



Dave Yost • Auditor of State

HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	3
Federal Awards Receipts and Expenditures Schedule.....	7
Notes to the Federal Awards Receipts and Expenditures Schedule	8
Schedule of Findings.....	9

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 14, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Highland Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Highland Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Highland Local School District, Medina County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated November 14, 2014. We conducted our audit to opine on the District's basic financial statements. The accompanying Federal Awards Receipts and Expenditures Schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

November 14, 2014

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**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	\$87,856	\$90,634
		421,450	417,940
Total Special Education -Grants to States		<u>509,306</u>	<u>508,574</u>
Special Education - Preschool Grants	84.173		140
		9,042	9,042
<i>Passed Through the Summit County Educational Service Center:</i>			
Special Education - Preschool Grants	84.173	1,200	1,021
Total Special Education - Preschool Grants		<u>10,242</u>	<u>10,203</u>
Total Special Education Cluster		<u>519,548</u>	<u>518,777</u>
<i>Passed Through the Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	15,972	16,373
		201,790	199,524
Total Title I Grants to Local Educational Agencies		<u>217,762</u>	<u>215,897</u>
Improving Teacher Quality State Grants	84.367	40,374	40,374
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	27,737	27,142
<i>Passed through the Educational Service Center of Cuyahoga County:</i>			
English Language Acquisition Grants	84.365	6,428	6,428
Total U.S. Department of Education		<u>811,849</u>	<u>808,618</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
National School Lunch Program	10.555	146,975	146,975
Non-Cash Assistance		40,318	40,318
School Breakfast Program	10.553	12,213	12,213
Total Child Nutrition Cluster		<u>199,506</u>	<u>199,506</u>
Total U.S. Department of Agriculture		<u>199,506</u>	<u>199,506</u>
Totals		<u><u>\$1,011,355</u></u>	<u><u>\$1,008,124</u></u>

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	<ul style="list-style-type: none"> ➤ Title I Grants to Local Educational Agencies, CFDA 84.010; ➤ Child Nutrition Cluster, CFDA 10.555 and 10.553.
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014



HIGHLAND Local Schools

a legacy of excellence

Highland Local School District
3880 Ridge Road, Medina, OH 44256

WWW.HIGHLANDSCHOOLS.ORG

Highland Local School District

Medina, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

<p>Prepared By: Neil Barnes, CPA, Treasurer and Treasurer's Office Staff</p>
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Highland Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2014

Table of Contents

Introductory Section	Page
Letter of Transmittal.....	v
Public Officials Roster	xii
Organizational Chart	xiii
Certificate of Achievement.....	xiv
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to	
Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget (Non-GAAP Basis) and Actual – General Fund.....	22
Statement of Fiduciary Net Position – Fiduciary Funds.....	23
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	24
Notes to the Basic Financial Statements	25
Combining Statements for Nonmajor Governmental Funds	
Fund Descriptions.....	52
Combining Balance Sheet – Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds	57
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Special Revenue Funds	62
Combining Balance Sheet – Nonmajor Capital Projects Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Capital Projects Funds.....	66

Highland Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2014

Table of Contents
(Continued)

	Page
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Governmental Funds - Major and Nonmajor:	67
General Fund	69
Uniform School Supplies Fund	70
Public School Support Fund	70
Latchkey and Community Education Fund	71
Debt Service Fund	72
Building Fund	73
Food Service Fund	74
Special Trust Fund	74
Miscellaneous Local Grant Fund	75
District Managed Student Activity Fund	76
Auxiliary Services Fund	77
Data Communications Fund	77
Race to the Top Fund	78
IDEA, Part B Fund	78
Title III Limited English Proficiency Fund	79
Title I Fund	79
IDEA Preschool Grant for Handicapped Fund	80
Improving Teacher Quality Fund	80
Permanent Improvement Fund	81
Sales Tax Fund	81
Sharon Elementary Trust Fund	82
Individual Fund Schedules of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual	
Fiduciary Fund:	83
Endowment Fund	84
Statement of Changes in Assets and Liabilities - Agency Funds	85
 Statistical Section	
Table of Contents	S-1
Net Position by Component - Last Ten Fiscal Years	S-2
Changes in Net Position of Governmental Activities	
- Last Ten Fiscal Years	S-4
Program Revenues of Governmental Activities by Function	
- Last Ten Fiscal Years	S-8

Highland Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2014

Table of Contents
(Continued)

	Page
Fund Balances, Governmental Funds - Last Ten Fiscal Years	S-10
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	S-12
Assessed and Estimated Actual Value of Taxable Property	
- Last Ten Collection Years.....	S-14
Property Tax Rates - Direct and Overlapping Governments	
- Last Ten Collection Years.....	S-16
Property Tax Levies and Collections - Last Ten Collection Years	S-19
Principal Taxpayers - Real Estate Tax - 2014 and 2006	S-20
Principal Taxpayers - Public Utility Tax - 2014 and 2006.....	S-21
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	S-22
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	S-23
Computation of Legal Debt Margin - Last Ten Fiscal Years	S-24
Computation of Direct and Overlapping Bonded Debt as of June 30, 2014	S-26
Demographic and Economic Statistics - Last Ten Years	S-27
Principal Employers in Medina County- 2013 and 2004	S-28
School District Employees by Function/Program - Last Ten Fiscal Years	S-29
Operating Statistics - Last Ten Fiscal Years	S-30
Building Statistics - Last Ten Fiscal Years	S-31
Full-Time Equivalent Certified Staff by Education - Last Ten Fiscal Years	S-32
Certified Staff Salaries - Last Ten Fiscal Years	S-33
Enrollment Statistics - Last Ten Fiscal Years	S-34
Attendance and Graduation Rates - Last Ten Fiscal Years	S-35



INTRODUCTORY SECTION



Highland Local Schools

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

November 14, 2014

Highland Board of Education Members and
The Citizens of the Highland Local School District:

The Comprehensive Annual Financial Report (CAFR) of the Highland Local School District (the "School District") is hereby submitted for the fiscal year ended June 30, 2014. This report, prepared by the Treasurer's Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for fiscal year 2014.

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

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

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

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

DESCRIPTION OF THE SCHOOL DISTRICT

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

The sprawling 78-square mile School District is situated in the eastern portion of Medina County with a small portion located in Summit County. The majority of the students educated by the School District reside in picturesque Hinckley, Granger, Sharon, and Montville Townships. The School District's boundaries also include small segments of the City of Wadsworth, Copley Township, Medina Township, and Brunswick Hills Township. Interstates 71 and 271 and State Routes 18 and 94 provide easy access to the area. Major hospitals, Cleveland Hopkins International Airport, Akron-Canton Airport, and numerous institutions of higher learning are located within a forty-five minute drive. The School District's communities are predominantly rural-residential. The socio-economic make-up generally ranges from middle to upper income.

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

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

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

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

The School District provides a wide array of programs and services to students including instruction, support services, non-instructional services, and extracurricular activities. The instructional programs provide regular instruction from preschool through twelfth grade, special education for students with learning and other disabilities, and vocational education. Support services include pupil and staff support, school administration, fiscal and business services, maintenance of buildings and grounds, and pupil transportation. Non-instructional services include a food service operation for pupils, a latchkey program for before and after school child care, and community education activities. The extracurricular activities are designed to enhance the instructional experience for pupils and include student organizations and athletic activities.

As of June 30, 2014, the School District had a total of 3,275 students enrolled in its five school buildings: Sharon Elementary, Hinckley Elementary, Granger Elementary, Highland Middle School housing grades 6 through 8, and Highland High School housing grades 9 through 12. During the 2013-2014 school year, 70 students in the School District attended the Medina County Career Center. The School District also operates a bus garage, maintenance facility, and athletic facilities. The School District is currently in the process of constructing a new Athletic Complex that includes a stadium with synthetic turf, track, and 5,000 seat capacity; a field house; tennis courts; and increased parking facilities. The Athletic Complex is expected to be completed and in service by July 2015.

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

A Legacy of Excellence

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

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

Approximately 86% of the School District's graduates go on to pursue a college degree. Additionally, Highland boasts an average SAT score of 1786 and an average ACT score of 24.5. Moreover, over 83% of participating Highland students scored a 3 or better on Advanced Placement tests during the 2013-2014 school year. College readiness is the highest it has been at Highland High School in the past five years.

In 2013 and 2014, Highland High School earned a Silver Medal in the annual Best High School Rankings published by *US News and World Report*. For the 2013-2014 school year, Highland ranked an impressive 59th out of 832 high schools in Ohio and 1238th out of 19,400 high schools in the nation. Of the numerous Ohio schools ranked in 2014 among the *U.S. News Best High Schools*, 22 were awarded gold medals, 93 earned silver medals and 129 received bronze medals.

In May 2013, Highland High School was also named one of "America's Best High Schools" by *Newsweek* in its 2013 ranking. *Newsweek* highlights the best 2,000 public high schools in the nation that have proven to be the most effective in turning out college-ready graduates. Highland High School was one of only 77 schools in Ohio to make the list in 2013.

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education (the "Board") of the School District is comprised of five members elected at large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy maker for the School District. The Board is responsible for the adoption of the tax budget and the annual operating budget of the School District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Ohio Revised Code. Current members include Dr. Norm Christopher, President, Mr. Bob Kelly, Vice President, Mr. Mike Houska, Mrs. Diane Thomas, and Mr. Chris Wolny.

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations within the School District. Mrs. Catherine Aukerman was appointed Superintendent of the School District on August 1, 2008. She is currently employed under a five-year contract, which ends on July 31, 2016.

The Treasurer is the chief financial officer of the School District and is responsible directly to the Board for all financial operations, investments, custody of all School District funds and assets, and serves as Secretary to the Board. Mr. Neil Barnes was appointed to serve as the Treasurer effective August 1, 2010. He is currently employed under a five-year contract, which ends on July 31, 2019.

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

REPORTING ENTITY

The School District has reviewed its reporting entity definition in order to ensure conformance with Governmental Accounting Standards Board Statements No. 14 and 39, "The Financial Reporting Entity" and "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the School District for financial reporting purposes, management has considered all boards, funds, agencies, departments and organizations making up the Highland Local School District (the primary government).

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

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

FINANCIAL INFORMATION

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

Internal Accounting and Budgetary Control

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

The School District is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of basic financial statements in conformity with generally accepted accounting principles. In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation. The valuation of costs and benefits requires estimates and judgments by management. As an additional safeguard, all employees are covered under an employee dishonesty provision of the School District's insurance policy and certain individuals in policy-making roles are covered by separate, higher limit performance and/or position bonds.

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

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted on or about July 1st, then a permanent appropriation measure must subsequently be adopted by October 1st of the fiscal year. The permanent appropriation measure may be amended by the Board throughout the fiscal year as necessary.

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

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

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on-line inquiry system is available at each cost center site.

The basis of accounting and the various funds utilized by the Highland Local School District are fully described in Note 1 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 3.

ECONOMIC CONDITION AND FUTURE OUTLOOK

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

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

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

The School District works cooperatively with the Medina County Economic Development Corporation to attract new businesses to the area. In recent years, the School District has realized increased activity in commercial development and residential housing continues to increase modestly each year.

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

OTHER INFORMATION

Independent Audit

Provisions of state statute require the School District's financial statements to be subjected to a biannual examination by the Ohio Auditor of State unless an annual Single Audit is required, which is the case for the School District. The Ohio Auditor of State performed the audit of the School District for the year ended June 30, 2014. The auditor's unmodified opinion rendered on the School District's basic financial statements is included in the financial section of this Comprehensive Annual Financial Report.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The School District has submitted this report for consideration to the GFOA. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Additional Information

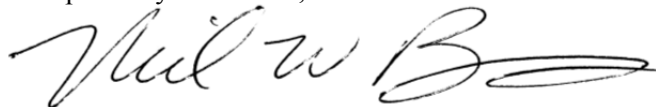
For a more in depth discussion of the financial condition of the Highland Local School District, please refer to the Management's Discussion and Analysis and the Notes to the Basic Financial Statements of the Comprehensive Annual Financial Report.

Acknowledgments

My sincere appreciation and thanks are extended to the many individuals who made the preparation and publication of this Comprehensive Annual Financial Report a reality. This accomplishment would not have been possible without the support and efforts of the staff in the Treasurer's office and many other dedicated employees of the School District. In addition, sincere thanks are extended to the Medina County Auditor's office staff and other outside agencies whose efforts contributed to the fair presentation of the statistical data.

I would also like to extend my appreciation to the members of the Highland Board of Education for their leadership, commitment to excellence, and support. It is with great pride that the Highland Local School District presents the 2014 Comprehensive Annual Financial Report to the citizens and taxpayers of the School District.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Neil W. Barnes". The signature is fluid and cursive, with a long horizontal stroke at the end.

Neil W. Barnes, CPA
Treasurer

Highland Local School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2014

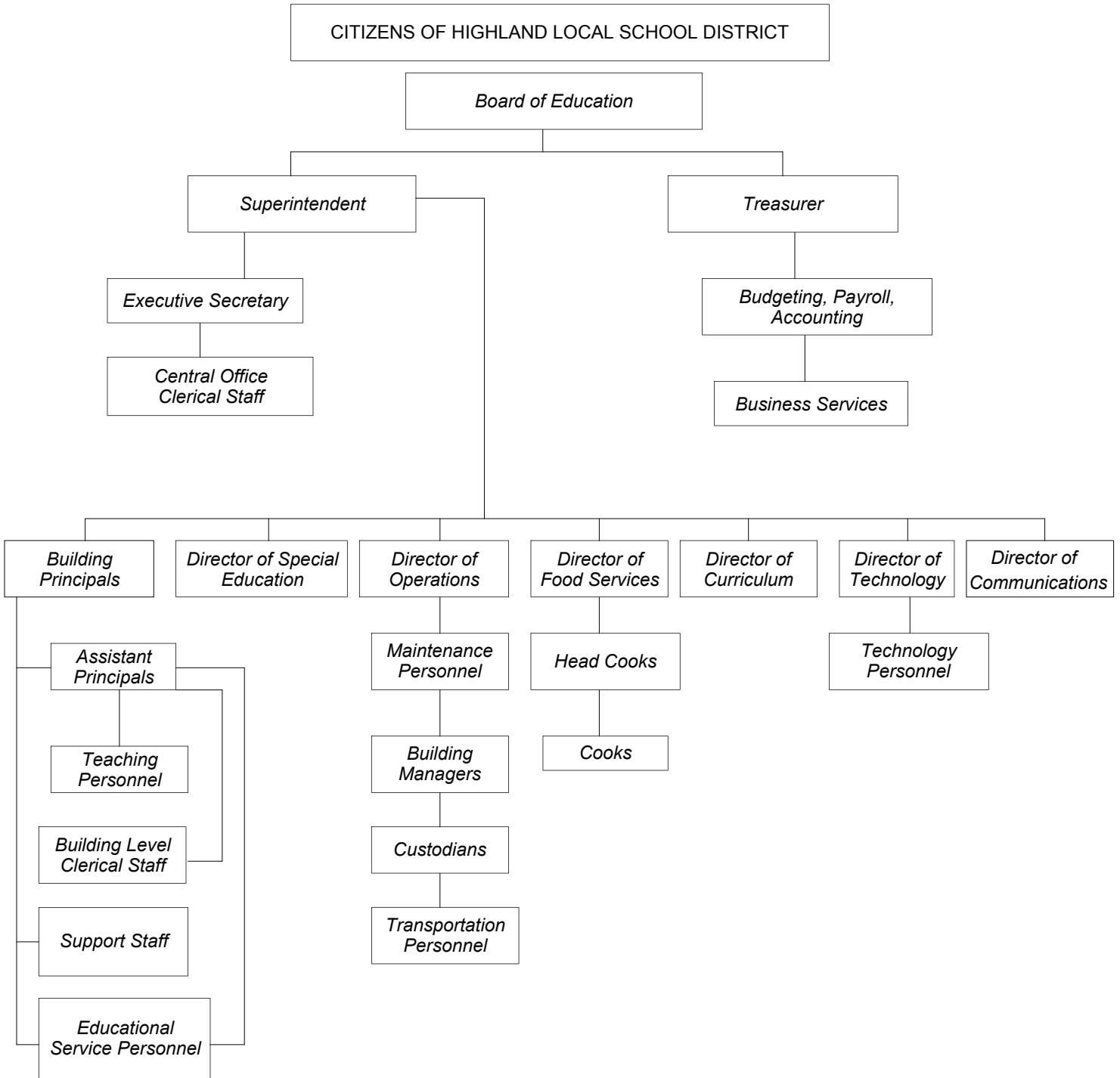
Board of Education

Dr. Norm Christopher	Board Member, President
Bob Kelly	Board Member, Vice President
Mike Houska	Board Member
Diane Thomas	Board Member
Chris Wolny	Board Member

Administration

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

**Highland Local School District
Organizational Chart**





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Highland Local School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 14, 2014

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Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

This discussion and analysis of Highland Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the letter of transmittal, basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position of governmental activities increased \$2,744,771 representing an 11.8 percent increase from 2013.
- General revenues accounted for \$31,915,930 in revenue or 89.3 percent of all revenues. Program revenues in the form of charges for services, operating grants, contributions and interest and capital grants, contributions and interest accounted for \$3,841,706 or 10.7 percent of total revenues of \$35,757,636.
- The School District had \$33,012,865 in expenses related to governmental activities; only \$3,841,706 of these expenses was offset by program specific revenues. General revenues of \$31,915,930 were adequate to provide for these programs.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$25,312,430, an increase of \$9,808,058 from the prior fiscal year primarily driven by the receipt of \$7,255,066 in proceeds derived from a lease-purchase agreement transaction to fund the construction of a new athletic complex.

Using this Annual Financial Report

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

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

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2014?" The statement of net position and the statement of activities are designed to answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial reports provide detailed information about the general fund, the debt service fund and the building fund, which are considered major funds. Data from the other funds are combined into a single, aggregated presentation.

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. A comparative analysis is presented below. Table 1 provides a summary of the School District's net position for 2014 and 2013:

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets	\$ 49,908,376	\$ 40,406,211
Capital assets, net of depreciation	<u>36,901,491</u>	<u>37,857,926</u>
Total assets	<u>86,809,867</u>	<u>78,264,137</u>
Liabilities		
Current and other liabilities	3,790,930	3,678,853
Long-term liabilities:		
Due within one year	2,202,088	1,677,982
Due in more than one year	<u>35,153,161</u>	<u>29,615,605</u>
Total liabilities	<u>41,146,179</u>	<u>34,972,440</u>
Deferred inflows of resources		
Property taxes	<u>19,738,152</u>	<u>20,110,932</u>
Net Position		
Net investment in capital assets	10,939,543	10,511,519
Restricted	6,812,349	6,984,001
Unrestricted	<u>8,173,644</u>	<u>5,685,245</u>
Total net position	<u>\$ 25,925,536</u>	<u>\$ 23,180,765</u>

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the School District's assets exceeded liabilities by \$25,925,536.

