ 6,417,029</u>	<u>\$ 2,142,794</u>	<u>\$ 2,152,036</u>	<u>\$ 2,763,614</u>	<u>\$ 18,336,184</u>

Highland Local School District
Schedule of Changes in General Fixed Assets by Function
For the Fiscal Year Ended June 30, 2002

Function	Balance July 1, 2001	Additions	Deletions	Capitalization Change	Balance June 30, 2002
Instruction:					
Regular	\$ 13,996,921	\$ 6,913	\$ 46,440	\$ (1,398,558)	\$ 12,558,836
Special	23,568	-	-	(23,568)	-
Support services:					
Pupils	10,807	-	-	(10,807)	-
Instructional staff	552,919	-	34,698	(349,627)	168,594
Board of education	589	-	-	(589)	-
Administration	30,033	-	-	908	30,941
Fiscal	7,416	-	-	(7,416)	-
Business	69,322	6,720	-	(52,143)	23,899
Operation of maintenance of plant	1,057,650	18,424	-	(235,801)	840,273
Pupil transportation	1,018,855	188,538	-	(29,599)	1,177,794
Central	23,494	-	-	(23,494)	-
Extracurricular activities	150,320	8,179	-	(128,149)	30,350
Capital outlay	743,086	2,763,614	-	(1,203)	3,505,497
Total General Fixed Assets	<u>\$ 17,684,980</u>	<u>\$ 2,992,388</u>	<u>\$ 81,138</u>	<u>\$ (2,260,046)</u>	<u>\$ 18,336,184</u>



STATISTICAL SECTION

This Page is Intentionally Left Blank.



Highland Local School District

General Governmental Revenues by Source and Expenditures by Function

Last Ten Fiscal Years (1)

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999
<u>Revenues:</u>				
Property and other local taxes	\$ 14,538,929	\$ 12,354,172	\$ 11,223,255	\$ 10,043,853
Intergovernmental	6,817,025	5,454,444	4,666,518	4,752,187
Interest	1,747,965	597,311	492,076	358,319
Tuition and fees	184,042	42,011	75,626	158,087
Extracurricular activities	215,505	133,692	128,882	122,745
Contributions and donations	25,217	26,312	-	18,307
Rentals	-	-	-	880
Miscellaneous	35,291	63,981	172,855	119,266
Total revenues	<u>\$ 23,563,974</u>	<u>\$ 18,671,923</u>	<u>\$ 16,759,212</u>	<u>\$ 15,573,644</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 7,446,830	\$ 6,900,655	\$ 6,631,821	\$ 6,526,825
Special	2,011,976	1,662,633	1,583,534	1,561,221
Vocational	200,031	187,423	182,228	171,863
Adult/continuing	-	-	-	-
Other	37,726	36,769	27,121	41,533
Support services:				
Pupils	791,643	682,467	632,375	636,563
Instructional staff	1,066,087	904,511	838,410	675,836
Board of education	21,438	17,434	13,288	12,271
Administration	1,386,350	1,358,748	1,251,719	1,290,845
Fiscal	576,577	510,379	490,630	405,446
Business	43,337	59,474	43,599	60,813
Operation and maintenance of plant	1,444,642	1,388,114	2,019,991	1,275,532
Pupil transportation	1,151,899	1,012,720	1,002,971	805,837
Central	162,936	143,765	134,642	84,531
Operation of non-instructional services	-	-	122	-
Extracurricular activities	712,490	539,987	526,941	473,288
Capital outlay	2,967,386	371,270	149,955	158,147
Debt service:				
Principal retirement	39,922,064	152,721	137,887	138,820
Interest and fiscal charges	2,116,347	9,402	11,008	18,861
Total expenditures	<u>\$ 62,059,759</u>	<u>\$ 15,938,472</u>	<u>\$ 15,678,242</u>	<u>\$ 14,338,232</u>

