



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE KEITH FABER



January 17, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

A handwritten signature in cursive script that reads "Keith Faber".

HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY

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HIGHLAND LOCAL SCHOOL DISTRICT
 MEDINA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ <i>Pass Through Grantor</i> / Program Title	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed Through the Ohio Department of Education:</i>		
Title I Grants to Local Educational Agencies	84.010	\$127,198
		28,409
Total Title I Grants to Local Educational Agencies		<u>155,607</u>
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	46,867
Special Education Cluster:		
Special Education - Grants to States	84.027	473,511
		79,545
Total Special Education -Grants to States		<u>553,056</u>
Special Education - Preschool Grants	84.173	13,396
Total Special Education Cluster		<u>566,452</u>
<i>Passed through the Educational Service Center of Cuyahoga County</i>		
English Language Acquisition State Grants	84.365	2,696
Student Support and Academic Enrichment Program	84.424	10,000
Total U.S. Department of Education		<u>781,622</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through the Ohio Department of Education:</i>		
Child Nutrition Cluster:		
National School Lunch Program	10.555	149,878
Non-Cash Assistance		37,505
School Breakfast Program	10.553	11,532
Total Child Nutrition Cluster		<u>198,915</u>
Totals		<u>\$980,537</u>

The accompanying notes are an integral part of this schedule.

**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Highland Local School District, Medina County, Ohio (the District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - 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 E – 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.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Local School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2018, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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 report 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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Highland Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Highland Local School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, 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 its major federal program for the year ended June 30, 2018.

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 the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 28, 2018. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2018

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**HIGHLAND LOCAL SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster, CFDA 84.027 and 84.173.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	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, 2018



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

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HIGHLAND
Local Schools

a legacy of excellence

H

Highland Local School District

Medina, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Prepared By:
Neil Barnes, CPA, Treasurer and
Treasurer's Office Staff

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Highland Local School District
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2018

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For the fiscal year ended June 30, 2018

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Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2018

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INTRODUCTORY SECTION

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ADMINISTRATIVE OFFICES

3880 Ridge Road, Medina, Ohio 44256
Phone: 330-239-1901 / Fax: 330-239-7344
Akron: 330-686-1901 / Cleveland/Hinckley: 330-278-2727
www.highlandschools.org



December 28, 2018

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, 2018. This report, prepared by the Treasurer’s Office, includes financial statements, supplemental schedules, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for fiscal year 2018.

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 to Board of Education members, School District administrators, Financial Rating Services, and other interested parties upon request.

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

DESCRIPTION OF THE SCHOOL DISTRICT

Nestled among the rolling hills and extensive park system of Medina County, the School District’s stated mission is to guarantee that each learner reaches maximum potential by providing, in partnership with the community, a quality, progressive, educational program in a safe and dynamic life-long learning environment.

Catherine Aukerman, Superintendent

Neil Barnes, CPA, Treasurer

Laurie Boedicker, Director of Curriculum & Instruction

Deborah Yorke, Director of Special Education

Dawn Marzano, Director of Communications

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

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

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

The Sharon, Granger, and Hinckley Elementary School buildings were constructed in 1922, 1929, and 1949, respectively. The Highland Middle School building was constructed in 1958. Renovations and additions have been made to these buildings throughout the years in order to modernize and boost classroom space as enrollment increased. In November 2017, the voters of the School District passed a \$63 million bond issue to construct three new elementary buildings and partially renovate the middle school.

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, 2018, the School District had a total of 3,300 students enrolled in its five school buildings: Sharon Elementary, Granger Elementary, Hinckley Elementary, Highland Middle School housing grades 6 through 8, and Highland High School housing grades 9 through 12. During the 2017-2018 school year, 50 students in the School District attended the Medina County Career Center.

The School District also operates a bus garage, maintenance facility, and athletic facilities. In the summer of 2015, the School District opened a brand-new, state-of-the-art athletic complex that includes a field with all-purpose synthetic turf, eight lane running track, grandstands with a combined seating capacity of 5,000, field house, locker rooms, concessions, tennis courts, storage buildings, and expanded parking facilities.

Beginning in the early 1990's through 2007, the School District experienced significant increases in annual enrollment. From 2008 through 2016, the trend of relatively fewer new housing starts and increased alternative public school choice options led to a steadier, slightly decreasing student population. More recently, enrollment is trending upwards once again particularly in the southern portion of the School District where several large tracts of land in Sharon Township have been annexed into the City of Wadsworth allowing for higher density housing developments. It is anticipated that enrollment will continue to increase as further annexation is expected in the 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 beginning with the 2012-2013 school year. Under the new reporting system, school districts receive letter grades on specified components. Currently, these components include achievement, progress, gap closing, graduation rate, K-3 literacy, and prepared for success (i.e. college and career readiness). The latest report card continues to evidence that Highland's students are achieving at a high level. For the 2017-2018 school year, the School District was one of only 28 districts in the entire State of Ohio to receive an overall letter grade of "A". The School District's total overall score placed it 13th out of Ohio's 612 public school districts.