Net investment in capital assets on the government-wide statements represents a large portion of the School District's net position for fiscal year 2014. Capital assets, which include land and construction in progress, land improvements, buildings and building improvements, furniture, fixtures, and equipment, and vehicles, are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$6,812,349 or 26.3 percent, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$4,050,538 or 59.5 percent is restricted for debt service payments; \$2,354,937 or 34.6 percent is restricted for capital projects; \$284,760 or 4.2 percent is restricted for food service; \$9,490 or 0.1 percent is restricted for scholarships; \$90,330 or 1.3 percent is restricted for extracurricular; and \$22,294 or 0.3 percent is restricted for other purposes. Restricted for other purposes for the School District are net positions restricted for special revenue funds which are used for educational services.

The remaining significant balance of government-wide unrestricted net position of \$8,173,644 may be used to meet the School District's ongoing obligations to students and staff.

Highland Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows change in net position for fiscal years 2014 and 2013.

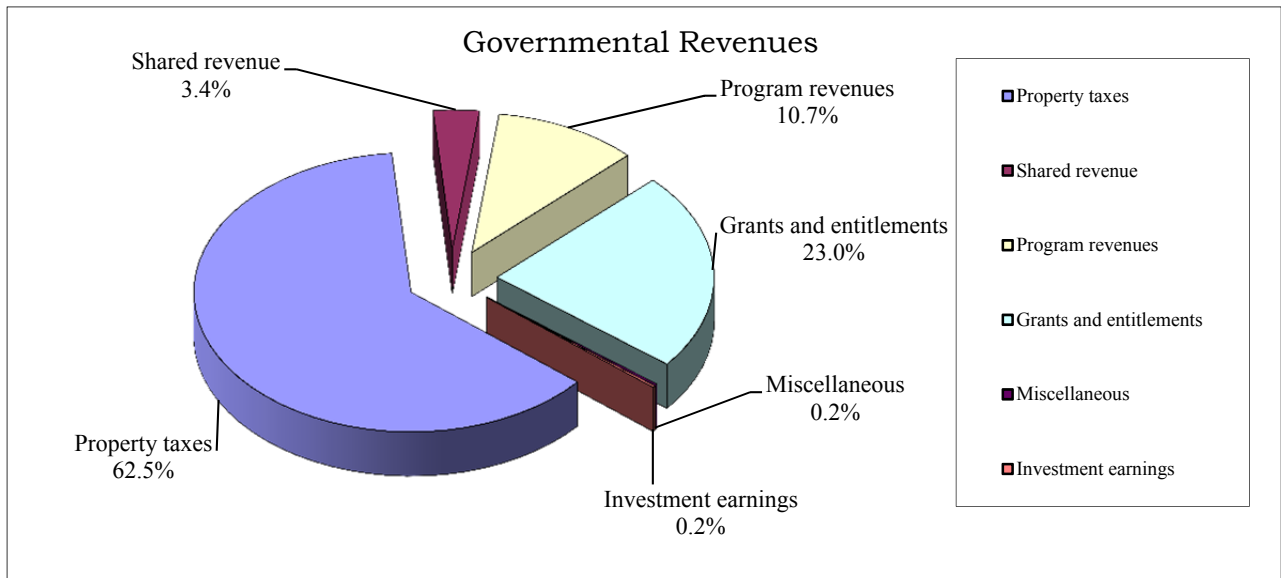
Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 2,539,867	\$ 2,444,535
Operating grants, contributions and interest	1,293,269	1,107,944
Capital grants, contributions and interest	8,570	-
General revenues:		
Property taxes	22,336,298	22,688,824
Shared revenue	1,226,381	1,132,357
Grants and entitlements	8,206,922	7,777,932
Investment earnings	72,970	56,945
Miscellaneous	73,359	44,702
Total revenues	<u>35,757,636</u>	<u>35,253,239</u>
<u>Program Expenses:</u>		
Instruction:		
Regular	13,828,776	12,871,326
Special	4,076,189	3,020,373
Vocational	65,283	174,978
Other	135,706	138,331
Support services:		
Pupils	1,654,213	1,693,796
Instructional staff	573,718	1,615,746
Board of education	23,298	26,183
Administration	2,221,590	2,095,174
Fiscal	845,133	865,692
Business	21,235	29,088
Operation and maintenance of plant	2,927,324	2,892,366
Pupil transportation	2,018,714	1,961,636
Central	263,869	227,927
Operation non-instructional services		
Food service operations	1,201,725	1,125,550
Community services	207,235	194,263
Extracurricular activities	1,575,167	1,466,326
Interest and fiscal charges	1,373,690	1,363,893
Total expenses	<u>33,012,865</u>	<u>31,762,648</u>
Increase in net position	2,744,771	3,490,591
Net position at beginning of year	<u>23,180,765</u>	<u>19,690,174</u>
Net position at end of year	<u>\$ 25,925,536</u>	<u>\$ 23,180,765</u>

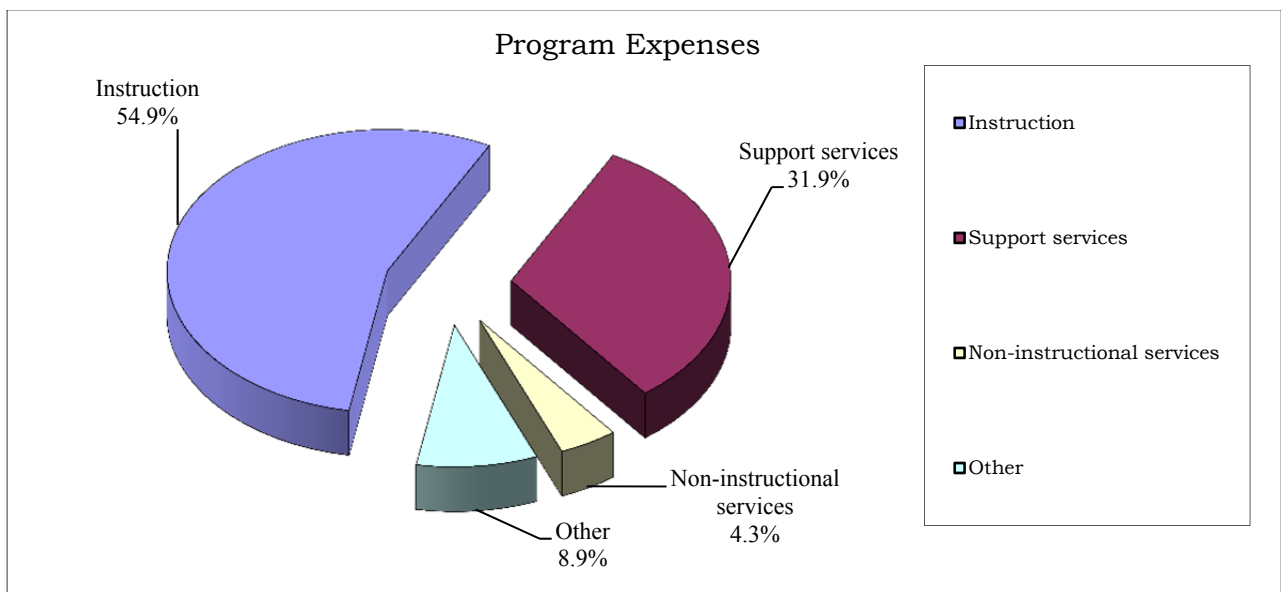
Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities - The School District has carefully planned for its financial future by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases. Property taxes made up 62.5 percent of revenues for governmental activities for the School District in fiscal year 2014. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.



Instruction comprises 54.9 percent of governmental program expenses. Additional supporting services, including but not limited to those for pupils, staff, administration, fiscal, operation and maintenance of plant, and pupil transportation, encompassed an additional 31.9 percent. The remaining 13.2 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.



Highland Local School District

Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2014
 Unaudited

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2014</u>	Net Cost of Services <u>2013</u>
<u>Program Expenses:</u>				
Instruction:				
Regular	\$ 13,828,776	\$ 12,871,326	\$ (13,396,139)	\$ (12,303,896)
Special	4,076,189	3,020,373	(2,886,182)	(2,359,889)
Vocational	65,283	174,978	(60,055)	(165,317)
Other	135,706	138,331	(135,706)	(138,331)
Support services:				
Pupils	1,654,213	1,693,796	(1,587,921)	(1,574,253)
Instructional staff	573,718	1,615,746	(564,290)	(1,514,442)
Board of education	23,298	26,183	(23,298)	(26,183)
Administration	2,221,590	2,095,174	(2,109,392)	(2,000,791)
Fiscal	845,133	865,692	(845,133)	(865,692)
Business	21,235	29,088	(21,235)	(29,088)
Operation and maintenance of plant	2,927,324	2,892,366	(2,907,537)	(2,845,545)
Pupil transportation	2,018,714	1,961,636	(2,018,317)	(1,961,136)
Central	263,869	227,927	(254,869)	(218,927)
Food service operations	1,201,725	1,125,550	(60,888)	(14,138)
Community services	207,235	194,263	26,190	58,654
Extracurricular activities	1,575,167	1,466,326	(952,697)	(887,302)
Interest and fiscal charges	1,373,690	1,363,893	(1,373,690)	(1,363,893)
Total	<u>\$ 33,012,865</u>	<u>\$ 31,762,648</u>	<u>\$ (29,171,159)</u>	<u>\$ (28,210,169)</u>

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$43,046,887 and total expenditures were \$33,238,829. The total net change in fund balance across all governmental funds was an increase of \$9,808,058. The net increase in fund balance for the year was significant in the general fund, amounting to \$2,677,127 or 29.5 percent. This change in the general fund was primarily due to an increase in property tax revenues resulting from the passage of an emergency levy collections upon which began in January 2012. The net change in the debt service fund was an increase of \$96,885, which was anticipated based on projections of the revenue generated from the bond tax levy and intergovernmental revenue as compared to the debt service requirements for 2014. The net increase in fund balance was the most significant in the building fund. The building fund balance increased \$7,256,099 due to the receipt of lease-purchase agreement proceeds and interest thereon during the current year. This lease-purchase agreement was executed to help finance a new athletic complex.

Highland Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2014
 Unaudited

Table 4
Fund Balances

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	Increase/ (Decrease)	Percent <u>Change</u>
General	\$ 11,746,123	\$ 9,068,996	\$ 2,677,127	29.5%
Debt service	4,099,178	4,002,293	96,885	2.4%
Building	7,256,099	-	7,256,099	100.0%
Other governmental	<u>2,211,030</u>	<u>2,433,083</u>	<u>(222,053)</u>	<u>-9.1%</u>
Total	<u>\$ 25,312,430</u>	<u>\$ 15,504,372</u>	<u>\$ 9,808,058</u>	<u>63.3%</u>

General Fund

The School District's general fund balance increased \$2,677,127 during the fiscal year. This was due to several factors. The following table assists in illustrating the change in revenues of the general fund.

Table 5
General Fund - Change in Revenue

	<u>2014</u>	<u>2013</u>	Percent <u>Change</u>
Taxes	\$ 20,215,685	\$ 20,055,314	0.8%
Intergovernmental	7,963,764	7,415,811	7.4%
Interest	71,937	56,945	26.3%
Tuition and fees	919,429	807,807	13.8%
Extracurricular activities	417,797	407,140	2.6%
Gifts and donations	8,588	12,314	-30.3%
Rent	21,762	44,846	-51.5%
Miscellaneous	<u>67,515</u>	<u>44,042</u>	53.3%
Total revenues	<u>\$ 29,686,477</u>	<u>\$ 28,844,219</u>	

General fund revenues increased \$842,258 or 2.9 percent. The main reasons for these increases were the rise in property tax revenues resulting from new construction growth, additional basic student aid provided by the state, and increased special education tuition received in relation to a compact in which the School District participates.

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

Table 6
General Fund - Change in Expenditures by Type

<u>Expenditures</u>	<u>2014</u>	<u>2013</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 16,190,344	\$ 14,663,935	10.4%
Support services	9,549,457	9,957,112	-4.1%
Extracurricular activities	1,035,412	949,679	9.0%
Operation of non-instructional services	207,235	194,263	6.7%
Capital outlay	26,902	15,420	74.5%
Debt service	-	3,723	-100.0%
Total	<u>\$ 27,009,350</u>	<u>\$ 25,784,132</u>	

General fund expenditures increased \$1,225,218 or 4.8 percent from the previous year. The variances for instruction and support services expenditures are, in part, due to the Ohio Department of Education requiring a change in the accounting of costs associated with specified aides from pupils and instructional staff support services to regular and special instruction for the fiscal year ended June 30, 2014. The overall rise in expenditures over the prior year is primarily attributable to increased compensation and benefit costs resulting from inflationary pressures and contractual commitments. Additionally, tuition costs associated with placements outside of the School District experienced significant growth. Tuition costs include open enrollment to surrounding traditional public schools and community schools as well as special education placements.

General Fund Budgeting Highlights

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

During fiscal year 2014, the School District amended its general fund budget; however, not significantly. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenues and other financing sources estimate was \$29,506,247, which was slightly higher than the original budget estimate of \$29,047,747. The \$458,500 difference was primarily due to an increase in property tax and tuition and fees revenue projections. The actual revenues and other sources received were \$29,568,276, which was \$520,529 more than originally anticipated.

The original expenditures and other financing uses estimate of \$26,815,000 was revised slightly over the course of the fiscal year. The final budgeted expenditures and other financing uses were \$27,025,675, which was an increase of \$210,675 or 0.8 percent over the original budget. Actual expenditures, including encumbrances and other financing uses were under budget by \$90,128 or 0.3 percent. This immaterial favorable variance is not attributable to any one specific event.

Highland Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2014
 Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$36,901,491 invested in capital assets. Table 7 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land and construction in progress	\$ 1,667,538	\$ 1,299,013
Land improvements	480,430	549,208
Buildings and building improvements	32,639,062	33,869,945
Furniture, fixtures and equipment	927,327	1,007,375
Vehicles	<u>1,187,134</u>	<u>1,132,385</u>
Total capital assets	<u>\$ 36,901,491</u>	<u>\$ 37,857,926</u>

Significant additions to capital assets reported by the School District during the current year included the purchase of three new school buses and an increase to construction in progress related to the new athletic complex. Despite significant capital asset additions such as these, the School District did report a net decrease in the total carrying value of capital assets of \$956,435, primarily due to the recognition of \$1,711,801 in depreciation expense. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt

At June 30, 2014, the School District had \$28,150,125 in bonds (including unamortized bond premium and bond accretion) outstanding with \$1,390,000 due within one year and \$7,255,066 in a lease-purchase agreement outstanding with \$262,614 due within one year. Table 8 summarizes the debt outstanding:

Table 8
Outstanding Debt, at Fiscal Year End
Governmental Activities

	<u>2014</u>	<u>2013</u>
School improvement bonds	\$ 28,150,125	\$ 29,148,520
Athletic complex lease-purchase agreement	<u>7,255,066</u>	<u>-</u>
Total	<u>\$ 35,405,191</u>	<u>\$ 29,148,520</u>

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

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

During the 2014 fiscal year, the School District entered into a lease-purchase agreement, the proceeds of which will be used to finance the construction of a new athletic complex. The lease-purchase agreement will be repaid from the sales tax fund.

At June 30, 2014, the School District's overall legal debt margin was \$42,383,388 with an unvoted debt margin of \$705,032. The School District is rated Aa2 by Moody's Investors Service. The School District has budgeted to meet all of its debt requirements, all of which are to be repaid from the debt service fund. See Note 12 to the basic financial statements for details on the School District's debt.

Current Issues Affecting Financial Condition

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

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

Contacting the School District's Financial Management

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

Highland Local School District

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 19,145,835
Cash and cash equivalents:	
In segregated accounts	7,256,099
With fiscal agents	412
Receivables:	
Taxes	22,042,790
Accounts	160,086
Intergovernmental	1,160,164
Accrued interest	33,177
Prepaid items	36,594
Inventory held for resale	21,037
Materials and supplies inventory	52,182
Capital assets:	
Land and construction in progress	1,667,538
Depreciable capital assets	61,130,098
Accumulated depreciation	<u>(25,896,145)</u>
Total capital assets	<u>36,901,491</u>
Total assets	<u>86,809,867</u>
<u>Liabilities:</u>	
Accounts payable	338,986
Accrued wages	2,663,871
Intergovernmental payable	682,897
Accrued interest payable	104,764
Matured interest payable	412
Long-term liabilities:	
Due within one year	2,202,088
Due in more than one year	<u>35,153,161</u>
Total liabilities	<u>41,146,179</u>
<u>Deferred inflows of resources:</u>	
Property taxes	<u>19,738,152</u>
<u>Net position:</u>	
Net investment in capital assets	10,939,543
Restricted for:	
Capital projects	2,354,937
Debt service	4,050,538
Food service	284,760
Extracurricular	90,330
Permanent fund purpose - scholarships	
Nonexpendable	9,490
Other purposes	22,294
Unrestricted	<u>8,173,644</u>
Total net position	<u>\$ 25,925,536</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 13,828,776	\$ 271,518	\$ 152,549	\$ 8,570	\$ (13,396,139)
Special	4,076,189	465,743	724,264	-	(2,886,182)
Vocational	65,283	-	5,228	-	(60,055)
Other	135,706	-	-	-	(135,706)
Support services:					
Pupils	1,654,213	-	66,292	-	(1,587,921)
Instructional staff	573,718	-	9,428	-	(564,290)
Board of education	23,298	-	-	-	(23,298)
Administration	2,221,590	-	112,198	-	(2,109,392)
Fiscal	845,133	-	-	-	(845,133)
Business	21,235	-	-	-	(21,235)
Operation and maintenance of plant	2,927,324	19,787	-	-	(2,907,537)
Pupil transportation	2,018,714	397	-	-	(2,018,317)
Central	263,869	-	9,000	-	(254,869)
Operation of non-instructional services:					
Food service operations	1,201,725	937,627	203,210	-	(60,888)
Community services	207,235	233,425	-	-	26,190
Extracurricular activities	1,575,167	611,370	11,100	-	(952,697)
Interest and fiscal charges	1,373,690	-	-	-	(1,373,690)
Total governmental activities	\$ 33,012,865	\$ 2,539,867	\$ 1,293,269	\$ 8,570	(29,171,159)
General Revenues:					
Property taxes levied for:					
General purposes					20,192,960
Debt service					2,143,338
Shared revenue restricted for:					
Permanent improvement projects					1,226,381
Grants and entitlements not restricted to specific programs					8,206,922
Investment earnings					72,970
Miscellaneous					73,359
Total general revenues					31,915,930
Change in net position					2,744,771
Net position beginning of year					23,180,765
Net position end of year					\$ 25,925,536

See accompanying notes to the basic financial statements.