Source: 1993-2002 School District Audit Reports

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

(1) 1997-2002 were reported on a GAAP basis

1993-1995 were reported on a cash basis

Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995	Fiscal Year Ended June 30, 1994	Fiscal Year Ended June 30, 1993
\$ 9,041,436	\$ 8,435,516	\$ 8,115,953	\$ 7,795,368	\$ 7,140,832	\$ 6,224,233
4,166,741	4,284,951	4,540,713	-	-	-
350,176	347,174	266,325	173,079	75,079	55,175
176,871	355,390	286,036	235,734	78,504	74,791
111,345	94,816	78,454	69,942	58,723	54,074
-	-	-	-	-	-
-	-	-	-	-	-
118,625	29,949	30,792	46,869	10,023	18,412
<u>\$ 13,965,194</u>	<u>\$ 13,547,796</u>	<u>\$ 13,318,273</u>	<u>\$ 8,320,992</u>	<u>\$ 7,363,161</u>	<u>\$ 6,426,685</u>
\$ 6,077,644	\$ 5,707,087	\$ 5,405,845	\$ 4,919,088	\$ 4,549,105	\$ 4,483,068
1,475,902	1,300,891	1,215,687	1,088,014	874,031	797,640
158,581	163,814	181,080	176,354	156,166	132,458
-	-	-	-	-	-
23,278	23,696	29,064	17,753	6,173	9,768
714,424	672,101	664,306	551,869	442,107	418,620
678,152	777,892	528,043	479,198	402,695	389,469
14,900	19,713	12,083	11,261	13,387	13,653
1,262,690	1,233,351	1,101,231	985,932	988,419	935,667
378,076	386,746	313,572	321,997	296,635	282,971
51,382	30,227	28,277	33,999	32,279	30,009
1,462,949	1,266,195	1,211,117	1,494,339	1,223,126	903,883
906,518	854,209	687,974	763,416	699,849	653,715
34,356	46,620	45,056	50,198	38,125	24,294
1,270	-	426	4,574	-	-
425,364	377,187	350,573	304,040	289,779	239,482
430,507	151,150	101,238	31,730	74,263	15,534
707,372	235,459	234,898	250,573	261,127	279,665
58,859	72,111	90,140			
<u>\$ 14,862,224</u>	<u>\$ 13,318,449</u>	<u>\$ 12,200,610</u>	<u>\$ 11,484,335</u>	<u>\$ 10,347,266</u>	<u>\$ 9,609,896</u>

Highland Local School District

Property Tax Levies and Collections Real, Public Utility Tax and Tangible Personal Property (1)

Last Ten Calendar Years

Year (2)	Total Levy	Current Collections	Percent of		Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
			Current Levy Collected	Delinquent Collection				
2001	\$ 14,733,328	\$ 14,053,399	95.39%	\$ 289,297	\$ 14,342,696	97.35%	\$ 390,632	
2000	13,495,738	12,907,061	95.64%	334,287	13,241,348	98.12%	254,390	
1999	12,515,672	11,954,285	95.51%	325,333	12,279,618	98.11%	236,054	
1998	10,220,956	9,772,905	95.62%	240,411	10,013,316	97.97%	207,640	
1997	9,862,623	9,406,783	95.38%	284,692	9,691,475	98.26%	171,148	
1996	9,467,576	9,030,672	95.39%	325,486	9,356,158	98.82%	111,418	
1995	9,068,950	8,755,693	96.55%	250,727	9,006,420	99.31%	62,530	
1994	8,409,812	7,962,434	94.68%	221,161	8,183,595	97.31%	226,217	
1993	7,890,707	7,432,343	94.19%	138,102	7,570,445	95.94%	320,262	
1992	6,796,247	6,013,223	88.48%	186,649	6,199,872	91.22%	596,375	

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

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

(2) Represents collection year 2001. 2002 information cannot be presented because all collections have not been made by June 30.