In December 2018, the State Board of Education of Ohio recognized the School District as one of only 70 districts statewide to earn the prestigious Momentum Award. The Momentum Award recognizes school districts for exceeding expectations in student growth for the year. Districts must earn straight A's on all Value-Added measures on the report card. The School District also earned this award in 2016 and 2017.

Approximately 86% of the School District's graduates go on to pursue a college degree. Highland also boasts an average SAT score of 1136 and an average ACT score of 24.8, which are both above the national mean scores. Additionally, over 77% of participating Highland students scored a 3 or better on Advanced Placement tests during the 2017-2018 school year. College readiness for Highland High School graduates remains consistently high.

For the 6th consecutive year, Highland High School earned a Silver Medal in the annual Best High School Rankings published by *US News & World Report*. For the 2017-2018 school year, Highland ranked an impressive 43rd among Ohio high schools and 1,242 nationally out of more than 20,000 high schools. The rankings are primarily based upon state proficiency test results, graduation rates, and college readiness.

In December 2017, Highland High School was also among 447 school districts across the U.S. and Canada to be named to the 8th Annual AP District Honor Roll by the College Board. This was Highland's 5th time receiving this honor. Highland was recognized for simultaneously increasing access to Advanced Placement course work while increasing the percentage of students earning scores of 3 or higher on AP Exams. Reaching these goals indicates that the School District is successfully identifying motivated, academically prepared students who are likely to benefit from rigorous AP course work.

In October 2016, the School District's "Little Hornets" Preschool Program received the Five-Star Step Up to Quality Award from the State of Ohio ~ the highest rating attainable. Step Up to Quality is Ohio's rating system for learning and development programs. Participating programs can earn a one to five-star rating. Star ratings are awarded only to learning and development programs that exceed licensing standards and are committed to continuous improvement, the continuing education of teachers, the use of learning and development standards to support children's learning, as well as relationship-building with families and communities.

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. Norman Christopher, President, Mr. Robert Kelly, Vice President, Mr. Mike Houska, Mrs. Diane Thomas, and Mr. Christopher 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, 2021.

The Treasurer is the chief financial officer of the School District and is responsible directly to the Board for all financial operations, including but not limited to budgeting, investments, debt management, risk management, and capital asset inventory. The Treasurer also serves as Secretary to the Board. Mr. Neil Barnes was appointed to serve as the Treasurer effective August 1, 2010. He is currently employed under a five-year contract, which ends on July 31, 2019.

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

REPORTING ENTITY

The School District has reviewed its reporting entity definition in order to ensure conformance with Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity”, GASB No. 39 “Determining Whether Certain Organizations Are Component Units”, and amendments thereto. 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 Granger, Hinckley, Sharon, Montville, Brunswick Hills, Copley, and Medina and the City of Wadsworth) conducting business activities within School District boundaries are excluded from the accompanying financial statements. The School District’s Board does not appoint the boards/councils of those entities, nor are they fiscally dependent on the School District. The School District cannot legally access their resources, has no obligation to finance deficits or provide financial support, and is not obligated for their debts.

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

FINANCIAL INFORMATION

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

Internal Accounting and Budgetary Control

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

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

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

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

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

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

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

The basis of accounting and the various funds utilized by the Highland Local School District are fully described in Note 1 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 4.

ECONOMIC CONDITION AND FUTURE OUTLOOK

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

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

The townships within the School District offer an excellent opportunity for business growth. There exists a healthy, favorable environment with a relatively 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 new residential housing starts continue to occur each year. School District officials will continue to monitor the impact of the aforementioned annexation on its southern boundary and the resulting potential for enrollment increases.

In May 2011, the Highland community passed a 10-year Emergency Levy that generates in excess of \$4.7 million annually. The passage of this levy has helped provide financial stability for the School District since that time. In May 2018, voters passed the renewal of a 7.9-mill current expense levy for a period of ten years.

In November 2017, voters approved a \$63 million bond levy to construct three new elementary schools and partially renovate the middle school. The School District issued school improvement notes totaling \$5.9 million in December 2017. These notes were paid off in June 2018. The School District issued school improvement bonds totaling \$63 million in April and May 2018. Moody's Investors Service assigned a rating of Aa2 in relation to these debt issuances. The School District is currently in the planning, programming, and site acquisition phase of the building project. Heavy construction is not expected to begin until 2020.

In March 2016, the School District executed a bond refunding transaction taking advantage of historically low interest rates. This transaction reduces debt service requirements by more than \$4 million over the ensuing eleven years.