Highland Local School District

Balance Sheet

Governmental Funds

June 30, 2014

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 13,049,918	\$ 3,941,272	\$ -	\$ 2,154,645	\$ 19,145,835
Cash and cash equivalents:					
In segregated accounts	-	-	7,256,099	-	7,256,099
With fiscal agents	-	412	-	-	412
Receivables:					
Taxes	20,259,958	1,782,832	-	-	22,042,790
Accounts	159,417	-	-	669	160,086
Intergovernmental	154,902	-	-	1,005,262	1,160,164
Interfund	500	-	-	-	500
Accrued interest	33,177	-	-	-	33,177
Inventory held for resale	-	-	-	21,037	21,037
Materials and supplies inventory	52,182	-	-	-	52,182
Prepaid items	36,594	-	-	-	36,594
Total assets	<u>\$ 33,746,648</u>	<u>\$ 5,724,516</u>	<u>\$ 7,256,099</u>	<u>\$ 3,181,613</u>	<u>\$ 49,908,876</u>
<u>Liabilities:</u>					
Accounts payable	\$ 184,482	\$ -	\$ -	\$ 154,504	\$ 338,986
Accrued wages	2,497,344	-	-	166,527	2,663,871
Interfund payable	-	-	-	500	500
Intergovernmental payable	622,596	-	-	60,301	682,897
Matured interest payable	-	412	-	-	412
Total liabilities	<u>3,304,422</u>	<u>412</u>	<u>-</u>	<u>381,832</u>	<u>3,686,666</u>
<u>Deferred inflows of resources:</u>					
Property taxes	18,152,865	1,585,287	-	-	19,738,152
Unavailable revenue	123,250	-	-	588,751	712,001
Unavailable revenue - delinquent property taxes	419,988	39,639	-	-	459,627
Total deferred inflows of resources	<u>18,696,103</u>	<u>1,624,926</u>	<u>-</u>	<u>588,751</u>	<u>20,909,780</u>
<u>Fund balances:</u>					
Nonspendable	88,776	-	-	8,000	96,776
Restricted	-	4,099,178	7,256,099	2,203,030	13,558,307
Committed	11,000	-	-	-	11,000
Assigned	366,751	-	-	-	366,751
Unassigned	11,279,596	-	-	-	11,279,596
Total fund balances	<u>11,746,123</u>	<u>4,099,178</u>	<u>7,256,099</u>	<u>2,211,030</u>	<u>25,312,430</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,746,648</u>	<u>\$ 5,724,516</u>	<u>\$ 7,256,099</u>	<u>\$ 3,181,613</u>	<u>\$ 49,908,876</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total governmental fund balances		\$ 25,312,430
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		36,901,491
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 459,627	
Intergovernmental receivables	588,883	
Tuition and fees	108,926	
Extracurricular activities	9,830	
Miscellaneous	<u>4,362</u>	
		1,171,628
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(104,764)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (23,715,000)	
Capital appreciation bonds	(1,405,000)	
Accretion on bonds	(2,188,177)	
Premium on bonds	(841,948)	
Lease-purchase agreement	(7,255,066)	
Compensated absences	<u>(1,950,058)</u>	
Total		<u>(37,355,249)</u>
Net position of governmental activities		<u>\$ 25,925,536</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes	\$ 20,215,685	\$ 2,165,657	\$ -	\$ -	\$ 22,381,342
Intergovernmental	7,963,764	329,608	-	2,431,371	10,724,743
Interest	71,937	-	1,033	957	73,927
Tuition and fees	919,429	-	-	-	919,429
Extracurricular activities	417,797	-	-	208,131	625,928
Gifts and donations	8,588	-	-	3,455	12,043
Charges for services	-	-	-	937,627	937,627
Rent	21,762	-	-	-	21,762
Miscellaneous	67,515	-	-	17,705	85,220
Total revenues	29,686,477	2,495,265	1,033	3,599,246	35,782,021
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	12,547,238	-	-	920,272	13,467,510
Special	3,415,685	-	-	634,347	4,050,032
Vocational	80,006	-	-	-	80,006
Other	147,415	-	-	-	147,415
Support services:					
Pupils	1,530,771	-	-	80,357	1,611,128
Instructional staff	597,862	-	-	9,428	607,290
Board of education	23,298	-	-	-	23,298
Administration	2,018,986	3,333	-	113,873	2,136,192
Fiscal	799,603	35,197	-	-	834,800
Business	20,901	-	-	-	20,901
Operation and maintenance of plant	2,513,034	-	-	156	2,513,190
Pupil transportation	1,801,469	-	-	-	1,801,469
Central	243,533	-	-	9,000	252,533
Operation of non-instructional services:					
Food service operations	-	-	-	1,107,094	1,107,094
Community services	207,235	-	-	-	207,235
Extracurricular activities	1,035,412	-	-	205,609	1,241,021
Capital outlay	26,902	-	-	750,963	777,865
Debt service:					
Principal retirement	-	1,275,000	-	-	1,275,000
Interest and fiscal charges	-	1,084,850	-	-	1,084,850
Total expenditures	27,009,350	2,398,380	-	3,831,099	33,238,829
Excess of revenues over (under) expenditures	2,677,127	96,885	1,033	(231,853)	2,543,192
<u>Other financing sources:</u>					
Proceeds from sale of capital assets	-	-	-	9,800	9,800
Lease-purchase agreement	-	-	7,255,066	-	7,255,066
Total other financing sources	-	-	7,255,066	9,800	7,264,866
Net change in fund balances	2,677,127	96,885	7,256,099	(222,053)	9,808,058
Fund balances beginning of year	9,068,996	4,002,293	-	2,433,083	15,504,372
Fund balances end of year	\$ 11,746,123	\$ 4,099,178	\$ 7,256,099	\$ 2,211,030	\$ 25,312,430

See accompanying notes to the basic financial statements.

Highland Local School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014**

Net change in fund balances - total governmental funds		\$ 9,808,058
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital asset additions	\$ 777,865	
Capital contributions	8,570	
Depreciation expense	<u>(1,711,801)</u>	
Excess of depreciation expense over capital asset additions and capital contributions		(925,366)
<p>The proceeds from the sale of capital assets are reported as a source of financing in the governmental funds. However, the cost of the capital assets sold is removed from the capital assets account in the statement of net position and offset against the sales proceeds resulting in a loss on the disposal of capital assets in the statement of activities. Thus, more revenue is reported in the governmental funds and more expenses in the statement of activities.</p>		
		(31,069)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:</p>		
Property taxes	\$ (45,044)	
Intergovernmental	(11,171)	
Tuition and fees	11,111	
Extracurricular activities	9,830	
Rent	(1,975)	
Miscellaneous	<u>4,294</u>	
Net change in deferred inflows of resources during the year		(32,955)
<p>Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,275,000
<p>Some capital additions were financed through a lease-purchase agreement. In governmental funds, a lease-purchase agreement is considered a source of financing, but in the statement of net position, the lease-purchase agreement is reported as a liability.</p>		
		(7,255,066)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Increase in compensated absences	\$ (38,588)	
Decrease in employee separation incentives	233,597	
Increase in accrued interest payable	<u>(12,235)</u>	
Total additional expenditures		182,774
<p>The amortization of issuance costs, bond premium and accretion is reflected as an expense in the statement of activities.</p>		
Premium	\$ 109,459	
Bond accretion	<u>(386,064)</u>	
Total additional expenses		<u>(276,605)</u>
Change in position of governmental activities		<u>\$ 2,744,771</u>

See accompanying notes to the basic financial statements.

Highland Local School District

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

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 20,229,933	\$ 20,443,255	\$ 20,444,371	\$ 1,116
Intergovernmental	7,794,315	7,832,677	7,884,095	51,418
Interest	50,000	50,000	61,387	11,387
Tuition and fees	494,857	645,500	650,899	5,399
Extracurricular activities	310,000	340,000	334,075	(5,925)
Gifts and donations	1,500	1,500	995	(505)
Rent	45,000	45,000	32,184	(12,816)
Miscellaneous	26,027	43,200	55,702	12,502
Total revenues	<u>28,951,632</u>	<u>29,401,132</u>	<u>29,463,708</u>	<u>62,576</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,408,390	12,388,247	12,425,752	(37,505)
Special	3,223,992	3,369,278	3,331,178	38,100
Vocational	69,448	91,798	88,448	3,350
Other	162,146	157,146	138,463	18,683
Support services:				
Pupils	1,590,560	1,592,319	1,523,659	68,660
Instructional staff	778,379	759,012	802,339	(43,327)
Board of education	33,550	37,550	32,008	5,542
Administration	2,136,132	2,142,330	2,078,207	64,123
Fiscal	867,263	867,810	863,898	3,912
Business	35,668	29,249	22,584	6,665
Operation and maintenance of plant	2,441,520	2,481,637	2,556,576	(74,939)
Pupil transportation	1,845,344	1,840,110	1,828,351	11,759
Central	232,831	240,501	242,941	(2,440)
Extracurricular activities	952,777	999,963	973,008	26,955
Capital outlay	12,000	17,000	17,635	(635)
Total expenditures	<u>26,790,000</u>	<u>27,013,950</u>	<u>26,925,047</u>	<u>88,903</u>
Excess of revenues over expenditures	<u>2,161,632</u>	<u>2,387,182</u>	<u>2,538,661</u>	<u>151,479</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	1,000	10,000	10,392	392
Refund of prior year expenditures	90,000	90,000	89,061	(939)
Advances in	5,115	5,115	5,115	-
Advances out	(10,000)	(5,000)	(500)	4,500
Transfers out	(15,000)	(6,725)	(10,000)	(3,275)
Total other financing sources (uses)	<u>71,115</u>	<u>93,390</u>	<u>94,068</u>	<u>678</u>
Net change in fund balance	2,232,747	2,480,572	2,632,729	152,157
Fund balance at beginning of year	9,757,107	9,757,107	9,757,107	-
Prior year encumbrances appropriated	137,331	137,331	137,331	-
Fund balance at end of year	<u>\$ 12,127,185</u>	<u>\$ 12,375,010</u>	<u>\$ 12,527,167</u>	<u>\$ 152,157</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	
	Endowment	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 54,726	\$ 99,168
<u>Receivables:</u>		
Accounts	-	3,707
Total assets	<u>54,726</u>	<u>\$ 102,875</u>
<u>Liabilities:</u>		
Accounts payable	\$ 2,600	\$ 2,641
Due to students	-	100,234
Total liabilities	<u>2,600</u>	<u>\$ 102,875</u>
<u>Net position:</u>		
Held in trust for scholarships	52,126	
Total net position	<u>\$ 52,126</u>	

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust <hr/> Endowment <hr/>
<u>Additions:</u>	
Interest	\$ 123
<u>Deductions:</u>	
Payments in accordance with trust agreements	<hr/> 3,200
Change in net position	(3,077)
Net position beginning of year	<hr/> 55,203
Net position end of year	<hr/> <hr/> \$ 52,126

See accompanying notes to the basic financial statements.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

A. Description of the School District

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

The Highland Local School District was established in 1952 through the consolidation of the former Granger-Sharon and Hinckley Local School Districts. The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 150 non-certificated employees, 183 certificated teaching and support personnel, and 16 administrators that provide services to 3,275 students and other community members.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting polices.

B. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2014.

The School District is associated with the North Coast Council (NCC) and Ohio Schools Council which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding NCC and the Ohio Schools Council is presented in Note 13.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

D. Fund Accounting

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

Governmental Fund Types

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

Fiduciary Fund Types

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Revenue - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District did not have any deferred outflows of resources at year end.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance the fiscal year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and County levied sales tax. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Expenditures/Expenses

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

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

F. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2014. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

G. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, certificates of deposit, commercial paper notes, instruments of government sponsored mortgage-backed securities and an interest in STAR Ohio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 4.

The monies being reported in the building fund are held separate from the School District's central bank account and are reflected as "Cash and cash equivalents in segregated accounts". The School District also utilizes a financial institution to service bonded debt as principal and interest payments come due. This account's balance is presented in the account "Cash and cash equivalents with fiscal agents".

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

I. Interfund Balances

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

J. Inventory

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

Inventories of the general fund primarily include maintenance and custodial supplies, paper supplies and fuel. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

K. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 15 for the calculation of the year-end restricted asset balance and the corresponding fund balance restriction.

L. Capital Assets

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

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

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

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

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

N. Net Position

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

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

O. Interfund Transactions

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

P. Estimates

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

Q. Fund Balance

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

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

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

NOTE 2 – FUND BALANCES

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

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fund Balances	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Materials and supplies inventory	\$ 52,182	\$ -	\$ -	\$ -	\$ 52,182
Prepays	36,594	-	-	-	36,594
Permanent fund principal	-	-	-	8,000	8,000
Total nonspendable	<u>88,776</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>96,776</u>
<u>Restricted for</u>					
Food service	-	-	-	307,278	307,278
Athletics and music	-	-	-	76,426	76,426
Auxiliary services	-	-	-	3,057	3,057
Instructional	-	-	-	6,013	6,013
Special education	-	-	-	13,224	13,224
Scholarships and awards	-	-	-	15,394	15,394
Capital improvements	-	-	7,256,099	1,781,638	9,037,737
Debt service payments	-	4,099,178	-	-	4,099,178
Total restricted	<u>-</u>	<u>4,099,178</u>	<u>7,256,099</u>	<u>2,203,030</u>	<u>13,558,307</u>
<u>Committed</u>					
Underground storage tanks	11,000	-	-	-	11,000
<u>Assigned</u>					
Uniform school supplies	2,598	-	-	-	2,598
Public school support	73,988	-	-	-	73,988
Latchkey and community education	153,832	-	-	-	153,832
Encumbrances	136,333	-	-	-	136,333
Total assigned	<u>366,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,751</u>
Unassigned	<u>11,279,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,279,596</u>
Total fund balances	<u>\$ 11,746,123</u>	<u>\$ 4,099,178</u>	<u>\$ 7,256,099</u>	<u>\$ 2,211,030</u>	<u>\$ 25,312,430</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presentation for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ 2,677,127
Net adjustment for revenue accruals	242,862
Current year adjustment to fair market value of investments	(998)
Net adjustment for expenditure accruals	8,177
Encumbrances (Budget basis) outstanding at year-end	(272,191)
Perspective differences from funds budgeted as special revenue funds:	
Revenues	(360,065)
Transfers from the general fund	(10,000)
Expenditures	347,817
Budget basis	<u>\$ 2,632,729</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

A. Deposits

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

As of June 30, the carrying amount of the School District's deposits was \$21,176,963. The School District's bank balance of \$21,339,432 was not exposed to custodial credit risk as it was insured or collateralized by securities held by the School District's agent in the School District's name.

B. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 1,360,000	25.3%	Daily	AA+ ⁽¹⁾
Federal Farm Credit Bank	1,000,030	18.6%	9/11/2015	AA+ ⁽²⁾
Federal Farm Credit Bank	1,000,650	18.6%	8/12/2016	AA+ ⁽²⁾
Federal Home Loan Bank	1,000,400	18.6%	6/26/2017	AA+ ⁽²⁾
Federal Home Loan Bank	999,420	18.6%	2/25/2019	AA+ ⁽²⁾
STAR Ohio	18,777	0.3%	51.4 ⁽³⁾	AAAm ⁽²⁾
	<u>\$ 5,379,277</u>			

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

⁽²⁾ Standard and Poor's rating

⁽³⁾ Days (Average)

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$1,360,000 investment in a repurchase agreement is to be secured by the specific securities upon which the repurchase agreements are based. The security held by the counterparty and not in the School District's name is a Federal National Mortgage Association (FNMA) bond. The securities for these type of repurchase agreements must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAm rating and the Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB) bonds an AA+ rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The custodial risk associated with the repurchase agreements is discussed above.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FFCB bonds and FHLB bonds. These investments are each 37.2% of the School District's total investments and 100% of investments in single issuers. The investment in Star Ohio is a pooled investment and not of a single issuer. The School District's policy places no limit on the amount that may be invested in any one issuer.

All interest is legally required to be placed in the general fund, the food service and auxiliary services special revenue funds, and the Scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$71,937, which includes \$29,604 assigned from other School District funds.

NOTE 5 - PROPERTY TAX

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at year-end was \$1,687,105 in the general fund and \$157,906 in the debt service fund, and is recognized as revenue on the fund financial statements.

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

The assessed values totaling \$705,031,670 upon which the current fiscal year taxes were collected are:

<u>2013</u> <u>Property Category</u>	<u>Medina</u> <u>County</u>	<u>Summit</u> <u>County</u>
<u>Real Property</u>		
Residential and agricultural	\$ 635,466,100	\$ 6,694,130
Commercial, industrial and minerals	50,591,380	-
<u>Tangible Personal Property</u>		
Public utilities	12,112,090	167,970
Total	<u>\$ 698,169,570</u>	<u>\$ 6,862,100</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 – SHARED SALES TAX REVENUE

During 2007, the voters of Medina County passed an additional one-half percent sales tax to be used for capital improvements at all school districts within the County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The County then allocates this tax to the school districts within the County based on the number of students enrolled.

NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (primarily tuition and excess costs), accrued interest, interfund, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The general fund and nonmajor governmental funds reported intergovernmental receivables as follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General:	
Special education reimbursement	\$ 79,065
Tuition and fees	75,101
Medicaid	<u>736</u>
Total general	<u>154,902</u>
Other governmental funds:	
Sales tax	869,772
Grants	<u>135,490</u>
Total governmental funds	<u>1,005,262</u>
Total	<u>\$ 1,160,164</u>

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Governmental Activities</u>				
Nondepreciable capital assets				
Land	\$ 1,299,013	\$ -	\$ -	\$ 1,299,013
Construction in progress	-	368,525	-	368,525
Total nondepreciable capital assets	<u>1,299,013</u>	<u>368,525</u>	<u>-</u>	<u>1,667,538</u>
Depreciable capital assets				
Land improvements, depreciated	1,696,322	-	-	1,696,322
Buildings and building improvements	52,390,460	71,886	-	52,462,346
Furniture, fixtures, and equipment	4,022,685	64,408	(25,701)	4,061,392
Vehicles	2,848,596	281,616	(220,174)	2,910,038
Total depreciable capital assets	<u>60,958,063</u>	<u>417,910</u>	<u>(245,875)</u>	<u>61,130,098</u>
Less accumulated depreciation:				
Land improvements	(1,147,114)	(68,778)	-	(1,215,892)
Buildings and building improvements	(18,520,515)	(1,302,769)	-	(19,823,284)
Furniture, fixtures, and equipment	(3,015,310)	(138,696)	19,941	(3,134,065)
Vehicles	(1,716,211)	(201,558)	194,865	(1,722,904)
Total accumulated depreciation	<u>(24,399,150)</u>	<u>(1,711,801)</u>	<u>214,806</u>	<u>(25,896,145)</u>
Depreciable capital assets, net				
Governmental activities	<u>36,558,913</u>	<u>(1,293,891)</u>	<u>(31,069)</u>	<u>35,233,953</u>
Capital assets, net	<u>\$ 37,857,926</u>	<u>\$ (925,366)</u>	<u>\$ (31,069)</u>	<u>\$ 36,901,491</u>

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	537,802
Special		23,187
Vocational		7,167
Support services:		
Pupils		49,425
Instructional staff		26,292
Administration		23,438
Fiscal		3,972
Business		334
Operation and maintenance of plant		412,631
Pupil transportation		192,454
Central		9,484
Food service operations		94,699
Extracurricular activities		<u>330,916</u>
Total depreciation expense	\$	<u>1,711,801</u>

NOTE 9 - RISK MANAGEMENT

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

The School District has contracted with the Stark County Schools Council of Governments (COG) to provide medical/surgical, dental, vision, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The COG is a shared risk pool comprised of ninety-nine member school districts, educational service centers, libraries, colleges and related agencies. The employer participants pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees and their covered dependents. This plan contains a stop-loss provision of \$500,000 per participant and an aggregate stop-loss provision of \$211,533,898. Premium contributions are determined annually in a manner that ensures the pool is funded up to the aggregate stop loss attachment point. Premium holidays may be declared by the COG to ensure reserves do not exceed thirty percent.

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2013 (latest information available), 13.10 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$658,690, \$652,986 and \$582,493 respectively; 83.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013 (the latest information available), the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates as specified above for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,656,564, \$1,647,137 and \$1,654,179 respectively; 83.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$74,161 made by the School District and \$58,269 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 11 - POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e).

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

For 2013 (latest information available), 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013 (latest information available), this amount was \$20,525.

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$82,044, \$78,857 and \$131,181 respectively; 97 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013 (latest information available), this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$37,208, \$36,886 and \$37,485 respectively; 83.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013 (the latest information available), STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$127,428, \$126,703 and \$127,245 respectively; 83.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Highland Local School DistrictNotes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**NOTE 12 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

<u>Governmental activities</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>one year</u>
<u>General obligation bonds</u>					
School Improvement Bonds					
maturing December 1, 2026					
Serial and term bonds	\$ 24,990,000	\$ -	\$ (1,275,000)	\$ 23,715,000	\$ 1,390,000
Capital appreciation bonds	1,405,000	-	-	1,405,000	-
Premium on bonds	951,407	-	(109,459)	841,948	-
Accretion on bonds	<u>1,802,113</u>	<u>386,064</u>	<u>-</u>	<u>2,188,177</u>	<u>-</u>
Total general obligation bonds	<u>29,148,520</u>	<u>386,064</u>	<u>(1,384,459)</u>	<u>28,150,125</u>	<u>1,390,000</u>
<u>Other Obligations</u>					
Athletic complex lease-purchase agreement	-	7,255,066	-	7,255,066	262,614
Compensated absences	1,441,331	246,731	(208,143)	1,479,919	172,993
Employee separation incentives	<u>703,736</u>	<u>12,277</u>	<u>(245,874)</u>	<u>470,139</u>	<u>376,481</u>
Total other obligations	<u>2,145,067</u>	<u>7,514,074</u>	<u>(454,017)</u>	<u>9,205,124</u>	<u>812,088</u>
Governmental activities long-term liabilities	<u>\$ 31,293,587</u>	<u>\$ 7,900,138</u>	<u>\$ (1,838,476)</u>	<u>\$ 37,355,249</u>	<u>\$ 2,202,088</u>

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

On February 27, 2006, the School District issued \$29,480,000 in General Obligation Bonds with an average interest rate of 4.25% to advance refund \$29,480,000 of outstanding School Improvement Bonds with an average interest rate of 4.68%. The bond proceeds consisted of bond principal and \$1,933,776 of premium. The net proceeds of \$29,144,176 (after payment of \$335,824 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. As a result of this issue, a portion of the School Improvement Facilities Bonds are considered to be defeased and the liability has been removed. As of December 2011, all of the old bonds have been called and redeemed. The new bonds include serial and capital appreciation bonds. Current year additions amounted to \$386,064 which represents the accretion of discounted interest.

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Principal and interest requirements to amortize all bonds and the lease-purchase agreement outstanding at June 30, 2014 are as follows:

Fiscal Year	School Improvement Bonds			Athletic Complex Lease-Purchase Agreement		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,390,000	\$ 1,031,550	\$ 2,421,550	\$ 262,614	\$ 237,386	\$ 500,000
2016	500,000	2,018,750	2,518,750	271,207	228,793	500,000
2017	465,000	2,128,750	2,593,750	280,081	219,919	500,000
2018	440,000	2,228,750	2,668,750	289,245	210,755	500,000
2019	1,740,000	963,512	2,703,512	298,709	201,291	500,000
2020-2024	11,310,000	3,407,478	14,717,478	1,646,707	853,293	2,500,000
2025-2029	9,275,000	630,803	9,905,803	1,934,325	565,675	2,500,000
2030-2034	-	-	-	2,272,178	227,822	2,500,000
Total	<u>\$ 25,120,000</u>	<u>\$ 12,409,593</u>	<u>\$ 37,529,593</u>	<u>\$ 7,255,066</u>	<u>\$ 2,744,934</u>	<u>\$ 10,000,000</u>

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

North Coast Council (NCC) is a jointly governed organization comprised of thirty-two member school districts and two educational service centers. The jointly governed organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. NCC is governed by a nine member Board of Directors chosen from the general membership of the NCC. Each participating entity's contribution to NCC is dependent upon student enrollment and/or software packages and services utilized. Financial information for NCC can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, which serves as fiscal agent. During fiscal year 2014, the School District contributed \$91,076 to NCC.

The Ohio Schools Council (Council) is a jointly governed organization among 199 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2014 the School District paid the Council \$76,274 for natural gas purchases, \$775 for membership fees, \$400 in co-operative purchasing and \$798 for other services. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14 - CONTINGENCIES

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

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, 2014.

NOTE 15 - STATUTORY RESERVES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

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

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

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2013	\$ -
Current year set-aside requirement	547,379
Current year offset	(1,275,000)
Qualifying disbursements	<u>(540,522)</u>
Total	<u>\$ (1,268,143)</u>
Balance carried forward to future years	<u>\$ -</u>

NOTE 16 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 consisted of the following:

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

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2014, all interfund loans outstanding are anticipated to be repaid in fiscal year 2015.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of June 30, 2014, the School District has construction commitments for the athletic complex project in the amount of \$202,682.

NOTE 18 – SUBSEQUENT EVENT

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



**Combining Statements for Nonmajor
Governmental Funds**

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

Food Service

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

Special Trust

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

Miscellaneous Local Grant

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

District Managed Student Activity

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

Auxiliary Services

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

Data Communications

To account for revenues received from the state to be used to install and provide support for data communication links to connect any school to the local data acquisition site.

Race to the Top

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

IDEA, Part B

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

Title III Limited English Proficiency

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

Title I

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

IDEA Preschool Grant for Handicapped

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

Improving Teacher Quality

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

NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are established to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities. The nonmajor capital projects fund are:

Permanent Improvement

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

Sales Tax

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

NONMAJOR PERMANENT FUND

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

Sharon Elementary Trust

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

Highland Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 494,236	\$ 1,650,919	\$ 9,490	\$ 2,154,645
Receivables:				
Accounts	522	147	-	669
Intergovernmental	135,490	869,772	-	1,005,262
Inventory held for resale	21,037	-	-	21,037
Total assets	<u>\$ 651,285</u>	<u>\$ 2,520,838</u>	<u>\$ 9,490</u>	<u>\$ 3,181,613</u>
<u>Liabilities:</u>				
Accounts payable	\$ 4,055	\$ 150,449	\$ -	\$ 154,504
Accrued wages	166,527	-	-	166,527
Interfund payable	500	-	-	500
Intergovernmental payable	60,301	-	-	60,301
Total liabilities	<u>231,383</u>	<u>150,449</u>	<u>-</u>	<u>381,832</u>
<u>Deferred inflows of resources</u>				
Unavailable revenue	<u>-</u>	<u>588,751</u>	<u>-</u>	<u>588,751</u>
<u>Fund balance:</u>				
Nonspendable	-	-	8,000	8,000
Restricted	419,902	1,781,638	1,490	2,203,030
Total fund balances	<u>419,902</u>	<u>1,781,638</u>	<u>9,490</u>	<u>2,211,030</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 651,285</u>	<u>\$ 2,520,838</u>	<u>\$ 9,490</u>	<u>\$ 3,181,613</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Intergovernmental	\$ 1,233,662	\$ 1,197,709	\$ -	\$ 2,431,371
Interest	935	-	22	957
Extracurricular activities	208,131	-	-	208,131
Gifts and donations	3,455	-	-	3,455
Charges for services	937,627	-	-	937,627
Miscellaneous	16,155	1,550	-	17,705
Total revenues	<u>2,399,965</u>	<u>1,199,259</u>	<u>22</u>	<u>3,599,246</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	134,363	785,909	-	920,272
Special	634,347	-	-	634,347
Support services:				
Pupils	80,357	-	-	80,357
Instructional staff	9,428	-	-	9,428
Administration	113,873	-	-	113,873
Operation and maintenance of plant	-	156	-	156
Central	9,000	-	-	9,000
Operation of non-instructional services:				
Food service operations	1,107,094	-	-	1,107,094
Extracurricular activities	205,609	-	-	205,609
Capital outlay	68,518	682,445	-	750,963
Total expenditures	<u>2,362,589</u>	<u>1,468,510</u>	<u>-</u>	<u>3,831,099</u>
Excess of revenues over (under) expenditures	<u>37,376</u>	<u>(269,251)</u>	<u>22</u>	<u>(231,853)</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	9,800	-	9,800
Net change in fund balances	37,376	(259,451)	22	(222,053)
Fund balances at beginning of year	382,526	2,041,089	9,468	2,433,083
Fund balances at end of year	<u>\$ 419,902</u>	<u>\$ 1,781,638</u>	<u>\$ 9,490</u>	<u>\$ 2,211,030</u>

Highland Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	<u>Food Service</u>	<u>Special Trust</u>	<u>Miscellaneous Local Grant</u>	<u>District Managed Student Activity</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 386,429	\$ 13,904	\$ 266	\$ 83,646
Receivables:				
Accounts	28	-	-	494
Intergovernmental	-	-	939	-
Inventory held for resale	21,037	-	-	-
Total assets	<u>\$ 407,494</u>	<u>\$ 13,904</u>	<u>\$ 1,205</u>	<u>\$ 84,140</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,582
Accrued wages	62,661	-	-	3,700
Interfund payable	-	-	500	-
Intergovernmental payable	37,555	-	-	432
Total liabilities	<u>100,216</u>	<u>-</u>	<u>500</u>	<u>7,714</u>
<u>Fund balances:</u>				
Restricted	<u>307,278</u>	<u>13,904</u>	<u>705</u>	<u>76,426</u>
Total liabilities and fund balances	<u>\$ 407,494</u>	<u>\$ 13,904</u>	<u>\$ 1,205</u>	<u>\$ 84,140</u>

<u>Auxiliary Services</u>	<u>Data Communications</u>	<u>Race to the Top</u>	<u>IDEA, Part B</u>	<u>Title III Limited English Proficiency</u>	<u>Title I</u>
\$ 3,213	\$ -	\$ 822	\$ 3,511	\$ -	\$ 2,266
-	-	-	-	-	-
-	-	-	81,000	-	49,065
-	-	-	-	-	-
<u>\$ 3,213</u>	<u>\$ -</u>	<u>\$ 822</u>	<u>\$ 84,511</u>	<u>\$ -</u>	<u>\$ 51,331</u>
\$ 156	\$ -	\$ -	\$ -	\$ -	\$ 317
-	-	-	62,775	-	37,391
-	-	-	-	-	-
-	-	-	16,470	-	5,844
<u>156</u>	<u>-</u>	<u>-</u>	<u>79,245</u>	<u>-</u>	<u>43,552</u>
<u>3,057</u>	<u>-</u>	<u>822</u>	<u>5,266</u>	<u>-</u>	<u>7,779</u>
<u>\$ 3,213</u>	<u>\$ -</u>	<u>\$ 822</u>	<u>\$ 84,511</u>	<u>\$ -</u>	<u>\$ 51,331</u>

(Continued)

Highland Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	IDEA Preschool Grant for Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 179	\$ -	\$ 494,236
Receivables:			
Accounts	-	-	522
Intergovernmental	-	4,486	135,490
Inventory held for resale	-	-	21,037
Total assets	<u>\$ 179</u>	<u>\$ 4,486</u>	<u>\$ 651,285</u>
<u>Liabilities:</u>			
Accounts payable	\$ -	\$ -	\$ 4,055
Accrued wages	-	-	166,527
Interfund payable	-	-	500
Intergovernmental payable	-	-	60,301
Total liabilities	<u>-</u>	<u>-</u>	<u>231,383</u>
<u>Fund balances:</u>			
Restricted	<u>179</u>	<u>4,486</u>	<u>419,902</u>
Total liabilities and fund balances	<u>\$ 179</u>	<u>\$ 4,486</u>	<u>\$ 651,285</u>



Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Food Service	Special Trust	Miscellaneous Local Grant	District Managed Student Activity
<u>Revenues:</u>				
Intergovernmental	\$ 202,335	\$ -	\$ 76,048	\$ -
Interest	875	30	-	-
Extracurricular activities	-	-	-	208,131
Gifts and donations	-	-	-	3,455
Charges for services	937,627	-	-	-
Miscellaneous	-	-	-	16,155
Total revenues	<u>1,140,837</u>	<u>30</u>	<u>76,048</u>	<u>227,741</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	15,988	-
Special	-	-	-	-
Support services:				
Pupils	-	-	56,132	-
Instructional staff	-	-	3,000	-
Administration	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,107,094	-	-	-
Extracurricular activities	-	-	-	205,609
Capital outlay	35,068	-	-	33,450
Total expenditures	<u>1,142,162</u>	<u>-</u>	<u>75,120</u>	<u>239,059</u>
Net change in fund balances	(1,325)	30	928	(11,318)
Fund balances (deficit) at beginning of year	308,603	13,874	(223)	87,744
Fund balances at end of year	<u>\$ 307,278</u>	<u>\$ 13,904</u>	<u>\$ 705</u>	<u>\$ 76,426</u>

<u>Auxiliary Services</u>	<u>Data Communications</u>	<u>Race to the Top</u>	<u>IDEA, Part B</u>	<u>Title III Limited English Proficiency</u>	<u>Title I</u>
\$ 76,222	\$ 9,000	\$ 15,394	\$ 526,306	\$ 6,428	\$ 266,827
30	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>76,252</u>	<u>9,000</u>	<u>15,394</u>	<u>526,306</u>	<u>6,428</u>	<u>266,827</u>
61,558	-	16,443	-	-	-
-	-	-	381,147	-	243,076
23,645	-	-	580	-	-
-	-	-	-	6,428	-
-	-	-	113,873	-	-
-	9,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>85,203</u>	<u>9,000</u>	<u>16,443</u>	<u>495,600</u>	<u>6,428</u>	<u>243,076</u>
(8,951)	-	(1,049)	30,706	-	23,751
<u>12,008</u>	<u>-</u>	<u>1,871</u>	<u>(25,440)</u>	<u>-</u>	<u>(15,972)</u>
<u>\$ 3,057</u>	<u>\$ -</u>	<u>\$ 822</u>	<u>\$ 5,266</u>	<u>\$ -</u>	<u>\$ 7,779</u>

(Continued)

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	IDEA Preschool Grant for Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>			
Intergovernmental	\$ 10,242	\$ 44,860	\$ 1,233,662
Interest	-	-	935
Extracurricular activities	-	-	208,131
Gifts and donations	-	-	3,455
Charges for services	-	-	937,627
Miscellaneous	-	-	16,155
Total revenues	<u>10,242</u>	<u>44,860</u>	<u>2,399,965</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	40,374	134,363
Special	10,124	-	634,347
Support services:			
Pupils	-	-	80,357
Instructional staff	-	-	9,428
Administration	-	-	113,873
Central	-	-	9,000
Operation of non-instructional services:			
Food service operations	-	-	1,107,094
Extracurricular activities	-	-	205,609
Capital outlay	-	-	68,518
Total expenditures	<u>10,124</u>	<u>40,374</u>	<u>2,362,589</u>
Net change in fund balances	118	4,486	37,376
Fund balances (deficit) at beginning of year	<u>61</u>	<u>-</u>	<u>382,526</u>
Fund balances at end of year	<u>\$ 179</u>	<u>\$ 4,486</u>	<u>\$ 419,902</u>

Highland Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2014

	<u>Permanent Improvement</u>	<u>Sales Tax</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 211,600	\$ 1,439,319	\$ 1,650,919
Receivables:			
Accounts	147	-	147
Intergovernmental	-	869,772	869,772
Total assets	<u>\$ 211,747</u>	<u>\$ 2,309,091</u>	<u>\$ 2,520,838</u>
<u>Liabilities:</u>			
Accounts payable	<u>\$ -</u>	<u>\$ 150,449</u>	<u>\$ 150,449</u>
<u>Deferred inflows of resources</u>			
Unavailable revenue	<u>-</u>	<u>588,751</u>	<u>588,751</u>
<u>Fund balance:</u>			
Restricted	<u>211,747</u>	<u>1,569,891</u>	<u>1,781,638</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 211,747</u>	<u>\$ 2,309,091</u>	<u>\$ 2,520,838</u>

Highland Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014

	<u>Permanent Improvement</u>	<u>Sales Tax</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Intergovernmental	\$ -	\$ 1,197,709	\$ 1,197,709
Miscellaneous	1,550	-	1,550
Total revenues	<u>1,550</u>	<u>1,197,709</u>	<u>1,199,259</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	785,909	785,909
Support services:			
Operation and maintenance of plant	-	156	156
Capital outlay	-	682,445	682,445
Total expenditures	<u>-</u>	<u>1,468,510</u>	<u>1,468,510</u>
Excess of revenues over (under) expenditures	<u>1,550</u>	<u>(270,801)</u>	<u>(269,251)</u>
<u>Other financing sources:</u>			
Proceeds from sale of capital assets	-	9,800	9,800
Net change in fund balances	1,550	(261,001)	(259,451)
Fund balances at beginning of year	<u>210,197</u>	<u>1,830,892</u>	<u>2,041,089</u>
Fund balances at end of year	<u>\$ 211,747</u>	<u>\$ 1,569,891</u>	<u>\$ 1,781,638</u>

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

MAJOR GENERAL FUND

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

FUNDS BEING REPORTED AS PART OF THE GENERAL FUND

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

Uniform School Supplies

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

Public School Support

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

Latchkey and Community Education

To account for income and expenditures made in connection with goods and services provided relative to the School District's before and after school care program and personal enrichment addressing the unique interests of individuals and meeting the community needs.