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

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2002	\$ 435,459,990	\$ 1,244,171,400	\$ 11,900,010	\$ 13,522,739	\$ 18,012,416	\$ 72,049,664	\$ 465,372,416	\$ 1,329,743,803
2001	350,293,050	1,000,837,286	15,936,500	18,109,659	19,629,432	78,517,728	385,858,982	1,097,464,673
2000	333,887,290	953,963,686	15,446,030	17,552,307	14,886,057	59,544,228	364,219,377	1,031,060,221
1999	317,527,910	907,222,600	16,966,630	19,280,261	12,843,740	51,374,960	347,338,280	977,877,821
1998	291,896,800	833,990,857	16,437,240	18,678,682	9,995,510	39,982,040	318,329,550	892,651,579
1997	276,276,820	789,362,343	17,684,610	20,096,148	10,677,000	42,708,000	304,638,430	852,166,491
1996	266,244,040	760,697,257	17,688,120	20,100,136	9,567,270	38,269,080	293,499,430	819,066,474
1995	199,457,968	569,879,909	19,691,670	22,376,898	8,017,625	32,070,500	227,167,263	624,327,306
1994	185,794,916	530,842,617	19,749,520	22,442,636	5,973,062	23,892,248	211,517,498	577,177,502
1993	176,868,584	505,338,811	19,461,400	22,115,227	6,222,928	24,891,712	202,552,912	552,345,751

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

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

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

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

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

Collection Year		School Levy	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Total
2002	Brunswick Hills	71.32	8.06	12.60	3.05	-	1.75	1.25	98.03
	Granger Twp.	71.32	8.06	4.10	3.05	-	1.75	1.25	89.53
	Hinckley Twp.	71.32	8.06	13.05	3.05	-	2.80	1.25	99.53
	Medina Twp.	71.32	8.06	5.60	3.05	-	1.75	1.25	91.03
	Montville Twp.	71.32	8.06	9.95	3.05	-	1.75	1.25	95.38
	Sharon Twp.	71.32	8.06	7.40	3.05	-	1.75	1.25	92.83
	Wadsworth City	71.32	8.06	-	3.05	5.80	1.75	1.25	91.23
2001	Brunswick Hills	66.58	8.19	12.60	3.05	-	0.50	1.25	92.17
	Granger Twp.	66.58	8.19	4.10	3.05	-	0.50	1.25	83.67
	Hinckley Twp.	66.58	8.19	11.05	3.05	-	1.55	1.25	91.67
	Medina Twp.	66.58	8.19	5.60	3.05	-	0.50	1.25	85.17
	Montville Twp.	66.58	8.19	9.95	3.05	-	0.50	1.25	89.52
	Sharon Twp.	66.58	8.19	7.40	3.05	-	0.50	1.25	86.97
	Wadsworth City	66.58	8.19	-	3.05	5.80	0.50	1.25	85.37
2000	Brunswick Hills	65.38	8.20	12.60	3.05	-	1.75	1.25	92.23
	Granger Twp.	65.38	8.20	2.60	3.05	-	1.75	1.25	82.23
	Hinckley Twp.	65.38	8.20	11.05	3.05	-	2.80	1.25	91.73
	Medina Twp.	65.38	8.20	5.60	3.05	-	1.75	1.25	85.23
	Montville Twp.	65.38	8.20	10.95	3.05	-	1.75	1.25	90.58
	Sharon Twp.	65.38	8.20	8.40	3.05	-	1.75	1.25	88.03
	Wadsworth City	65.38	8.20	-	3.05	5.80	1.75	1.25	85.43
1999	Brunswick Hills	64.18	7.92	7.60	3.05	-	1.75	1.25	85.75
	Granger Twp.	64.18	7.92	2.60	3.05	-	1.75	1.25	80.75
	Hinckley Twp.	64.18	7.92	11.05	3.05	-	2.80	1.25	90.25
	Medina Twp.	64.18	7.92	5.60	3.05	-	1.75	1.25	83.75
	Montville Twp.	64.18	7.92	10.95	3.05	-	1.75	1.25	89.10
	Sharon Twp.	64.18	7.92	8.40	3.05	-	1.75	1.25	86.55
	Wadsworth City	64.18	7.92	-	3.05	5.80	1.75	1.25	83.95
1998	Brunswick Hills	58.68	7.95	7.60	3.05	-	1.75	1.25	80.28
	Granger Twp.	58.68	7.95	2.60	3.05	-	1.75	1.25	75.28
	Hinckley Twp.	58.68	7.95	11.05	3.05	-	2.80	1.25	84.78
	Medina Twp.	58.68	7.95	5.60	3.05	-	1.75	1.25	78.28
	Montville Twp.	58.68	7.95	10.95	3.05	-	1.75	1.25	83.63
	Sharon Twp.	58.68	7.95	8.40	3.05	-	1.75	1.25	81.08
	Wadsworth City	58.68	7.95	-	3.05	5.80	1.75	1.25	78.48
1997	Brunswick Hills	59.28	7.97	7.60	3.05	-	1.75	1.25	80.90
	Granger Twp.	59.28	7.97	2.60	3.05	-	1.75	1.25	75.90
	Hinckley Twp.	59.28	7.97	11.05	3.05	-	2.80	1.25	85.40
	Medina Twp.	59.28	7.97	5.60	3.05	-	1.75	1.25	78.90
	Montville Twp.	59.28	7.97	9.45	3.05	-	1.75	1.25	82.75
	Sharon Twp.	59.28	7.97	8.40	3.05	-	1.75	1.25	81.70
	Wadsworth City	59.28	7.97	-	3.05	5.80	1.75	1.25	79.10
1996	Brunswick Hills	59.28	7.98	7.60	3.05	-	1.75	1.25	80.91
	Granger Twp.	59.28	7.98	2.60	3.05	-	1.75	1.25	75.91
	Hinckley Twp.	59.28	7.98	11.05	3.05	-	2.80	1.25	85.41
	Medina Twp.	59.28	7.98	5.60	3.05	-	1.75	1.25	78.91
	Montville Twp.	59.28	7.98	10.45	3.05	-	1.75	1.25	83.76
	Sharon Twp.	59.28	7.98	8.40	3.05	-	1.75	1.25	81.71
	Wadsworth City	59.28	7.98	-	3.05	5.80	1.75	1.25	79.11