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, 2018. 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, 2017. 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

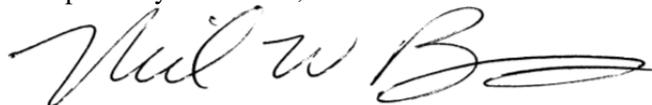
For a more in depth discussion of the financial condition of the Highland Local School District, please refer to the Management's Discussion and Analysis and the Notes to the Basic Financial Statements of the Comprehensive Annual Financial Report.

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 2018 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

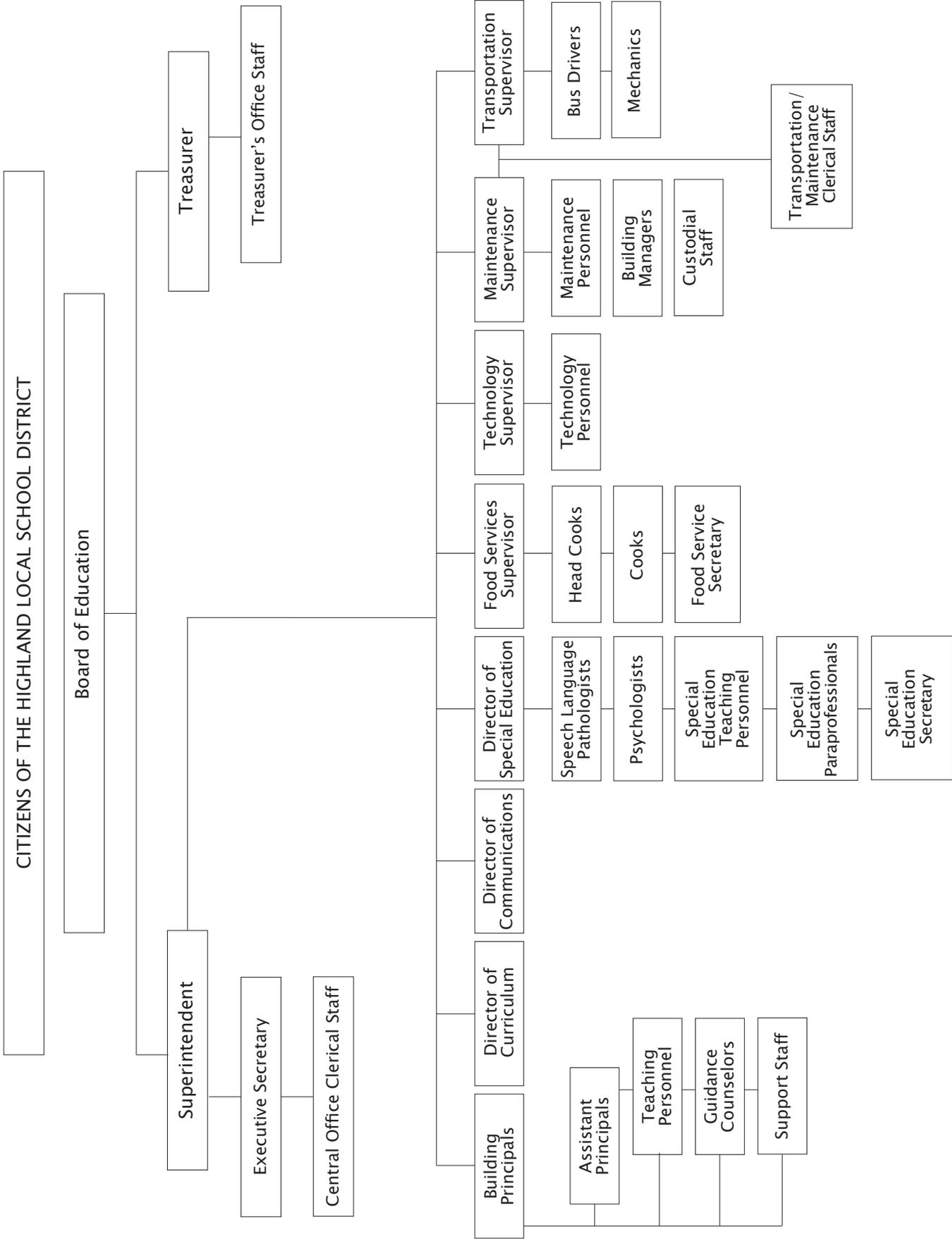
Highland Local School District
Public Officials Roster
For the Fiscal Year Ended June 30, 2018

Board of Education

Dr. Norman Christopher	Board Member, President
Robert Kelly	Board Member, Vice President
Mike Houska	Board Member
Diane Thomas	Board Member
Christopher Wolny	Board Member