MAJOR DEBT SERVICE FUND

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

MAJOR CAPITAL PROJECT FUND

Building

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

Highland Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

General Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 20,443,255	\$ 20,444,371	\$ 1,116
Intergovernmental	7,832,677	7,884,095	51,418
Interest	50,000	61,387	11,387
Tuition and fees	645,500	650,899	5,399
Extracurricular activities	340,000	334,075	(5,925)
Gifts and donations	1,500	995	(505)
Rent	45,000	32,184	(12,816)
Miscellaneous	43,200	55,702	12,502
Total revenues	29,401,132	29,463,708	62,576
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	12,388,247	12,425,752	(37,505)
Special	3,369,278	3,331,178	38,100
Vocational	91,798	88,448	3,350
Other	157,146	138,463	18,683
Support services:			
Pupils	1,592,319	1,523,659	68,660
Instructional staff	759,012	802,339	(43,327)
Board of education	37,550	32,008	5,542
Administration	2,142,330	2,078,207	64,123
Fiscal	867,810	863,898	3,912
Business	29,249	22,584	6,665
Operation and maintenance of plant	2,481,637	2,556,576	(74,939)
Pupil transportation	1,840,110	1,828,351	11,759
Central	240,501	242,941	(2,440)
Extracurricular activities	999,963	973,008	26,955
Capital outlay	17,000	17,635	(635)
Total expenditures	27,013,950	26,925,047	88,903
Excess of revenues over expenditures	2,387,182	2,538,661	151,479
<u>Other financing sources (uses):</u>			
Proceeds from the sale of capital assets	10,000	10,392	392
Refund of prior year expenditures	90,000	89,061	(939)
Advances in	5,115	5,115	-
Advances out	(5,000)	(500)	4,500
Transfers out	(6,725)	(10,000)	(3,275)
Total other financing sources (uses)	93,390	94,068	678
Net change in fund balance	2,480,572	2,632,729	152,157
Fund balance at beginning of year	9,757,107	9,757,107	-
Prior year encumbrances appropriated	137,331	137,331	-
Fund balance at end of year	\$ 12,375,010	\$ 12,527,167	\$ 152,157

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 85,000	\$ 75,002	\$ (9,998)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	100,000	89,053	10,947
Excess of revenues under expenditures	(15,000)	(14,051)	949
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	842	842
Transfers in	11,000	10,000	(1,000)
Total other financing sources	11,000	10,842	(158)
Net change in fund balance	(4,000)	(3,209)	791
Fund balance at beginning of year	4,349	4,349	-
Fund balance at end of year	\$ 349	\$ 1,140	\$ 791

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 14,650	\$ 16,195	\$ 1,545
Extracurricular activities	28,400	27,754	(646)
Gifts and donations	9,450	7,593	(1,857)
Total revenues	52,500	51,542	(958)
<u>Expenditures:</u>			
Current:			
Extracurricular activities	56,020	53,158	2,862
Excess of revenues under expenditures	(3,520)	(1,616)	1,904
<u>Other financing sources:</u>			
Refund of prior year expenditures	2,500	2,721	221
Net change in fund balance	(1,020)	1,105	2,125
Fund balance at beginning of year	71,584	71,584	-
Prior year encumbrances appropriated	320	320	-
Fund balance at end of year	\$ 70,884	\$ 73,009	\$ 2,125

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Latchkey and Community Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 180,000	\$ 176,507	\$ (3,493)
Extracurricular activities	60,000	57,018	(2,982)
Total revenues	<u>240,000</u>	<u>233,525</u>	<u>(6,475)</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	217,920	209,025	8,895
Excess of revenues over expenditures	<u>22,080</u>	<u>24,500</u>	<u>2,420</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	533	533
Net change in fund balance	22,080	25,033	2,953
Fund balance at beginning of year	148,818	148,818	-
Prior year encumbrances appropriated	420	420	-
Fund balance at end of year	<u>\$ 171,318</u>	<u>\$ 174,271</u>	<u>\$ 2,953</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Debt Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 2,273,000	\$ 2,272,606	\$ (394)
Intergovernmental	330,941	329,608	(1,333)
Total revenues	<u>2,603,941</u>	<u>2,602,214</u>	<u>(1,727)</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Administration	5,000	3,333	1,667
Fiscal	47,500	35,197	12,303
Debt service:			
Principal retirement	1,275,000	1,275,000	-
Interest and fiscal charges	1,084,850	1,084,850	-
Total expenditures	<u>2,412,350</u>	<u>2,398,380</u>	<u>13,970</u>
Net change in fund balance	191,591	203,834	12,243
Fund balance at beginning of year	3,737,438	3,737,438	-
Fund balance at end of year	<u>\$ 3,929,029</u>	<u>\$ 3,941,272</u>	<u>\$ 12,243</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Building Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ -	\$ 1,033	\$ 1,033
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Excess of revenues over expenditures	-	1,033	1,033
<u>Other financing sources:</u>			
Lease-purchase agreement	7,255,066	7,255,066	-
Net change in fund balance	7,255,066	7,256,099	1,033
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 7,255,066	\$ 7,256,099	\$ 1,033

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 165,000	\$ 162,018	\$ (2,982)
Interest	500	875	375
Charges for services	934,400	937,553	3,153
Total revenues	<u>1,099,900</u>	<u>1,100,446</u>	<u>546</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations	1,126,983	1,076,135	50,848
Capital outlay	40,000	35,068	4,932
Total expenditures	<u>1,166,983</u>	<u>1,111,203</u>	<u>55,780</u>
Excess of revenues under expenditures	<u>(67,083)</u>	<u>(10,757)</u>	<u>56,326</u>
<u>Other financing sources:</u>			
Proceeds from sale of fixed assets	-	878	878
Refund of prior year expenditures	100	2,178	2,078
Total other financing sources	<u>100</u>	<u>3,056</u>	<u>2,956</u>
Net change in fund balance	(66,983)	(7,701)	59,282
Fund balance at beginning of year	393,912	393,912	-
Prior year encumbrances appropriated	108	108	-
Fund balance at end of year	<u>\$ 327,037</u>	<u>\$ 386,319</u>	<u>\$ 59,282</u>

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 20	\$ 30	\$ 10
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Net change in fund balance	20	30	10
Fund balance at beginning of year	13,874	13,874	-
Fund balance at end of year	<u>\$ 13,894</u>	<u>\$ 13,904</u>	<u>\$ 10</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Miscellaneous Local Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 93,413	\$ 80,224	\$ (13,189)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	28,565	17,357	11,208
Support services:			
Pupils	58,000	58,000	-
Instructional staff	2,643	3,000	(357)
Total expenditures	89,208	78,357	10,851
Excess of revenues over expenditures	4,205	1,867	(2,338)
<u>Other financing sources (uses):</u>			
Advances in	-	500	500
Advances out	(5,115)	(5,115)	-
Total other financing sources (uses)	(5,115)	(4,615)	500
Net change in fund balance	(910)	(2,748)	(1,838)
Fund balance at beginning of year	(7,400)	(7,400)	-
Prior year encumbrances appropriated	10,414	10,414	-
Fund balance at end of year	\$ 2,104	\$ 266	\$ (1,838)

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 211,200	\$ 211,271	\$ 71
Gifts and donations	3,000	3,455	455
Miscellaneous	15,700	15,669	(31)
Total revenues	<u>229,900</u>	<u>230,395</u>	<u>495</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	<u>253,744</u>	<u>235,855</u>	<u>17,889</u>
Excess of revenues under expenditures	<u>(23,844)</u>	<u>(5,460)</u>	<u>18,384</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	<u>100</u>	<u>-</u>	<u>(100)</u>
Net change in fund balance	(23,744)	(5,460)	18,284
Fund balance at beginning of year	81,912	81,912	-
Prior year encumbrances appropriated	3,744	3,744	-
Fund balance at end of year	<u>\$ 61,912</u>	<u>\$ 80,196</u>	<u>\$ 18,284</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 76,222	\$ 76,222	\$ -
Interest	30	30	-
Total revenues	<u>76,252</u>	<u>76,252</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	68,193	64,980	3,213
Support services:			
Pupils	23,645	23,645	-
Total expenditures	<u>91,838</u>	<u>88,625</u>	<u>3,213</u>
Net change in fund balance	(15,586)	(12,373)	3,213
Fund balance at beginning of year	2,830	2,830	-
Prior year encumbrances appropriated	12,756	12,756	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,213</u>	<u>\$ 3,213</u>

Data Communications Fund

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

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Race to the Top Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 41,930	\$ 27,737	\$ (14,193)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	42,158	27,143	15,015
Net change in fund balance	(228)	594	822
Fund balance at beginning of year	(10,472)	(10,472)	-
Prior year encumbrances appropriated	10,700	10,700	-
Fund balance at end of year	\$ -	\$ 822	\$ 822

IDEA, Part B Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 639,898	\$ 509,306	\$ (130,592)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	499,148	386,577	112,571
Support services:			
Pupils	10,051	8,396	1,655
Administration	133,477	113,600	19,877
Total expenditures	642,676	508,573	134,103
Net change in fund balance	(2,778)	733	3,511
Fund balance at beginning of year	2,778	2,778	-
Fund balance at end of year	\$ -	\$ 3,511	\$ 3,511

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Title III Limited English Proficiency Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 6,428	\$ 6,428	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	6,428	6,428	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 329,297	\$ 217,762	\$ (111,535)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	329,698	216,214	113,484
Net change in fund balance	(401)	1,548	1,949
Fund balance at beginning of year	401	401	-
Fund balance at end of year	\$ -	\$ 1,949	\$ 1,949

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

IDEA Preschool Grant for Handicapped Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 10,242	\$ 10,242	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	10,382	10,203	179
Net change in fund balance	(140)	39	179
Fund balance at beginning of year	53	53	-
Prior year encumbrances appropriated	87	87	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ 179</u>

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 44,860	\$ 40,374	\$ (4,486)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	44,860	40,374	4,486
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ 1,400	\$ 1,534	\$ 134
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Net change in fund balance	1,400	1,534	134
Fund balance at beginning of year	210,066	210,066	-
Fund balance at end of year	<u>\$ 211,466</u>	<u>\$ 211,600</u>	<u>\$ 134</u>

Sales Tax Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,186,000	\$ 1,185,774	\$ (226)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,045,708	982,298	63,410
Support services:			
Instructional staff	6,485	1,485	5,000
Operation and maintenance of plant	62,530	53,690	8,840
Pupil transportation	252,000	251,514	486
Capital outlay	640,598	557,915	82,683
Total expenditures	<u>2,007,321</u>	<u>1,846,902</u>	<u>160,419</u>
Excess of revenues under expenditures	<u>(821,321)</u>	<u>(661,128)</u>	<u>160,193</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	-	16,441	16,441
Net change in fund balance	(821,321)	(644,687)	176,634
Fund balance at beginning of year	1,215,555	1,215,555	-
Prior year encumbrances appropriated	507,321	507,321	-
Fund balance at end of year	<u>\$ 901,555</u>	<u>\$ 1,078,189</u>	<u>\$ 176,634</u>

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Sharon Elementary Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 15	\$ 22	\$ 7
<u>Expenditures:</u>			
Current:			
Extracurricular activities	1,000	-	1,000
Net change in fund balance	(985)	22	1,007
Fund balance at beginning of year	9,468	9,468	-
Fund balance at end of year	<u>\$ 8,483</u>	<u>\$ 9,490</u>	<u>\$ 1,007</u>

Fiduciary Funds

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

Statement of Changes in Assets and Liabilities – Agency Funds

Highland Local School District
Schedule of Revenues, Expenses and Changes in
Net Position - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

Endowment Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 85	\$ 123	\$ 38
<u>Expenses:</u>			
Payments in accordance with trust agreement	3,100	2,600	500
Net change in net position	(3,015)	(2,477)	538
Net position at beginning of year	57,203	57,203	-
Net position at end of year	<u>\$ 54,188</u>	<u>\$ 54,726</u>	<u>\$ 538</u>

Highland Local School District
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

	Beginning Balance July 1, 2013	Additions	Deductions	Ending Balance June 30, 2014
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 104,550	\$ 238,630	\$ 244,012	\$ 99,168
Accounts receivable	2,340	3,707	2,340	3,707
Total assets	<u>\$ 106,890</u>	<u>\$ 242,337</u>	<u>\$ 246,352</u>	<u>\$ 102,875</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,329	\$ 2,641	\$ 2,329	\$ 2,641
Due to students	104,561	239,696	244,023	100,234
Total liabilities	<u>\$ 106,890</u>	<u>\$ 242,337</u>	<u>\$ 246,352</u>	<u>\$ 102,875</u>
 <u>District Agency</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 67,891	67,891	\$ -
Total assets	<u>\$ -</u>	<u>\$ 67,891</u>	<u>\$ 67,891</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Undistributed monies	\$ -	\$ 67,891	\$ 67,891	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 67,891</u>	<u>\$ 67,891</u>	<u>\$ -</u>
 <u>Total All Agency Funds</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 104,550	\$ 306,521	\$ 311,903	\$ 99,168
Accounts receivable	2,340	3,707	2,340	3,707
Total assets	<u>\$ 106,890</u>	<u>\$ 310,228</u>	<u>\$ 314,243</u>	<u>\$ 102,875</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,329	\$ 2,641	\$ 2,329	\$ 2,641
Undistributed monies	-	67,891	67,891	-
Due to students	104,561	239,696	244,023	100,234
Total liabilities	<u>\$ 106,890</u>	<u>\$ 310,228</u>	<u>\$ 314,243</u>	<u>\$ 102,875</u>



STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2 - S13
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, the property tax.	S14 - S21
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S22 - S26
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S27 - S28
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S29 - S35

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

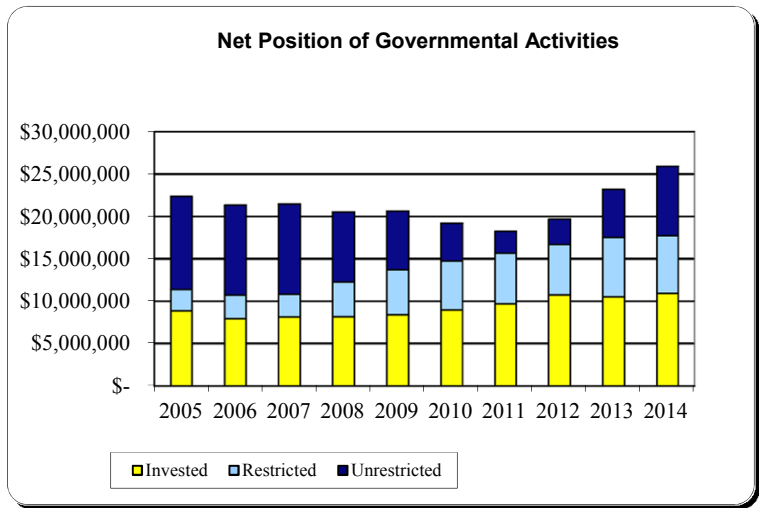
Highland Local School District

Net Position by Component (1)

Last Ten Fiscal Years

	Restated <u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net investment in capital assets	\$ 8,857,116	\$ 7,964,723	\$ 8,125,241	\$ 8,177,748	\$ 8,392,251
Restricted for:					
Capital projects	936,856	106,684	54,671	1,141,918	1,622,689
Debt service	1,435,244	2,347,308	2,377,566	2,501,332	3,235,491
Food service	-	-	-	-	-
School supplies	-	-	-	-	-
Extracurricular	-	-	-	-	-
Community services	-	-	-	-	-
Underground fuel tanks	-	-	-	-	-
Set-asides	-	-	-	-	-
Permanent fund - scholarships	-	-	-	-	-
Nonexpendable	-	-	-	-	-
Other purposes	150,646	322,883	279,073	468,741	425,735
Unrestricted	10,981,777	10,570,714	10,644,919	8,231,810	6,956,164
Total net position	\$ 22,361,639	\$ 21,312,312	\$ 21,481,470	\$ 20,521,549	\$ 20,632,330

(1) Accrual basis of accounting



<u>2010</u>	<u>2011</u>	Restated <u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 8,954,771	\$ 9,669,207	\$ 10,755,278	\$ 10,511,519	\$ 10,939,543
1,656,878	2,077,685	2,357,036	2,601,236	2,354,937
3,609,424	3,408,983	3,217,874	3,971,722	4,050,538
188,359	184,693	205,561	286,017	284,760
33,348	-	-	-	-
69,739	39,662	81,931	101,618	90,330
43,858	-	-	-	-
11,000	-	-	-	-
19,514	83,514	-	-	-
-	13,582	9,449	9,468	9,490
160,019	181,637	32,885	13,940	22,294
4,469,649	2,566,072	3,030,160	5,685,245	8,173,644
<u>\$ 19,216,559</u>	<u>\$ 18,225,035</u>	<u>\$ 19,690,174</u>	<u>\$ 23,180,765</u>	<u>\$ 25,925,536</u>