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

Collection Year		School Levy	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	Total
1995	Brunswick Hills	59.97	8.09	7.60	3.05	-	1.75	1.25	81.71
	Granger Twp.	59.97	8.09	2.60	3.05	-	1.75	1.25	76.71
	Hinckley Twp.	59.97	8.09	11.05	3.05	-	2.80	1.25	86.21
	Medina Twp.	59.97	8.09	5.60	3.05	-	1.75	1.25	79.71
	Montville Twp.	59.97	8.09	10.45	3.05	-	1.75	1.25	84.56
	Sharon Twp.	59.97	8.09	8.40	3.05	-	1.75	1.25	82.51
	Wadsworth City	59.97	8.09	-	3.05	5.80	1.75	1.25	79.91
1994	Brunswick Hills	58.24	8.10	7.10	3.05	-	1.75	1.25	79.49
	Granger Twp.	58.24	8.10	2.60	3.05	-	1.75	1.25	74.99
	Hinckley Twp.	58.24	8.10	11.05	3.05	-	2.80	1.25	84.49
	Medina Twp.	58.24	8.10	5.60	3.05	-	1.75	1.25	77.99
	Montville Twp.	58.24	8.10	10.45	3.05	-	1.75	1.25	82.84
	Sharon Twp.	58.24	8.10	8.40	3.05	-	1.75	1.25	80.79
	Wadsworth City	58.24	8.10	-	3.05	5.80	1.75	1.25	78.19
1993	Brunswick Hills	57.54	8.12	7.10	3.05	-	1.75	1.25	78.81
	Granger Twp.	57.54	8.12	2.60	3.05	-	1.75	1.25	74.31
	Hinckley Twp.	57.54	8.12	11.05	3.05	-	2.80	1.25	83.81
	Medina Twp.	57.54	8.12	5.60	3.05	-	1.75	1.25	77.31
	Montville Twp.	57.54	8.12	9.15	3.05	-	1.75	1.25	80.86
	Sharon Twp.	57.54	8.12	8.40	3.05	-	1.75	1.25	80.11
	Wadsworth City	57.54	8.12	-	3.05	5.80	1.75	1.25	77.51