Administration

Catherine Aukerman	Superintendent
Neil Barnes, CPA	Treasurer
Deborah Yorke	Director of Special Education
Laurie Boedicker	Director of Curriculum and Instruction
Dawn Marzano	Director of Communications
Carrie Knapp	Highland High School Principal
Paul Gerycz	Highland High School Assistant Principal
Dr. John Deuber	Highland High School Assistant Principal/Athletic Administrator
Rob Henry	Highland Middle School Principal
Michael James	Highland Middle School Assistant Principal
LeAnn Gausman	Granger Elementary School Principal
James Carpenter	Hinckley Elementary School Principal
Kathryn Kowza	Sharon Elementary School Principal
Evelyn Makarek	Food Services Supervisor
Roger Saffle	Technology Supervisor
Tod Davis	Maintenance Supervisor
Debbie Parker	Transportation Supervisor





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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

H



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, 2018, 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 such 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, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, 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

December 28, 2018

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Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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, 2018. 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 2018 are as follows:

- Net position of governmental activities increased \$21,916,693 representing a 119.1 percent increase from 2017.
- General revenues accounted for \$40,792,850 in revenue or 91.7 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 \$3,672,709 or 8.3 percent of total revenues of \$44,465,559.
- The School District had \$22,548,866 in expenses related to governmental activities. Of this amount, \$3,672,709 was offset by program specific revenues. General revenues of \$40,792,850 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 \$97,674,101, which is an increase of \$72,759,631 from the prior fiscal year.
- During the fiscal year, the School District issued general obligation bonds in the amount of \$63,000,000.
- The net pension and net other postemployment benefits (OPEB) liability combined decreased \$15,923,688 from 2017. This decrease is mainly due to better than expected investment returns by the public retirement systems.

Using this Annual Financial Report

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

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

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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 2018?" The statement of net position and the statement of activities are designed to answer this question. These statements include all non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial reports provide detailed information about the general fund, the debt service fund, and the building fund, which are considered major funds. Data from the other funds is combined into a single, aggregated presentation.

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. For the fiscal year ended June 30, 2018, the School District had an increase in net position of \$21,916,693.

Net investment in capital assets on the government-wide statements represents a large portion of the School District's net position for fiscal year 2018 amounting to \$7,602,037. Capital assets, which include land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures, and equipment, and vehicles, are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$11,780,293, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$10,116,860 or 85.88 percent is restricted for debt service payments; \$1,190,066 or 10.10 percent is restricted for capital projects; \$264,565 or 2.25 percent is restricted for food service; \$111,191 or 0.94 percent is restricted for extracurricular; \$8,703 or 0.07 percent is restricted for scholarships; and \$88,908 or 0.76 percent is restricted for other purposes. Restricted for other purposes for the School District are net positions restricted for special revenue funds which are used for educational services.

The remaining significant balance of government-wide unrestricted net position is a deficit of \$(15,865,487).

Table 1 provides a summary of the School District's net position for 2018 and 2017:

Highland Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Assets		
Current and other assets	\$ 123,673,147	\$ 50,992,557
Capital assets, net of depreciation	<u>42,607,877</u>	<u>43,299,769</u>
Total assets	<u>166,281,024</u>	<u>94,292,326</u>
Deferred outflows of resources		
Pension	12,775,731	10,725,460
OPEB	<u>523,675</u>	<u>79,557</u>
Total deferred outflows of resources	<u>13,299,406</u>	<u>10,805,017</u>
Liabilities		
Current and other liabilities	4,362,936	4,059,120
Long-term liabilities:		
Due within one year	4,368,722	2,201,593
Due in more than one year:		
Net pension liability	39,622,338	53,572,934
Net OPEB liability	9,004,939	10,978,031
Other amounts due in more than one year	<u>94,849,921</u>	<u>30,893,208</u>
Total liabilities	<u>152,208,856</u>	<u>101,704,886</u>
Deferred inflows of resources		
Property taxes	20,997,778	21,099,082
Pension	1,408,965	155,435
OPEB	1,009,729	-
Deferred charge on refunding	<u>438,259</u>	<u>537,790</u>
Total deferred inflows of resources	<u>23,854,731</u>	<u>21,792,307</u>
Net Position		
Net investment in capital assets	7,602,037	12,464,682
Restricted	11,780,293	5,066,140
Unrestricted	<u>(15,865,487)</u>	<u>(35,930,672)</u>
Total net position	<u>\$ 3,516,843</u>	<u>\$ (18,399,850)</u>

For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). Users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

The School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense equal to its proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$(7,501,376) to \$(18,399,850).

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$79,557 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,305,942.

In addition to the negative expense reported for OPEB, the School District is reporting a negative expense in the amount of \$11,957,734 for significant changes in the net pension liability for fiscal year 2018.