Highland Local School District

Changes in Net Position of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses					
Regular instruction	\$ 10,782,456	\$ 10,721,321	\$ 11,694,726	\$ 11,630,853	\$ 12,267,061
Special instruction	2,292,960	2,225,319	2,391,597	2,532,361	2,843,678
Vocational instruction	260,976	267,436	278,131	295,393	306,980
Adult/continuing	-	986	521	-	-
Other	65,695	403,904	332,028	307,011	265,925
Pupil support	1,056,613	1,192,215	1,262,276	1,381,581	1,597,409
Instructional staff support	1,605,142	1,549,011	1,657,555	1,583,859	1,708,797
Board of education	21,534	25,436	27,888	33,005	33,633
Administration	2,279,411	2,067,429	2,021,332	2,123,603	2,255,136
Fiscal	804,491	706,597	749,712	810,182	582,842
Business	41,990	36,062	78,529	44,154	50,648
Operation and maintenance of plant	3,493,085	3,768,269	3,203,861	3,191,462	3,408,779
Pupil transportation	1,483,026	1,542,484	1,527,721	1,688,917	1,734,063
Central	153,377	153,649	197,879	181,280	219,387
Food service operations	861,737	894,970	986,923	1,013,841	1,148,334
Community services	127,010	135,893	146,024	156,968	169,629
Extracurricular activities	1,076,287	1,242,002	1,277,106	1,353,162	1,369,821
Interest and fiscal charges	1,932,645	2,972,182	1,636,900	1,611,869	1,577,328
Total expenses	\$ 28,338,435	\$ 29,905,165	\$ 29,470,709	\$ 29,939,501	\$ 31,539,450
Program Revenues					
Charges for services:					
Regular instruction	\$ 181,859	\$ 221,451	\$ 225,761	\$ 239,115	\$ 238,027
Special instruction	90,767	178,437	168,579	165,710	98,795
Pupil support	-	-	150	-	-
Operation and maintenance of plant	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Food service operations	715,616	795,779	866,953	901,162	950,221
Community services	117,373	135,201	139,972	161,156	164,935
Extracurricular activities	248,435	209,855	223,847	247,871	253,354
Operating grants and contributions:					
Regular instruction	77,133	76,138	70,745	71,979	69,443
Special instruction	146,590	100,587	116,895	124,064	165,260
Vocational instruction	-	-	-	12,711	9,518
Pupil support	102,850	122,762	149,830	127,479	119,036
Instructional staff support	215,483	234,980	263,892	274,294	239,901
Administration	131,533	158,417	116,151	148,168	141,176
Fiscal	-	-	-	-	-
Pupil transportation	-	-	898	-	2,011
Central	46,042	25,146	25,554	44,882	24,506
Food service operations	53,241	82,847	124,710	149,554	143,949
Community services	-	-	-	-	-
Extracurricular activities	8,062	8,155	3,923	16,217	13,065
Capital grants and contributions:					
Regular instruction	-	-	-	-	-
Vocational instruction	-	-	11,375	-	-
Operation and maintenance of plant					
Pupil transportation	19,715	11,102	19,706	13,013	28,775
Total program revenues	\$ 2,154,699	\$ 2,360,857	\$ 2,551,941	\$ 2,697,375	\$ 2,661,972
Net expense	\$ (26,183,736)	\$ (27,544,308)	\$ (26,918,768)	\$ (27,242,126)	\$ (28,877,478)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	13,533,366	\$ 13,252,386	\$ 13,295,407	\$ 12,871,326	\$ 13,828,776
	2,851,628	2,900,696	3,057,727	3,020,373	4,076,189
	278,812	127,409	124,250	174,978	65,283
	-	-	-	-	-
	191,003	144,687	182,691	138,331	135,706
	1,749,221	1,842,272	1,512,642	1,693,796	1,654,213
	2,083,672	1,738,607	1,596,863	1,615,746	573,718
	33,645	24,458	28,395	26,183	23,298
	2,161,944	1,936,593	2,147,082	2,095,174	2,221,590
	827,008	692,848	828,528	865,692	845,133
	36,531	22,959	28,600	29,088	21,235
	3,110,315	2,802,333	2,655,492	2,892,366	2,927,324
	1,676,783	1,794,621	1,924,504	1,961,636	2,018,714
	264,307	277,615	254,820	227,927	263,869
	1,141,808	1,203,299	1,176,518	1,125,550	1,201,725
	176,670	198,692	191,394	194,263	207,235
	1,496,114	1,383,734	1,438,877	1,466,326	1,575,167
	1,532,326	1,477,529	1,417,530	1,363,893	1,373,690
\$	<u>33,145,153</u>	<u>31,820,738</u>	<u>31,861,320</u>	<u>31,762,648</u>	<u>33,012,865</u>
\$	247,264	\$ 325,626	\$ 309,651	\$ 400,610	\$ 271,518
	137,634	324,337	184,196	244,229	465,743
	-	-	-	-	-
	-	35,069	23,972	46,821	19,787
	-	1,299	-	500	397
	931,813	903,561	930,344	932,408	937,627
	174,856	184,594	224,522	252,917	233,425
	280,120	465,715	551,124	567,050	611,370
	143,879	497,137	148,700	166,820	152,549
	550,683	473,045	333,283	416,255	724,264
	9,589	14,766	18,583	9,661	5,228
	235,598	247,435	99,512	119,543	66,292
	342,775	340,551	156,641	101,304	9,428
	152,431	152,576	122,531	94,383	112,198
	-	-	-	-	-
	-	-	-	-	-
	13,513	16,375	9,000	9,000	9,000
	170,647	190,132	200,443	179,004	203,210
	-	-	-	-	-
	403	2,921	2,809	11,974	11,100
	-	219,775	31,133	-	8,570
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>3,391,205</u>	<u>4,394,914</u>	<u>3,346,444</u>	<u>3,552,479</u>	<u>3,841,706</u>
\$	<u>(29,753,948)</u>	<u>(27,425,824)</u>	<u>(28,514,876)</u>	<u>(28,210,169)</u>	<u>(29,171,159)</u>

(Continued)

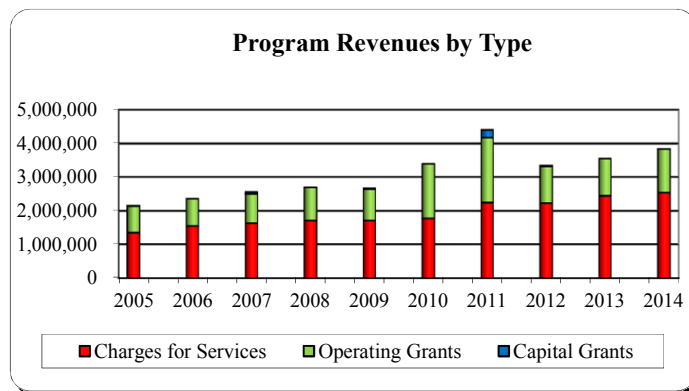
Highland Local School District

Changes in Net Position of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General revenues					
Property taxes levied for:					
General purposes	\$ 14,206,577	\$ 15,546,822	\$ 15,555,154	\$ 13,853,173	\$ 15,986,234
Debt service	2,821,355	2,921,464	2,829,115	2,673,131	3,259,666
Shared revenue restricted for:					
Permanent improvement projects	-	-	-	1,083,075	988,270
Grants and entitlements not restricted to specific programs	6,674,999	6,991,349	7,611,072	7,639,433	8,043,456
Gain on sale of capital assets	-	-	-	-	-
Investment earnings	396,578	703,123	892,439	710,732	402,579
Miscellaneous	112,606	332,223	200,146	313,020	267,796
Capital contributions	-	-	-	9,641	40,258
Total general revenues	\$ 24,212,115	\$ 26,494,981	\$ 27,087,926	\$ 26,282,205	\$ 28,988,259
Restatement	-	-	-	-	-
Change in net position	\$ (1,971,621)	\$ (1,049,327)	\$ 169,158	\$ (959,921)	\$ 110,781

(1) Accrual basis of accounting



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	16,066,186	\$ 14,749,803	\$ 18,322,249	\$ 19,989,424	\$ 20,192,960
	3,031,522	2,569,187	2,673,851	2,699,400	2,143,338
	903,935	965,410	1,205,228	1,132,357	1,226,381
	8,105,796	7,994,452	7,855,973	7,777,932	8,206,922
	-	3,429	-	-	-
	126,571	72,367	37,648	56,945	72,970
	104,167	79,652	70,264	44,702	73,359
	-	-	-	-	-
\$	<u>28,338,177</u>	<u>\$ 26,434,300</u>	<u>\$ 30,165,213</u>	<u>\$ 31,700,760</u>	<u>\$ 31,915,930</u>
	-	-	185,198	-	-
\$	<u>(1,415,771)</u>	<u>\$ (991,524)</u>	<u>\$ 1,465,139</u>	<u>\$ 3,490,591</u>	<u>\$ 2,744,771</u>

Highland Local School District

Program Revenues of Governmental Activities by Function (1)

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:					
<i>Function</i>					
Regular instruction	\$ 258,992	\$ 297,589	\$ 296,506	\$ 311,094	\$ 307,470
Special instruction	237,357	279,024	285,474	289,774	264,055
Vocational	-	-	11,375	12,711	9,518
Pupil support	102,850	122,762	149,980	127,479	119,036
Instructional staff support	215,483	234,980	263,892	274,294	239,901
Administration	131,533	158,417	116,151	148,168	141,176
Operation and maintenance of plant	-	-	23,000	-	-
Pupil transportation	19,715	11,102	20,604	13,013	30,786
Central	46,042	25,146	25,554	44,882	24,506
Operation of food service	768,857	878,626	991,663	1,050,716	1,094,170
Community services	117,373	135,201	139,972	161,156	164,935
Extracurricular activities	256,497	218,010	227,770	264,088	266,419
<i>Total program revenues</i>	<u>\$ 2,154,699</u>	<u>\$ 2,360,857</u>	<u>\$ 2,551,941</u>	<u>\$ 2,697,375</u>	<u>\$ 2,661,972</u>

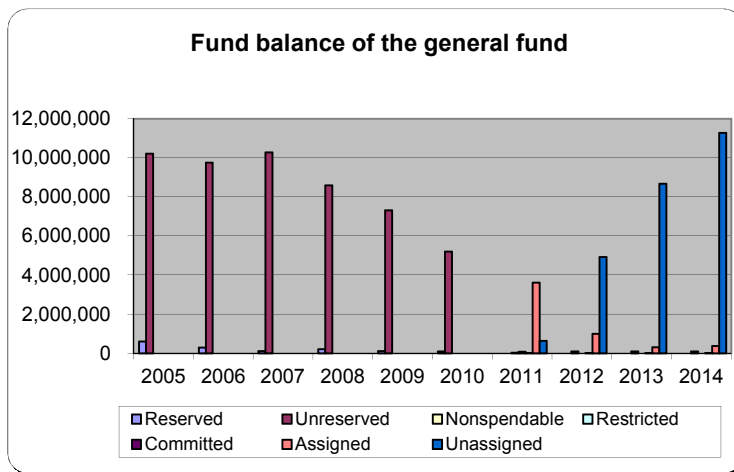
(1) Accrual basis of accounting

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 391,143	\$ 1,042,538	\$ 489,484	\$ 567,430	\$ 432,637
688,317	797,382	517,479	660,484	1,190,007
9,589	14,766	18,583	9,661	5,228
235,598	247,435	99,512	119,543	66,292
342,775	340,551	156,641	101,304	9,428
152,431	152,576	122,531	94,383	112,198
-	35,069	23,972	46,821	19,787
-	1,299	-	500	397
13,513	16,375	9,000	9,000	9,000
1,102,460	1,093,693	1,130,787	1,111,412	1,140,837
174,856	184,594	224,522	252,917	233,425
280,523	468,636	553,933	579,024	622,470
<u>\$ 3,391,205</u>	<u>\$ 4,394,914</u>	<u>\$ 3,346,444</u>	<u>\$ 3,552,479</u>	<u>\$ 3,841,706</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	601,718	287,675	116,287	213,153	102,151
Unreserved	10,214,184	9,744,608	10,272,640	8,583,272	7,304,207
<i>Total general fund</i>	<u>10,815,902</u>	<u>10,032,283</u>	<u>10,388,927</u>	<u>8,796,425</u>	<u>7,406,358</u>
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Reserved	986,902	127,283	36,621	374,093	435,824
Unreserved, undesignated, Reported in:					
Special revenue funds	128,677	246,377	293,424	434,316	400,804
Debt service funds	1,494,645	2,370,836	2,410,054	2,546,384	3,288,081
Capital projects funds	(23,406)	19,408	34,983	245,512	661,274
Permanent funds	-	-	-	-	-
<i>Total all other governmental funds</i>	<u>2,586,818</u>	<u>2,763,904</u>	<u>2,775,082</u>	<u>3,600,305</u>	<u>4,785,983</u>
<i>Total governmental funds</i>	<u>\$ 13,402,720</u>	<u>\$ 12,796,187</u>	<u>\$ 13,164,009</u>	<u>\$ 12,396,730</u>	<u>\$ 12,192,341</u>

- (1) Modified accrual basis of accounting
- (2) The School District Implemented GASB 54 in fiscal year 2011.



<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ -	\$ 24,504	\$ 90,855	\$ 87,636	\$ 88,776
-	83,514	-	-	-
-	11,000	11,000	11,000	11,000
-	3,614,371	991,561	301,310	366,751
-	631,779	4,915,493	8,669,050	11,279,596
101,637	-	-	-	-
5,197,517	-	-	-	-
<u>5,299,154</u>	<u>4,365,168</u>	<u>6,008,909</u>	<u>9,068,996</u>	<u>11,746,123</u>
-	43,720	46,253	8,000	8,000
-	5,281,760	5,328,720	6,469,011	13,558,307
-	(25,093)	(18,749)	(41,635)	-
210,951	-	-	-	-
483,663	-	-	-	-
3,641,664	-	-	-	-
947,648	-	-	-	-
-	-	-	-	-
<u>5,283,926</u>	<u>5,300,387</u>	<u>5,356,224</u>	<u>6,435,376</u>	<u>13,566,307</u>
<u>\$ 10,583,080</u>	<u>\$ 9,665,555</u>	<u>\$ 11,365,133</u>	<u>\$ 15,504,372</u>	<u>\$ 25,312,430</u>

Highland Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes	\$ 17,036,615	\$ 18,346,454	\$ 18,515,726	\$ 16,681,532	\$ 19,345,857	\$ 18,939,596	\$ 17,201,552	\$ 21,064,928	\$ 22,761,358	\$ 22,381,342
Intergovernmental	7,428,957	7,790,850	8,557,524	9,091,172	9,979,017	10,649,294	10,810,822	10,167,638	10,002,051	10,724,743
Interest	398,030	696,365	882,484	696,463	380,224	124,038	72,742	38,181	57,720	73,927
Tuition and fees	399,927	537,938	539,674	552,810	498,531	552,406	656,457	766,747	807,807	919,429
Extracurricular activities	237,995	206,545	218,351	255,761	256,581	287,025	501,945	582,340	601,065	625,928
Gifts and donations	66,080	36,089	26,461	52,627	33,718	29,697	205,602	3,445	12,614	12,043
Charges for services	715,617	795,779	867,103	906,356	950,221	931,813	903,561	930,344	932,408	937,627
Rentals	3,831	5,748	26,510	32,119	9,843	29,990	29,362	29,679	44,846	21,762
Miscellaneous	50,706	297,765	149,295	243,554	248,812	74,621	79,630	80,612	57,379	85,220
<i>Total revenues</i>	<i>26,337,758</i>	<i>28,713,533</i>	<i>29,783,128</i>	<i>28,512,394</i>	<i>31,702,804</i>	<i>31,618,480</i>	<i>30,461,673</i>	<i>33,663,914</i>	<i>35,277,248</i>	<i>35,782,021</i>
Expenditures										
Current:										
Instruction:										
Regular	10,080,539	10,329,294	11,047,306	10,902,743	11,907,554	12,898,398	12,657,182	12,249,029	12,263,773	13,467,510
Special	2,248,712	2,227,555	2,357,378	2,497,941	2,825,726	2,831,356	2,831,117	2,958,355	3,032,484	4,050,032
Vocational	250,990	261,950	263,085	282,569	293,248	261,892	141,847	112,849	113,217	80,006
Adult/Continuing	-	986	521	-	-	-	-	-	-	-
Other	65,695	394,844	330,157	305,858	265,997	194,788	143,339	157,681	148,582	147,415
Support services:										
Pupil	1,039,059	1,107,738	1,227,954	1,300,439	1,516,857	1,683,942	1,722,396	1,532,556	1,586,402	1,611,128
Instructional staff	1,517,063	1,315,844	1,397,604	1,367,298	1,612,960	2,076,802	1,704,854	1,508,034	1,600,503	607,290
Board of education	21,534	25,436	27,888	33,005	33,633	33,645	24,458	28,395	26,183	23,298
Administration	2,209,790	2,056,772	1,922,082	2,037,368	2,185,130	2,052,878	1,965,762	2,103,060	2,074,697	2,136,192
Fiscal	789,342	710,315	734,019	800,733	567,240	770,401	724,058	816,823	854,114	834,800
Business	41,217	36,062	78,529	44,154	50,472	36,180	22,625	28,266	28,754	20,901
Operation and maintenance										
of plant	3,100,399	3,440,335	2,806,910	2,830,797	3,049,780	2,710,393	2,441,134	2,255,324	2,481,079	2,513,190
Pupil transportation	1,321,704	1,395,312	1,369,076	1,520,887	1,573,226	1,495,310	1,629,459	1,710,405	1,770,872	1,801,469
Central	149,469	151,015	193,570	173,502	211,344	250,666	263,951	240,868	216,613	252,533
Operation of non-instructional services:										
Food service operations	787,355	827,147	899,504	923,041	1,042,087	1,046,074	1,109,577	1,079,686	1,029,311	1,107,094
Community services	124,162	138,676	145,140	156,897	168,472	176,825	198,365	193,316	194,263	207,235
Extracurricular activities	869,346	914,522	946,786	1,007,783	1,039,040	1,161,036	1,055,419	1,104,566	1,136,079	1,241,021
Capital outlay	5,324,396	1,591,189	532,441	330,717	548,996	457,954	406,331	639,922	288,260	777,865
Debt service:										
Principal retirement	828,787	930,327	1,566,967	1,436,075	1,549,562	1,694,042	1,861,101	2,033,269	1,153,707	1,275,000
Interest and fiscal charges	1,934,825	1,464,747	1,571,389	1,524,434	1,465,869	1,395,159	1,310,500	1,217,132	1,139,116	1,084,850
Issuance costs	-	335,824	-	-	-	-	-	-	-	-
<i>Total expenditures</i>	<i>32,704,384</i>	<i>29,655,890</i>	<i>29,418,306</i>	<i>29,476,241</i>	<i>31,907,193</i>	<i>33,227,741</i>	<i>32,213,475</i>	<i>31,969,536</i>	<i>31,138,009</i>	<i>33,238,829</i>

(Continued)

Highland Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years (Continued)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<i>Excess of revenues over (under) expenditures</i>	(6,366,626)	(942,357)	364,822	(963,847)	(204,389)	(1,609,261)	(1,751,802)	1,694,378	4,139,239	2,543,192
Other financing sources (uses)										
Sale of capital assets	30,700	-	3,000	-	-	-	6,200	5,200	-	9,800
Inception of capital lease	-	-	-	196,568	-	-	-	-	-	-
Lease-purchase agreement	-	-	-	-	-	-	-	-	-	7,255,066
Proceeds of refunding bonds	-	29,480,000	-	-	-	-	-	-	-	-
Premium on debt issuance	-	1,933,776	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(31,077,952)	-	-	-	-	-	-	-	-
Transfers in	49,275	23,750	20,670	18,750	13,100	27,000	-	-	-	-
Transfers out	(49,275)	(23,750)	(20,670)	(18,750)	(13,100)	(27,000)	-	-	-	-
<i>Total other financing sources (uses)</i>	30,700	335,824	3,000	196,568	-	-	6,200	5,200	-	7,264,866
<i>Net change in fund balances</i>	\$ (6,335,926)	\$ (606,533)	\$ 367,822	\$ (767,279)	\$ (204,389)	\$ (1,609,261)	\$ (1,745,602)	\$ 1,699,578	\$ 4,139,239	\$ 9,808,058
5-13 Debt service as a percentage of noncapital expenditures	10.1%	9.7%	10.9%	10.2%	9.6%	9.4%	10.0%	10.4%	7.4%	7.3%

(1) Modified accrual basis of accounting

Note: For 2005 - 2014, Governmental Funds includes general, debt service, special revenue, capital projects and permanent funds.