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

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

Highland Local School District

Computation of Legal Debt Margin

June 30, 2002

Assessed Valuation (2001)	<u>\$ 465,372,416</u>
Bonded Debt Limit - 9% of Assessed Value (1)	41,883,517
Outstanding debt:	
School Improvement Bonds	39,900,000
Less: Amount available in debt service fund	<u>-</u>
Total outstanding debt	<u>\$ 39,900,000</u>
Amount of debt applicable to debt limit	39,900,000
Voted Debt Margin	<u>\$ 1,983,517</u>
Bonded Debt Limit - .10% of Assessed Value (1)	465,372
Outstanding debt:	
School Improvement Bonds	39,900,000
Less: Amount available in debt service fund	<u>-</u>
Total outstanding debt	<u>\$ 39,900,000</u>
Less exemptions:	
School Improvement Bonds	<u>39,900,000</u>
	<u>39,900,000</u>
Amount of debt applicable to debt limit	-
Unvoted Debt Margin	<u>\$ 465,372</u>

Source: Medina County Auditor and School District financial records.

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

Highland Local School District

Ratio of Net General Obligation Bonded Debt to

Assessed Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)/(3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2002	\$ 39,900,000	\$ 465,372,416	22,708	8.57%	\$1,757.09
2001	-	385,858,982	22,708	0.00%	-
2000	130,000	364,219,377	19,722	0.04%	6.59
1999	260,000	347,338,280	19,722	0.07%	13.18
1998	390,000	318,329,550	19,722	0.12%	19.77
1997	1,089,200	304,638,430	19,722	0.36%	55.23
1996	1,317,100	293,499,430	19,722	0.45%	66.78
1995	1,545,000	227,167,263	19,722	0.68%	78.34
1994	1,284,500	211,517,498	19,722	0.61%	65.13
1993	1,468,000	202,552,912	19,722	0.72%	74.43

Source: U.S. Census Bureau

(1) No debt is applicable to enterprise funds.

(2) Population data for 1993 through 2000 was assumed to be the same as the 1990 census as interim data was not available.

(3) Population data for 2001 through 2002 was assumed to be the same as the 2000 census as interim data was not available.

Highland Local School District

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Governmental Expenditures (Percentages)</u>
2002	\$ 39,900,000	\$ 2,112,059	\$ 42,012,059	\$ 62,059,759	67.70%
2001	130,000	3,575	133,575	15,938,472	0.84%
2000	130,000	10,725	140,725	15,678,242	0.90%
1999	130,000	17,875	147,875	14,338,232	1.03%
1998	699,200	57,219	756,419	14,862,224	5.09%
1997	227,900	69,865	297,765	13,318,449	2.24%
1996	227,900	87,332	315,232	12,200,610	2.58%
1995	183,500	67,073	250,573	11,484,335	2.18%
1994	183,500	77,627	261,127	10,347,266	2.52%
1993	183,500	96,165	279,665	9,609,896	2.91%

Source: School District records and Audit Reports

Highland Local School District
Demographic Statistics

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

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

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

<u>Year</u>	<u>Total Assessed Values</u>	<u>Certified Bank Deposits</u>	<u>Value of New Construction</u>
2002	\$ 465,372,416	\$ 191,217,000	\$ 17,029,810
2001	385,858,982	151,846,000	13,517,380
2000	364,219,377	129,769,000	12,789,550
1999	347,338,280	159,232,558	10,897,380
1998	318,329,550	618,560,551	13,366,420
1997	304,638,430	97,862,101	9,749,260
1996	293,499,430	873,151,487	9,334,270
1995	227,167,263	811,794,038	8,632,930
1994	211,517,498	726,886,234	7,547,130
1993	202,552,912	801,579,645	6,256,250