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

	<u>2018</u>	<u>2017</u>
Deferred outflows - pension	\$ 12,775,731	\$ 10,725,460
Deferred outflows - OPEB	523,675	79,557
Deferred inflows - pension	(1,408,965)	(155,435)
Deferred inflows - OPEB	(1,009,729)	-
Net pension liability	(39,622,338)	(53,572,934)
Net OPEB liability	<u>(9,004,939)</u>	<u>(10,978,031)</u>
Impact of GASB 68 and GASB 75 on net position	<u>\$ (37,746,565)</u>	<u>\$ (53,901,383)</u>

Table 2 shows change in net position for fiscal years 2018 and 2017.

Highland Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

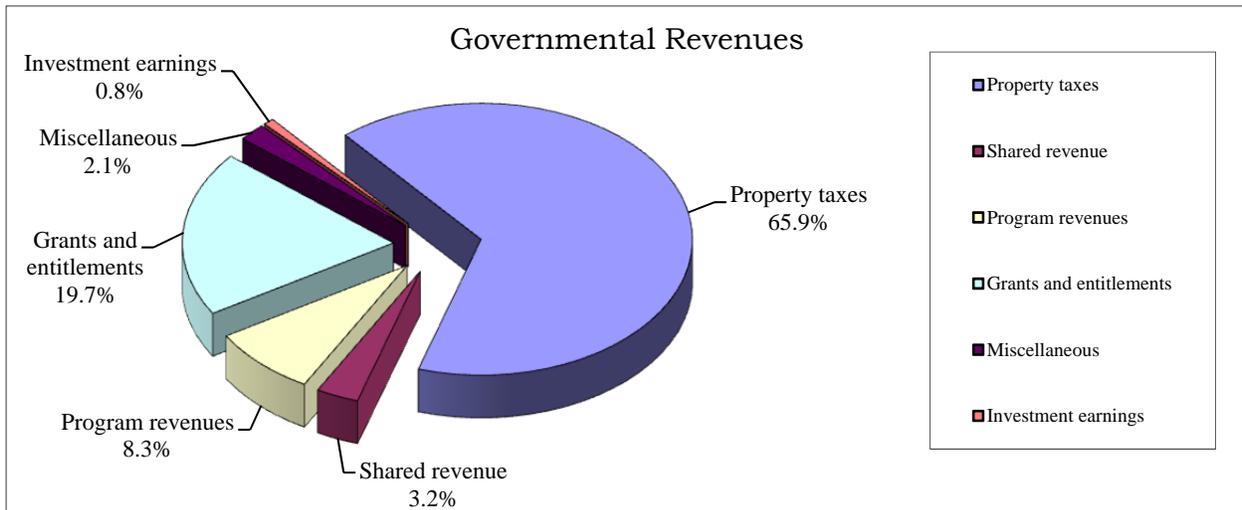
Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 2,354,442	\$ 2,462,121
Operating grants, contributions and interest	1,314,902	1,216,335
Capital grants, contributions and interest	3,365	1,210
General revenues:		
Property taxes	29,307,975	24,826,716
Shared revenue	1,451,160	1,480,978
Grants and entitlements	8,751,184	8,812,247
Investment earnings	748,826	335,398
Increase (decrease) in fair value of investments	(384,928)	(121,897)
Miscellaneous	918,633	404,771
Total revenues	<u>44,465,559</u>	<u>39,417,879</u>
<u>Program Expenses:</u>		
Instruction:		
Regular	5,285,569	15,870,373
Special	3,167,093	5,181,399
Vocational	23,368	37,571
Other	50,752	185,166
Support services:		
Pupils	1,182,426	2,118,044
Instructional staff	714,192	863,139
Board of education	25,098	26,775
Administration	1,274,496	2,283,744
Fiscal	892,117	938,096
Business	6,372	9,516
Operation and maintenance of plant	2,863,685	3,101,055
Pupil transportation	2,050,329	2,204,211
Central	228,324	276,541
Operation non-instructional services		
Food service operations	1,214,335	1,251,539
Community services	215,252	254,799
Extracurricular activities	1,600,041	2,104,804
Interest and fiscal charges	1,755,417	719,740
Total expenses	<u>22,548,866</u>	<u>37,426,512</u>
Increase in net position	21,916,693	1,991,367
Net position at beginning of year	(18,399,850)	(9,492,743)
Restatement	-	(10,898,474)
Net position at end of year	<u>\$ 3,516,843</u>	<u>\$ (18,399,850)</u>