Highland Local School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection Years

Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility		General Business/ Telephone Tangible	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$ 505,890,970	\$ 38,374,600	\$ 1,555,044,486	\$ 13,079,750	\$ 14,863,352	\$ 17,980,743	\$ 71,922,972
2006	528,513,190	47,560,400	1,645,924,543	11,688,790	13,282,716	12,482,341	49,929,364
2007	549,534,630	47,995,290	1,707,228,343	11,998,520	13,634,682	8,320,613	33,282,452
2008	625,654,910	52,722,710	1,938,221,771	8,692,020	9,877,295	5,679,255	22,717,020
2009	626,177,390	52,480,250	1,939,021,829	8,692,560	9,877,909	5,670,445	22,681,780
2010	654,393,990	51,443,160	2,016,677,571	9,461,120	10,751,273	415,385	1,661,540
2011	622,918,230	52,611,560	1,930,085,114	9,808,070	11,145,534	-	-
2012	633,819,220	52,551,190	1,961,058,314	10,251,810	11,649,784	-	-
2013	640,687,910	50,904,560	1,975,978,486	11,244,570	12,777,920	-	-
2014	642,160,230	50,591,380	1,979,290,314	12,280,060	13,954,614	-	-

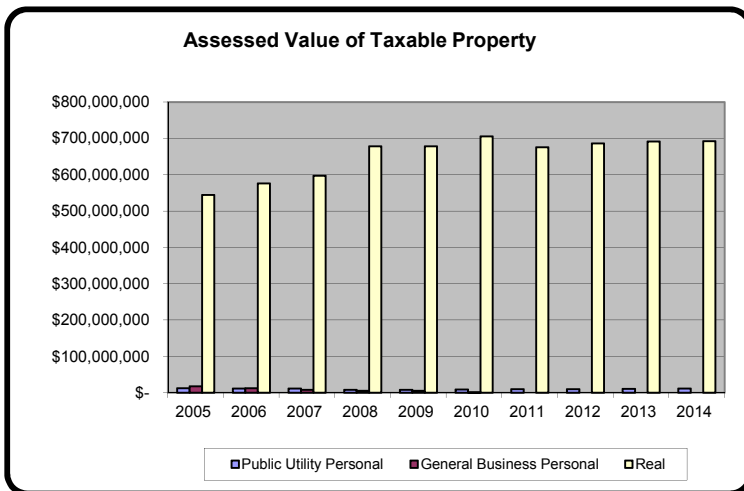
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property including public utility real property is 35% of estimated true value. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25% for machinery and equipment. General business inventory tangible personal property tax was phased out beginning in 2006. The listing percentages during the phase out were 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax was in 2010).

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

Source: Medina County Auditor and Summit County Fiscal Officer

Assessed Value	Total		Total Direct Tax Rate
	Estimated Actual Value	Ratio	
\$ 575,326,063	\$ 1,641,830,810	35.04%	71.32
600,244,721	1,709,136,623	35.12%	70.55
617,849,053	1,754,145,477	35.22%	70.55
692,748,895	1,970,816,087	35.15%	70.55
693,020,645	1,971,581,518	35.15%	70.55
715,713,655	2,029,090,384	35.27%	69.90
685,337,860	1,941,230,648	35.30%	69.90
696,622,220	1,972,708,098	35.31%	76.80
702,837,040	1,988,756,406	35.34%	76.80
705,031,670	1,993,244,928	35.37%	75.30



Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

Collection Year		Direct Rates				Overlapping rates						Total
		Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina	
											County Library	
2014	Brunswick Hills	72.30	-	3.00	75.30	8.04	11.85	3.05	-	0.75	1.85	100.84
	Granger Twp.	72.30	-	3.00	75.30	8.04	5.60	3.05	-	0.75	1.85	94.59
	Hinckley Twp.	72.30	-	3.00	75.30	8.04	13.05	3.05	-	2.75	1.85	104.04
	Medina Twp.	72.30	-	3.00	75.30	8.04	8.60	3.05	-	0.75	1.85	97.59
	Montville Twp.	72.30	-	3.00	75.30	8.04	10.95	3.05	-	0.75	1.85	99.94
	Sharon Twp.	72.30	-	3.00	75.30	8.04	7.40	3.05	-	0.75	1.85	96.39
	Wadsworth City	72.30	-	3.00	75.30	8.04	-	3.05	5.80	0.75	1.85	94.79
	Copley Twp.	72.30	-	3.00	75.30	12.70	16.90	3.05	-	1.46	2.11	111.52
2013	Brunswick Hills	72.40	-	4.40	76.80	8.04	11.85	3.05	-	0.75	2.05	102.54
	Granger Twp.	72.40	-	4.40	76.80	8.04	5.60	3.05	-	0.75	2.05	96.29
	Hinckley Twp.	72.40	-	4.40	76.80	8.04	13.05	3.05	-	1.85	2.05	104.84
	Medina Twp.	72.40	-	4.40	76.80	8.04	8.60	3.05	-	0.75	2.05	99.29
	Montville Twp.	72.40	-	4.40	76.80	8.04	10.95	3.05	-	0.75	2.05	101.64
	Sharon Twp.	72.40	-	4.40	76.80	8.04	7.40	3.05	-	0.75	2.05	98.09
	Wadsworth City	72.40	-	4.40	76.80	8.04	-	3.05	5.80	0.75	2.05	96.49
	Copley Twp.	72.40	-	4.40	76.80	12.70	16.90	3.05	-	1.46	2.14	113.05
2012	Brunswick Hills	72.40	-	4.40	76.80	8.04	11.85	3.05	-	0.75	2.05	102.54
	Granger Twp.	72.40	-	4.40	76.80	8.04	5.60	3.05	-	0.75	2.05	96.29
	Hinckley Twp.	72.40	-	4.40	76.80	8.04	13.05	3.05	-	1.85	2.05	104.84
	Medina Twp.	72.40	-	4.40	76.80	8.04	8.60	3.05	-	0.75	2.05	99.29
	Montville Twp.	72.40	-	4.40	76.80	8.04	10.95	3.05	-	0.75	2.05	101.64
	Sharon Twp.	72.40	-	4.40	76.80	8.04	7.40	3.05	-	0.75	2.05	98.09
	Wadsworth City	72.40	-	4.40	76.80	8.04	-	3.05	5.80	0.75	2.05	96.49
	Copley Twp.	72.40	-	4.40	76.80	12.70	16.90	3.05	-	1.46	2.10	113.01
2011	Brunswick Hills	65.50	-	4.40	69.90	8.04	11.85	3.05	-	0.75	2.05	95.64
	Granger Twp.	65.50	-	4.40	69.90	8.04	5.60	3.05	-	0.75	2.05	89.39
	Hinckley Twp.	65.50	-	4.40	69.90	8.04	13.05	3.05	-	1.85	2.05	97.94
	Medina Twp.	65.50	-	4.40	69.90	8.04	6.60	3.05	-	0.75	2.05	90.39
	Montville Twp.	65.50	-	4.40	69.90	8.04	10.95	3.05	-	0.75	2.05	94.74
	Sharon Twp.	65.50	-	4.40	69.90	8.04	7.40	3.05	-	0.75	2.05	91.19
	Wadsworth City	65.50	-	4.40	69.90	8.04	-	3.05	5.80	0.75	2.05	89.59
	Copley Twp.	65.50	-	4.40	69.90	12.70	16.90	3.05	-	1.46	2.10	106.11

S-16

Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

Collection Year		Direct Rates				Overlapping rates						Total
		Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	
2010	Brunswick Hills	65.50	-	4.40	69.90	8.04	11.85	3.05	-	0.75	2.05	95.64
	Granger Twp.	65.50	-	4.40	69.90	8.04	5.60	3.05	-	0.75	2.05	89.39
	Hinckley Twp.	65.50	-	4.40	69.90	8.04	13.05	3.05	-	1.85	2.05	97.94
	Medina Twp.	65.50	-	4.40	69.90	8.04	6.60	3.05	-	0.75	2.05	90.39
	Montville Twp.	65.50	-	4.40	69.90	8.04	10.95	3.05	-	0.75	2.05	94.74
	Sharon Twp.	65.50	-	4.40	69.90	8.04	7.40	3.05	-	0.75	2.05	91.19
	Wadsworth City	65.50	-	4.40	69.90	8.04	-	3.05	5.80	0.75	2.05	89.59
	Copley Twp.	65.50	-	4.40	69.90	12.70	16.90	3.05	-	1.46	2.10	106.11
2009	Brunswick Hills	65.50	-	5.05	70.55	8.07	11.85	3.05	-	0.75	2.25	96.52
	Granger Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27
	Hinckley Twp.	65.50	-	5.05	70.55	8.07	13.05	3.05	-	1.85	2.25	98.82
	Medina Twp.	65.50	-	5.05	70.55	8.07	6.60	3.05	-	0.75	2.25	91.27
	Montville Twp.	65.50	-	5.05	70.55	8.07	10.95	3.05	-	0.75	2.25	95.62
	Sharon Twp.	65.50	-	5.05	70.55	8.07	7.40	3.05	-	0.75	2.25	92.07
	Wadsworth City	65.50	-	5.05	70.55	8.07	-	3.05	5.80	0.75	2.25	90.47
	Copley Twp.	65.50	-	5.05	70.55	14.16	16.90	3.05	-	-	2.08	106.74
2008	Brunswick Hills	65.50	-	5.05	70.55	8.07	11.85	3.05	-	0.75	2.25	96.52
	Granger Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27
	Hinckley Twp.	65.50	-	5.05	70.55	8.07	13.05	3.05	-	1.85	2.25	98.82
	Medina Twp.	65.50	-	5.05	70.55	8.07	6.60	3.05	-	0.75	2.25	91.27
	Montville Twp.	65.50	-	5.05	70.55	8.07	10.95	3.05	-	0.75	2.25	95.62
	Sharon Twp.	65.50	-	5.05	70.55	8.07	7.40	3.05	-	0.75	2.25	92.07
	Wadsworth City	65.50	-	5.05	70.55	8.07	-	3.05	5.80	0.75	2.25	90.47
	Copley Twp. (1)	65.50	-	5.05	70.55	14.26	16.90	3.05	-	-	2.07	106.83
2007	Brunswick Hills	65.50	-	5.05	70.55	8.07	11.85	3.05	-	0.75	2.25	96.52
	Granger Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27
	Hinckley Twp.	65.50	-	5.05	70.55	8.07	13.05	3.05	-	1.85	2.25	98.82
	Medina Twp.	65.50	-	5.05	70.55	8.07	5.60	3.05	-	0.75	2.25	90.27
	Montville Twp.	65.50	-	5.05	70.55	8.07	10.95	3.05	-	0.75	2.25	95.62
	Sharon Twp.	65.50	-	5.05	70.55	8.07	7.40	3.05	-	0.75	2.25	92.07
	Wadsworth City	65.50	-	5.05	70.55	8.07	-	3.05	5.80	0.75	2.25	90.47

(Continued)

Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

Collection Year		Direct Rates				Overlapping rates						Total
		Operating Millage	Permanent Improvement Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	Medina County Library	
2006	Brunswick Hills	65.50	-	5.05	70.55	8.21	11.85	3.05	-	0.50	2.25	96.41
	Granger Twp.	65.50	-	5.05	70.55	8.21	4.60	3.05	-	0.50	2.25	89.16
	Hinckley Twp.	65.50	-	5.05	70.55	8.21	13.05	3.05	-	1.85	2.25	98.96
	Medina Twp.	65.50	-	5.05	70.55	8.21	5.60	3.05	-	0.50	2.25	90.16
	Montville Twp.	65.50	-	5.05	70.55	8.21	10.95	3.05	-	0.50	2.25	95.51
	Sharon Twp.	65.50	-	5.05	70.55	8.21	7.40	3.05	-	0.50	2.25	91.96
	Wadsworth City	65.50	-	5.05	70.55	8.21	-	3.05	5.80	0.50	2.25	90.36
2005	Brunswick Hills	65.50	-	5.82	71.32	8.22	11.85	3.05	-	1.50	1.25	97.19
	Granger Twp.	65.50	-	5.82	71.32	8.22	4.10	3.05	-	1.50	1.25	89.44
	Hinckley Twp.	65.50	-	5.82	71.32	8.22	13.05	3.05	-	2.85	1.25	99.74
	Medina Twp.	65.50	-	5.82	71.32	8.22	5.60	3.05	-	1.50	1.25	90.94
	Montville Twp.	65.50	-	5.82	71.32	8.22	9.95	3.05	-	1.50	1.25	95.29
	Sharon Twp.	65.50	-	5.82	71.32	8.22	7.40	3.05	-	1.50	1.25	92.74
	Wadsworth City	65.50	-	5.82	71.32	8.22	-	3.05	5.80	1.50	1.25	91.14

\$18

Source: Medina County Auditor and Summit County Fiscal Officer

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

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

Highland Local School District

Property Tax Levies and Collections (1)

Last Ten Collection Years

Levy/ Collection Year (2)	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2004	\$ 19,386,200	\$ 18,483,598	95.34%	\$ 650,423	\$ 19,134,021	98.70%
2005	18,470,364	16,863,692	91.30	643,627	17,507,319	94.79
2006	18,751,591	16,788,682	89.53	699,932	17,488,614	93.26
2007	17,186,195	16,464,824	95.80	627,470	17,092,294	99.45
2008	20,488,832	19,683,214	96.07	724,530	20,407,744	99.60
2009	20,563,147	19,806,060	96.32	708,418	20,514,478	99.76
2010	20,441,027	19,745,411	96.60	693,544	20,438,955	99.99
2011	20,297,697	19,563,457	96.38	650,767	20,214,224	99.59
2012	25,439,240	24,675,070	97.00	760,379	25,435,449	99.99
2013	25,858,109	25,131,425	97.19	694,396	25,825,821	99.88

Source: Medina County Auditor and Summit County Fiscal Officer

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as intergovernmental revenue.
- (2) The 2014 information cannot be presented because all collections have not been made by June 30, 2014.
- (3) The County's current reporting system does not track delinquent tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

Highland Local School District

Principal Taxpayers

Real Estate Tax

2014 and 2006 (1)

Name of Taxpayer	2014		
	Assessed Value	Rank	Percent of Real Property Assessed Value
Carter Lumber Company	\$ 1,343,910	1	0.19%
Pinnacle Sports Complex LLC	1,295,640	2	0.19%
Akron-Medina Corporate Park Inc.	1,275,380	3	0.18%
Pride One Route 18 LLC	1,206,910	4	0.17%
Pleasant Valley Construction Co.	1,183,730	5	0.17%
Structured Management Inc.	1,139,850	6	0.16%
ETC Farms LLC	1,082,960	7	0.16%
EBB Investments LLC	1,013,820	8	0.15%
Grafech International Holdings	983,640	9	0.14%
Sharon Club Company	652,980	10	0.09%
Totals	<u>\$ 11,178,820</u>		<u>1.61%</u>
Total assessed valuation	<u>\$ 692,751,610</u>		

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

Source: Medina County Auditor and Summit County Fiscal Officer

(1) The amounts presented represent the assessed values upon which 2014 and 2006 collections were based.

(2) Information prior to 2006 is not available.

Highland Local School District

Principal Taxpayers

Public Utilities Tax

2014 and 2006 (1)

Name of Taxpayer	2014 (2)		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 9,341,040	1	76.07%
Columbia Gas of Ohio	1,322,870	2	10.77%
American Transmission	907,940	3	7.39%
East Ohio Gas	470,940	4	3.83%
Cleveland Electric Illuminating	179,060	5	1.46%
Western Reserve Telephone	47,090	6	0.38%
Buckeye Pipe Line, LP	40,350	7	0.33%
Northern Ohio Telephone Company	37,820	8	0.31%
Knox Energy Cooperative Association	30,410	9	0.25%
Totals	<u>\$ 12,377,520</u>		<u>100.79%</u>
Total assessed valuation	<u>\$ 12,280,060</u>		

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

Source: Medina County Auditor and Summit County Fiscal Officer

(1) The amounts presented represent the assessed values upon which 2014 and 2006 collections were based.

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

(3) Information prior to 2006 is not available.

Highland Local School District

Ratio of Outstanding Debt By Type

Last Ten Fiscal Years

Governmental Activities

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Lease-Purchase Agreement</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Population (2)</u>	<u>Per Capita</u>
2005	\$ 38,340,000	\$ 83,482	-	\$ 38,423,482	5.96%	15,372	\$ 2,499.58
2006	39,282,637	58,155	-	39,340,792	5.81%	15,589	2,523.63
2007	37,790,736	31,188	-	37,821,924	5.19%	15,632	2,419.52
2008	36,485,940	166,681	-	36,652,621	4.97%	15,758	2,325.97
2009	35,070,817	127,119	-	35,197,936	5.19%	16,113	2,184.44
2010	31,355,000	88,077	-	31,443,077	4.40%	17,281	1,819.52
2011	31,871,418	46,976	-	31,918,394	4.10%	17,346	1,840.10
2012	30,068,951	3,707	-	30,072,658	3.37%	17,388	1,729.51
2013	29,148,520	-	-	29,148,520	n/a	17,388	1,676.36
2014	28,150,125	-	7,255,066	35,405,191	n/a	17,388	2,036.19

Source: School District Financial Records

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

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

(2) U.S. Census Bureau. 2012 represents latest available information on population.