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

Highland Local School District
Principal Taxpayers

Top Taxpayers	Assessed Valuations			Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Real Property	Tangible Personal	Public Utility	Total
Ohio Edison Company	\$ -	\$ -	\$ 5,360,320	\$ -	\$ -	\$ 21,441,280	\$ 21,441,280
A Schulman, Inc.	-	2,649,090	-	-	3,010,330	-	3,010,330
Verizon North Inc.	-	-	2,080,920	-	-	8,323,680	8,323,680
SFS Stadler Inc.	744,800	1,108,530	-	2,128,000	1,259,693	-	3,387,693
Cornelius Mihalca	1,502,130	-	-	4,291,800	-	-	4,291,800
Avalon RV Center, Inc.	-	1,476,120	-	-	1,677,409	-	1,677,409
Kimball Hill Homes	1,422,200	-	-	4,063,429	-	-	4,063,429
Structured Management	1,151,510	-	-	3,290,029	-	-	3,290,029
American Tansmission	-	-	1,069,850	-	-	4,279,400	4,279,400
Atlantic Tool & Die Co.	-	1,051,550	-	-	1,194,943	-	1,194,943
Total Top Ten Taxpayers	\$ 4,820,640	\$ 6,285,290	\$ 8,511,090	\$ 13,773,258	\$ 7,142,375	\$ 34,044,360	\$ 54,959,993

Total All Assessed Valuations 435,459,990 18,012,416 11,900,010 465,372,416 100.00%

Sources: Highland Local School District

Highland Local School District
Computation of Direct and Overlapping Bonded Debt
June 30, 2002

	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable Highland Local School District</u>
Highland Local School District	\$ 465,372,416	\$ 39,900,000	100.00%	\$ 39,900,000
Brunswick Hills Township	130,433,800	-	3.22%	-
Granger Township	133,263,519	-	96.34%	-
Hinckley Township	210,299,478	-	72.09%	-
Medina Township	290,717,485	-	57.40%	-
Montville Township	186,709,810	-	14.67%	-
Sharon Township	151,771,278	-	96.99%	-
Wadsworth City	393,230,501	-	0.23%	-
		<u>\$ 39,900,000</u>		<u>\$ 39,900,000</u>

Sources: Medina County Auditor & Local finance departments

(1) Includes all general obligation bonds and notes at December 31, 2002.

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

Highland Local School District

Directory of School Facilities

June 30, 2002

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

Source: Highland Local School District records

Highland Local School District

Miscellaneous Statistics

Last Ten Fiscal Years (1)

	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>	<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>
Fall Enrollment	2,421	2,396	2,380	2,340
Average Teacher Salary	\$ 42,350	41,545	39,976	47,468
Pupil Attendance Rate	95.50	95.50	96.30	96.31
Graduation Rate	94.10%	93.80	93.10	93.14
Average Number of Students Per Teacher	20.20	20.50	20.60	22.60
Teacher Attendance Rate	95.30%	96.00	95.80	96.32
Annual Spending Per Pupil	\$ 6,588	6,940	6,174	6,186

Source: Ohio Department of Education and School District records

(1) Information not available for 2002

<u>Fiscal Year Ended June 30, 1997</u>	<u>Fiscal Year Ended June 30, 1996</u>	<u>Fiscal Year Ended June 30, 1995</u>	<u>Fiscal Year Ended June 30, 1994</u>	<u>Fiscal Year Ended June 30, 1993</u>	<u>Fiscal Year Ended June 30, 1992</u>
2,223	2,197	2,111	2,075	2,002	1,959
46,317	44,020	39,881	37,505	35,756	35,756
95.86	95.97	95.60	95.86	95.79	95.79
86.59	90.73	95.74	90.20	91.50	89.87
24.30	24.50	22.40	22.90	22.20	20.40
96.35	96.72	97.06	97.06	97.24	96.19
5,551	5,245	5,051	4,841	4,823	4,484



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

HIGHLAND LOCAL SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 25, 2003**