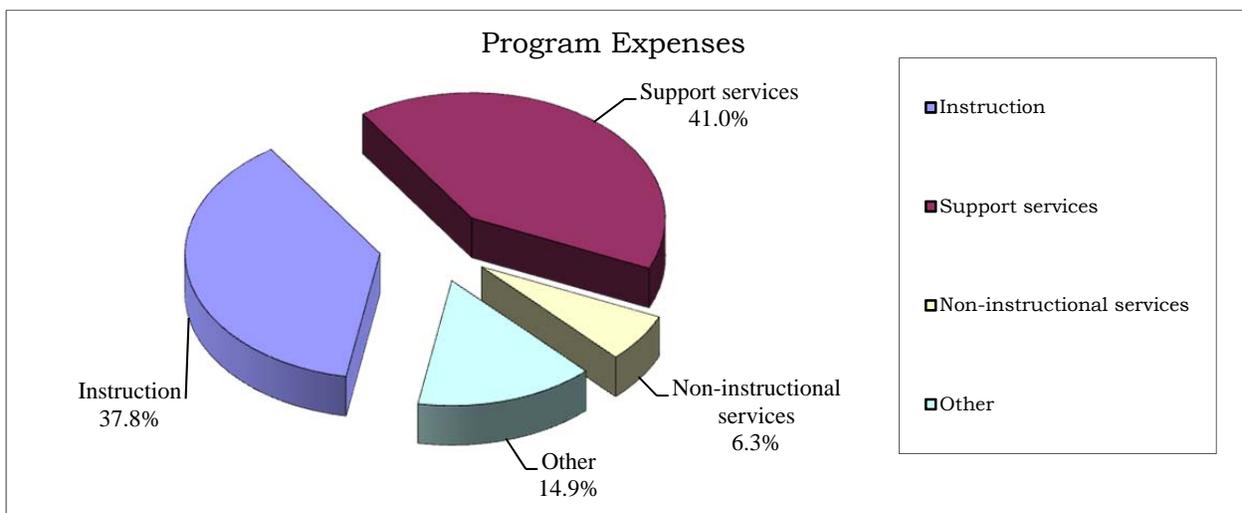
As mentioned above, there was a significant decrease in the net pension liability for fiscal year 2018. This along with the implementation of GASB 75 is the cause of the significant change in the program expenses from the prior year.

Highland Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018
 Unaudited

Governmental Activities - The School District has carefully planned for its financial future by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax collections. Property taxes made up 65.9 percent of revenues for governmental activities for the School District in fiscal year 2018. 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 37.8 percent of governmental program expenses. Instructional expenses were significantly impacted by the decrease in the net pension and net OPEB liabilities for the fiscal year. 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 41 percent. The remaining 21.2 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, 2018
Unaudited

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 \$118,982,492 and total expenditures were \$46,222,861. The total net change in fund balance across all governmental funds was an increase of \$72,759,631. The increase in fund balance was most significant in the building fund, amounting to \$63,149,136. This increase is due to the issuance of general obligation bonds for the construction of three new elementary schools and middle school renovations during the fiscal year.

The net change in the general fund was an increase of \$2,850,969 or 13.9 percent. This increase was due to the School District continuing to experience a period of budget surplus fueled by increased property tax revenues resulting from new construction growth. The net change in the debt service fund was an increase of \$7,045,658 or 208.5 percent. This increase was the result of, higher property tax revenues driven by a new bond levy passage in November 2017 as well as premiums generated in connection with general obligation bond issuances during the fiscal year. The net change in fund balance in the other governmental funds was a decrease of \$286,132 or 28.9 percent. This decrease in fund balance was primarily the result of increased capital expenditures most notably related to the purchase of new school buses during the fiscal year.

Table 3 shows fiscal year 2018 fund balances compared to fiscal year 2017.

**Table 3
Fund Balances**

	Fund Balance <u>June 30, 2018</u>	Fund Balance <u>June 30, 2017</u>	Increase/ (Decrease)	Percent <u>Change</u>
General	\$ 23,396,693	\$ 20,545,724	\$ 2,850,969	13.9%
Debt service	10,424,505	3,378,847	7,045,658	208.5%
Building	63,149,136	-	63,149,136	n/a
Other governmental	<u>703,767</u>	<u>989,899</u>	<u>(286,132)</u>	<u>(28.9%)</u>
Total	<u>\$ 97,674,101</u>	<u>\$ 24,914,470</u>	<u>\$ 72,759,631</u>	<u>292.0%</u>

General Fund

The School District's general fund balance increased \$2,850,969 during the fiscal year. The following table assists in illustrating the change in revenues of the general fund.

**Table 4
General Fund - Change in Revenue**

	<u>2018</u>	<u>2017</u>	Percent <u>Change</u>
Taxes	\$ 24,689,566	\$ 22,779,994	8.4%
Intergovernmental	8,525,902	8,594,343	(0.8%)
Interest	502,562	335,398	49.8%
Increase (decrease) in fair value of investments	(366,734)	(121,897)	200.9%
Tuition and fees	679,582	773,575	(12.2%)
Extracurricular activities	414,200	452,841	(8.5%)
Gifts and donations	4,411	3,999	10.3%
Rent	42,934	42,842	0.2%
Miscellaneous	<u>541,738</u>	<u>78,247</u>	592.3%
Total revenues	<u>\$ 35,034,161</u>	<u>\$ 32,939,342</u>	

Highland Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

General fund revenues increased \$2,094,819 or 6.4 percent. The main reason for the overall increase was the rise in property tax revenues resulting from the positive impact of the County triennial update of property tax values as required by law and new construction growth. It was also determined that a higher volume of taxpayers prepaid their full calendar year 2018 tax obligations in anticipation of federal income tax law changes.