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

Fiscal Year	Population	General Bonded Debt	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value (1)	Net Bonded Debt per Capita
2005	15,372	\$ 38,340,000	\$ 1,435,244	\$ 36,904,756	2.25%	\$ 2,401
2006	15,589	39,282,637	2,347,308	36,935,329	2.16%	2,369
2007	15,632	37,790,736	2,377,566	35,413,170	2.02%	2,265
2008	15,758	36,485,940	2,501,332	33,984,608	1.72%	2,157
2009	16,113	35,070,817	3,235,491	31,835,326	1.61%	1,976
2010	17,281	31,355,000	3,609,424	27,745,576	1.37%	1,606
2011	17,346	31,871,418	3,408,983	28,462,435	1.47%	1,641
2012	17,388	30,068,951	3,217,874	26,851,077	1.36%	1,544
2013	17,388	29,148,520	3,971,722	25,176,798	1.27%	1,448
2014	17,388	28,150,125	4,050,538	24,099,587	1.21%	1,386

Source: School District Financial Records

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

Highland Local School District

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tax Valuation (2)	<u>\$ 575,326,063</u>	<u>\$ 587,762,380</u>	<u>\$ 609,528,440</u>	<u>\$ 687,069,640</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>51,779,346</u>	<u>52,898,614</u>	<u>54,857,560</u>	<u>61,836,268</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	38,340,000	37,435,000	35,895,000	34,520,000
Less Amount Available in Debt Service	<u>(1,435,244)</u>	<u>(2,347,308)</u>	<u>(2,377,566)</u>	<u>(2,501,332)</u>
Amount of Debt Subject to Limit	<u>36,904,756</u>	<u>35,087,692</u>	<u>33,517,434</u>	<u>32,018,668</u>
Legal Debt Margin	<u>\$ 14,874,590</u>	<u>\$ 17,810,922</u>	<u>\$ 21,340,126</u>	<u>\$ 29,817,600</u>
Legal Debt Margin as a Percentage of the Debt Limit	28.73%	33.67%	38.90%	48.22%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 575,326	\$ 587,762	\$ 609,528	\$ 687,070
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin	<u>\$ 575,326</u>	<u>\$ 587,762</u>	<u>\$ 609,528</u>	<u>\$ 687,070</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: School District Financial Records

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

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>\$ 687,350,200</u>	<u>\$ 715,298,270</u>	<u>\$ 685,337,860</u>	<u>\$ 696,622,220</u>	<u>\$ 702,837,040</u>	<u>\$ 705,031,670</u>
<u>61,861,518</u>	<u>64,376,844</u>	<u>61,680,407</u>	<u>62,696,000</u>	<u>63,255,334</u>	<u>63,452,850</u>
<u>33,010,000</u>	<u>31,355,000</u>	<u>29,535,000</u>	<u>27,545,000</u>	<u>26,395,000</u>	<u>25,120,000</u>
<u>(3,235,491)</u>	<u>(3,609,424)</u>	<u>(3,408,983)</u>	<u>(3,217,874)</u>	<u>(3,971,722)</u>	<u>(4,050,538)</u>
<u>29,774,509</u>	<u>27,745,576</u>	<u>26,126,017</u>	<u>24,327,126</u>	<u>22,423,278</u>	<u>21,069,462</u>
<u>\$ 32,087,009</u>	<u>\$ 36,631,268</u>	<u>\$ 35,554,390</u>	<u>\$ 38,368,874</u>	<u>\$ 40,832,056</u>	<u>\$ 42,383,388</u>
51.87%	56.90%	57.64%	61.20%	64.55%	66.80%
\$ 687,350	\$ 715,298	\$ 685,338	\$ 696,622	\$ 702,837	\$ 705,032
-	-	-	-	-	-
<u>\$ 687,350</u>	<u>\$ 715,298</u>	<u>\$ 685,338</u>	<u>\$ 696,622</u>	<u>\$ 702,837</u>	<u>\$ 705,032</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Highland Local School District
Computation of Direct and Overlapping Debt
June 30, 2014

Jurisdiction	Net General Tax Supported Debt (1)	Percent Overlapping (2)	Amount Applicable Highland Local School District
Direct:			
Highland Local School District	\$ 35,405,191	100.00%	\$ 35,405,191
Overlapping:			
Medina County	3,284,918	15.77%	518,032
Summit County	43,145,000	0.06%	25,887
Wadsworth City	195,000	2.13%	4,154
Montville Township	3,386,000	15.00%	507,900
Copley Township	5,600,000	1.39%	77,840
Akron Metro Regional Transit Authority	105,000	0.06%	63
Akron-Summit County Library District	31,630,000	0.09%	28,467
Medina County Library District	24,734,993	18.31%	4,528,977
Medina County Park District	-	11.20%	-
	<u>112,080,911</u>		<u>5,691,320</u>
Total direct and overlapping debt:	<u>\$ 147,486,102</u>		<u>\$ 41,096,511</u>

Source: Medina County Auditor and Summit County Fiscal Officer

(1) All debt reported as of December 31, 2013, except for Highland Local School District which is reported as of June 30, 2014.

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

Highland Local School District

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2005	15,372	\$ 645,001,301	\$ 41,959	4.6%
2006	15,589	677,430,933	43,456	4.8%
2007	15,632	728,558,614	46,607	5.8%
2008	15,758	737,869,542	46,825	6.8%
2009	16,113	678,609,559	42,116	9.3%
2010	17,281	714,959,670	41,373	8.2%
2011	17,346	779,024,452	44,911	7.0%
2012	17,388	891,815,175	51,289	6.3%
2013	17,388	n/a	n/a	6.6%
2014	17,388	n/a	n/a	6.4%

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

(2) Ohio Department of Taxation

(3) U.S. Department of Labor

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

Highland Local School District
Principal Employers in Medina County
2013 and 2004

Employer	2013 (1)		
	Number of Employees	Rank	Percentage of Total County Employment
Westfield Group	1,560	1	2.99%
Medina County	1,318	2	2.53%
Medina Hospital	900	3	1.73%
Brunswick City School District	830	4	1.59%
Medina City School District	700	5	1.34%
MTD Products	570	6	1.09%
Sandridge Food Corporation	525	7	1.01%
Wadsworth City School District	500	8	0.96%
Carlisle Brake & Friction	440	9	0.84%
Shiloh Industries	400	10	0.77%
Total	<u>7,743</u>		<u>14.85%</u>
Total employment within the County	<u>52,132</u>		

Employer	2004		
	Number of Employees	Rank	Percentage of Total County Employment
Discount Drug Mart	2,600	1	3.93%
MTD Products	2,190	2	3.31%
Plastipak Packaging	1,467	3	2.22%
Westfield Group	1,292	4	1.95%
Medina County	1,231	5	1.86%
Medina Hospital	920	6	1.39%
Brunswick City School District	850	7	1.29%
Schneider National	800	8	1.21%
Medina City School District	780	9	1.18%
Friction Products/Hawk	557	10	0.84%
Total	<u>12,687</u>		<u>19.19%</u>
Total employment within the County	<u>66,106</u>		

Source: Medina County Economic Development Corporation

(1) 2013 information is the most current information available.

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Regular instruction										
Elementary classroom teachers	65	65	66	65	65	65	58	58	59	58.5
Middle school classroom teachers	27	29	30	29	31	32	33.5	31.75	34	33
High school classroom teachers	37	38.5	41	41	41	41	42	41.5	42	42.75
Special instruction										
Academically gifted teachers	2	2	1	2	2	1	0	1	1	2.5
Preschool teachers	2	2	2	2	2	2	2	2	2	2
Special education teachers	8	8	8	9	18	18	18	20	21	23
Tutors	20	20.5	21.5	22.5	17	19	15	14	11	7
Vocational instruction										
High school classroom teachers	3	3	3	3	3	2	1	1	1	1
Pupil support services										
Guidance counselors	5	6	5	5	7	5.75	5.75	5.75	5.75	5.75
Librarians	3	3	3	3	3	0.5	0.5	0.5	0	0
Psychologists	2.5	5	3	3	3	3	3	3	3	3
Speech and language pathologists	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.75	3
Aides	31	29.5	30	36	37.5	31	32	34.25	30.5	32.75
Computer	3	3	3	3	3	2	2	2	2	2
Library Aides	5	5	5	5	5	4	5	4	5	5
Secretaries/Clerical	19.5	17.5	16.5	17.5	17.5	17	17	16	16	16
Latchkey	5	6	6	6	6	7	7	6	6	6
Administrators										
Central Office	8	8	8	8	8	8	8	8	8	8
Elementary	3	3	3	3	3	3	3	3	3	3
Middle School	2	2	2	2	2	2	2	2	2	2
High school	2	2	2	2	2	2	2	2	2	2
Operation of plant										
Custodians & Maintenance	28	26.5	27.5	27.5	27.5	24	25	23.5	23	25
Pupil transportation										
Bus drivers	21.5	29	29	28	30.5	32	33	33.5	31.25	30.25
Bus Mechanics	2	3	3	3	3	2	2	2	2	2
Food service program										
Director	1	1	1	1	1	1	1	1	1	1
Cooks	15.5	16	15.5	15	15	15.5	15	15.5	15	15.25

Source: School District records

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

Highland Local School District

Operating Statistics

Last Ten Fiscal Years

Fiscal Year	Expenses	Enrollment	Expenditures Per Pupil (1)	Percentage Change	Pupil/Teacher Ratio	Percentage of students receiving free or reduced lunches
2005	\$ 28,338,435	2,914	\$ 8,122	11.03%	20.2	4.46%
2006	\$ 29,905,165	3,055	\$ 7,907	-2.65%	20.7	6.95%
2007	\$ 29,470,709	3,211	\$ 7,834	-0.92%	21.3	5.67%
2008	\$ 29,939,501	3,269	\$ 7,780	-0.69%	21.6	5.87%
2009	\$ 31,539,450	3,269	\$ 8,525	9.58%	20.2	6.90%
2010	\$ 33,145,153	3,327	\$ 8,682	1.84%	20.7	8.80%
2011	\$ 31,820,738	3,332	\$ 8,449	-2.68%	21.6	8.70%
2012	\$ 31,861,320	3,292	\$ 8,336	-1.34%	21.2	9.75%
2013	\$ 31,762,648	3,268	\$ 8,128	-2.50%	20.4	9.07%
2014	\$ 33,012,865	3,275	n/a (2)	n/a	20.1	9.04%

Source: School District Records, Ohio Department of Education

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

(2) Fiscal Year 2014 figures have not yet been published by the Ohio Department of Education.

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

Highland Local School District

Building Statistics

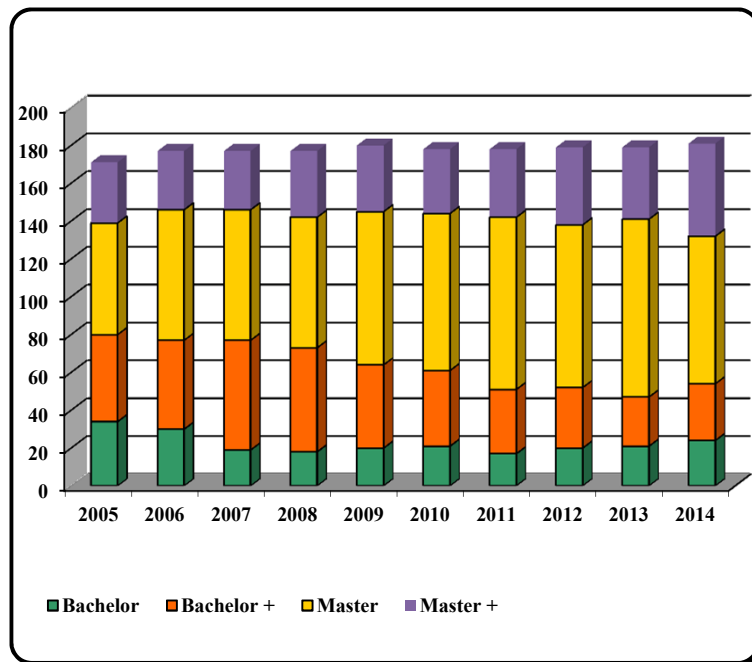
Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Highland High School										
Constructed in 2004										
Total building square footage	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000
Enrollment grades 9-12	888	960	997	1,022	1,068	1,098	1,095	1,124	1,114	1,124
Student capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Regular instruction classrooms	45	45	45	45	45	45	45	45	45	45
Special instruction classrooms	4	4	4	4	4	4	4	4	4	4
Highland Middle School										
Constructed in 1958										
Total building square footage	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972	115,972
Enrollment grades 6-8	702	713	766	795	801	797	821	800	801	801
Student capacity	750	750	750	750	750	750	750	750	750	750
Regular instruction classrooms	30	30	30	30	30	29	29	29	30	30
Special instruction classrooms	5	5	5	5	5	5	5	5	5	5
Granger Elementary School										
Constructed in 1929										
Total building square footage	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081	60,081
Enrollment grades PS-5	469	505	524	529	505	499	512	484	482	479
Student capacity	525	525	525	525	525	525	525	525	525	525
Regular instruction classrooms	25	25	25	25	25	25	22	22	22	22
Special instruction classrooms	5	5	5	5	5	5	5	5	6	6
Hinckley Elementary School										
Constructed in 1949										
Total building square footage	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265	52,265
Enrollment grades K-5	421	425	466	458	445	454	441	454	438	438
Student capacity	400	400	400	400	400	400	400	400	400	400
Regular instruction classrooms	20	20	20	20	20	20	20	20	21	21
Special instruction classrooms	3	3	3	3	4	4	4	5	4	4
Sharon Elementary School										
Constructed in 1922										
Total building square footage	54,960	54,960	54,960	54,960	54,960	54,960	54,960	54,960	54,960	54,960
Enrollment grades K-5	434	452	458	465	450	479	463	430	433	433
Student capacity	450	450	450	450	450	450	450	450	450	450
Regular instruction classrooms	24	24	24	24	24	24	24	24	24	24
Special instruction classrooms	3	3	3	3	3	3	3	3	3	3

Source: School District Records

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

<u>Degree</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Bachelor's Degree	34	30	19	18	20	21	17	20	21	24
Bachelor + 15	17	18	26	26	17	20	15	11	6	14
Bachelor + 30	29	29	32	29	27	20	19	21	20	16
Master's Degree	59	69	69	69	81	83	91	86	94	78
Master's + 15	12	12	12	16	14	15	19	21	22	25
Master's + 30	20	19	19	19	21	19	17	20	16	24
Total	171	177	177	177	180	178	178	179	179	181



Source: School District Records

Highland Local School District

Certified Staff Salaries

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Highland Local School District Average Salary</u>	<u>Statewide Average Salary</u>
2005	\$ 47,549	\$ 49,438
2006	50,400	51,346
2007	54,683	52,596
2008	54,990	54,210
2009	56,451	55,583
2010	58,053	56,995
2011	59,832	57,904
2012	61,468	58,120
2013	59,817 (1)	57,966
2014	61,341	n/a

Source: School District Records, Ohio Department of Education

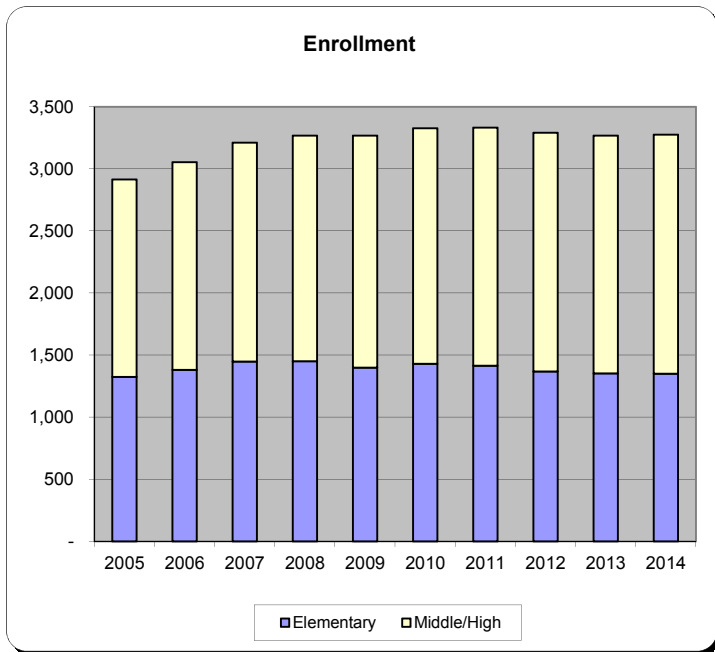
n/a - information is not available at this time.

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

Highland Local School District

**Enrollment Statistics
Last Ten Fiscal Years**

Fiscal Year	Highland Elementary Schools	Highland Middle/High School	Total
2005	1,324	1,590	2,914
2006	1,382	1,673	3,055
2007	1,448	1,763	3,211
2008	1,452	1,817	3,269
2009	1,400	1,869	3,269
2010	1,432	1,895	3,327
2011	1,416	1,916	3,332
2012	1,368	1,924	3,292
2013	1,353	1,915	3,268
2014	1,350	1,925	3,275



Source: School District Records

Highland Local School District

Attendance and Graduation Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Highland Local School District Attendance Rate</u>	<u>State Average</u>	<u>Highland Local School District Graduation Rate</u>	<u>State Average</u>
2005	96.00%	94.30%	96.00%	86.20%
2006	96.30%	94.10%	98.30%	86.10%
2007	96.30%	94.10%	98.10%	86.90%
2008	96.40%	94.20%	98.40%	84.60%
2009	96.20%	94.30%	99.20%	83.00%
2010	96.20%	94.30%	99.60%	84.30%
2011	96.60%	94.50%	96.30% (1)	79.70% (1)
2012	96.70%	94.50%	97.40% (1)	81.30% (1)
2013	96.40%	94.20%	97.10% (1)	82.20% (1)
2014	96.70%	94.20%	n/a (1)	n/a (1)

Source: Ohio Department of Education

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

(1) Beginning with the 2011-2012 Local Report Card, the Ohio Department of Education implemented changes that affect the manner in which the graduation rate is reported. The graduation rate disclosed in the new Local Report Card represents a 4-year longitudinal graduation rate that takes into consideration the amount of time it takes an incoming freshman to successfully complete high school. Graduation rates are also published one year in arrears. As such, the graduation rate for the 2013-2014 school year is not yet available.





Dave Yost • Auditor of State

HIGHLAND LOCAL SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 9, 2014**