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

Table 5
General Fund - Change in Expenditures by Type

<u>Expenditures</u>	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Instruction	\$ 19,898,998	\$ 18,259,522	9.0%
Support services	10,836,553	10,297,498	5.2%
Extracurricular activities	1,119,438	1,043,674	7.3%
Operation of non-instructional services	236,798	245,601	(3.6%)
Capital outlay	94,405	36,632	157.7%
Total	<u>\$ 32,186,192</u>	<u>\$ 29,882,927</u>	

General fund expenditures increased \$2,303,265 or 7.7 percent from the previous year. The overall rise in expenditures over the prior year is primarily attributable to increased compensation and benefit costs resulting from additional staffing requirements associated with increasing enrollment at the primary level.

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 2018, 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 \$33,687,171, which was higher than the original budget estimate of \$33,015,770. The \$671,401 difference is the result of significant increases in the taxes and intergovernmental revenue line items along with the refund of prior year property tax collection fees by the County Auditor. The actual revenues and other sources received were \$33,694,325, which was \$678,555 more than originally anticipated, but consistent with the final budget estimate.

For fiscal year 2018, the original and final expenditures and other financing uses estimates were \$33,067,618. Actual expenditures, including encumbrances and other financing uses, were under budget by \$124,569 or 0.38 percent. This immaterial favorable variance was not attributable to any one specific budget line item or event.

Highland Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018
 Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$42,607,877 invested in capital assets. Table 6 shows fiscal year 2018 balances compared to fiscal year 2017:

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

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land and construction in progress	\$ 1,376,930	\$ 1,395,737
Land improvements	6,600,264	6,935,185
Buildings and building improvements	30,293,890	31,563,304
Furniture, fixtures and equipment	2,548,354	2,515,446
Vehicles	<u>1,788,439</u>	<u>890,097</u>
Total capital assets	<u>\$ 42,607,877</u>	<u>\$ 43,299,769</u>

Significant additions to capital assets reported by the School District during the current year included the purchase of fifteen new school buses and a dump truck. Despite significant capital asset additions such as these, the School District reported a net decrease in the total carrying value of capital assets of \$691,892 after the recognition of \$2,102,132 in depreciation expense. See Note 9 to the basic financial statements for detail on the School District's capital assets.

Debt

At June 30, 2018, the School District had \$90,058,976 in bonds (including unamortized bond premium) outstanding with \$3,810,000 due within one year and \$7,430,688 in a lease-purchase agreement outstanding with \$356,240 due within one year. Table 7 summarizes the debt outstanding:

Table 7
Outstanding Debt, at Fiscal Year End
Governmental Activities

	<u>2018</u>	<u>2017</u>
School improvement bonds	\$ 68,573,577	\$ 1,573,416
School improvement bonds refunding bonds	21,485,399	22,081,643
Athletic complex lease-purchase agreement	<u>7,430,688</u>	<u>7,775,654</u>
Total	<u>\$ 97,489,664</u>	<u>\$ 31,430,713</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. During fiscal year 2016, the School District issued \$19,205,000 in general obligations bonds to current refund \$22,325,000 of outstanding general obligation bonds.

Highland Local School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

Unaudited

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

During fiscal year 2018, the School District issued \$63,000,000 in bonds, the proceeds of which are going to be used to finance the constructing, renovating, remodeling, furnishing, equipping, and otherwise improving three new elementary school buildings and the middle school.

At June 30, 2018, the School District's overall legal debt margin was \$3,008,699 with an unvoted debt margin of \$830,576. The School District is rated Aa2 by Moody's Investors Service. The School District has budgeted to meet all of its debt requirements, which are to be repaid from the debt service fund and the sales tax capital projects fund. See Note 13 to the basic financial statements for details on the School District's debt.

Current Issues Affecting Financial Condition

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

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, 2018

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and investments	\$ 34,464,566
Cash and cash equivalents:	
In segregated accounts	26,632
Investments in segregated accounts	60,521,843
Receivables:	
Taxes	26,762,624
Accounts	70,772
Intergovernmental	1,278,426
Accrued interest	343,300
Prepaid items	83,168
Inventory held for resale	13,921
Materials and supplies inventory	107,895
Capital assets:	
Land and construction in progress	1,376,930
Depreciable capital assets	72,728,383
Accumulated depreciation	(31,497,436)
Total capital assets	<u>42,607,877</u>
Total assets	<u>166,281,024</u>
 <u>Deferred outflows of resources:</u>	
Pension	12,775,731
OPEB	<u>523,675</u>
Total deferred outflows of resources	<u>13,299,406</u>
 <u>Liabilities:</u>	
Accounts payable	215,853
Contracts payable	16,859
Accrued wages	3,152,073
Intergovernmental payable	599,168
Accrued interest payable	378,983
Long-term liabilities:	
Due within one year	4,368,722
Due in more than one year:	
Net pension liability	39,622,338
Net OPEB liability	9,004,939
Other amounts due in more than one year	<u>94,849,921</u>
Total liabilities	<u>152,208,856</u>
 <u>Deferred inflows of resources:</u>	
Property taxes	20,997,778
Pension	1,408,965
OPEB	1,009,729
Deferred charge on refunding	<u>438,259</u>
Total deferred inflows of resources	<u>23,854,731</u>

(Continued)

Highland Local School District

Statement of Net Position

June 30, 2018

(Continued)

	<u>Governmental Activities</u>
<u>Net position:</u>	
Net investment in capital assets	7,602,037
Restricted for:	
Capital projects	1,190,066
Debt service	10,116,860
Food service	264,565
Extracurricular	111,191
Permanent fund purpose - scholarships	
Nonexpendable	8,703
Other purposes	88,908
Unrestricted	<u>(15,865,487)</u>
 Total net position	 <u>\$ 3,516,843</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities:					
Instruction:					
Regular	\$ 5,285,569	\$ 317,759	\$ 205,400	\$ -	\$ (4,762,410)
Special	3,167,093	133,989	651,707	-	(2,381,397)
Vocational	23,368	-	3,292	-	(20,076)
Other	50,752	-	-	-	(50,752)
Support services:					
Pupils	1,182,426	-	88,287	-	(1,094,139)
Instructional staff	714,192	-	30,585	-	(683,607)
Board of education	25,098	-	-	-	(25,098)
Administration	1,274,496	-	121,834	-	(1,152,662)
Fiscal	892,117	-	-	-	(892,117)
Business	6,372	-	-	-	(6,372)
Operation and maintenance of plant	2,863,685	44,172	-	3,365	(2,816,148)
Pupil transportation	2,050,329	-	-	-	(2,050,329)
Central	228,324	-	-	-	(228,324)
Operation of non-instructional services:					
Food service operations	1,214,335	951,375	208,388	-	(54,572)
Community services	215,252	244,308	-	-	29,056
Extracurricular activities	1,600,041	662,839	5,409	-	(931,793)
Interest and fiscal charges	1,755,417	-	-	-	(1,755,417)
Total governmental activities	\$ 22,548,866	\$ 2,354,442	\$ 1,314,902	\$ 3,365	(18,876,157)
General Revenues:					
Property taxes levied for:					
General purposes					24,660,093
Debt service					4,647,882
Shared revenue restricted for:					
Permanent improvement projects					1,451,160
Grants and entitlements not restricted to specific programs					8,751,184
Investment earnings					748,826
Decrease in fair value of investments					(384,928)
Miscellaneous					918,633
Total general revenues					40,792,850
Change in net position					21,916,693
Net position beginning of year, restated					(18,399,850)
Net position end of year					\$ 3,516,843

See accompanying notes to the basic financial statements.

Highland Local School District

Balance Sheet

Governmental Funds

June 30, 2018

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
<u>Current assets:</u>					
Equity in pooled cash and investments	\$ 21,457,993	\$ 9,301,521	\$ 2,428,605	\$ 1,276,447	\$ 34,464,566
Cash and cash equivalents:					
In segregated accounts	-	-	26,632	-	26,632
Investments in segregated accounts	-	-	60,521,843	-	60,521,843
Receivables:					
Taxes	21,826,926	4,935,698	-	-	26,762,624
Accounts	67,523	-	-	3,249	70,772
Intergovernmental	114,227	-	-	1,164,199	1,278,426
Interfund	16,500	-	-	-	16,500
Accrued interest	159,869	-	183,431	-	343,300
Inventory held for resale	-	-	-	13,921	13,921
Materials and supplies inventory	107,895	-	-	-	107,895
Prepaid items	74,535	-	-	8,633	83,168
Total current assets	<u>43,825,468</u>	<u>14,237,219</u>	<u>63,160,511</u>	<u>2,466,449</u>	<u>123,689,647</u>
<u>Noncurrent assets:</u>					
Advances to other funds	815,000	-	-	-	815,000
Total assets	<u>\$ 44,640,468</u>	<u>\$ 14,237,219</u>	<u>\$ 63,160,511</u>	<u>\$ 2,466,449</u>	<u>\$ 124,504,647</u>
<u>Liabilities:</u>					
<u>Current liabilities:</u>					
Accounts payable	\$ 201,632	\$ -	\$ 492	\$ 13,729	\$ 215,853
Contracts payable	-	-	10,883	5,976	16,859
Accrued wages	3,073,183	-	-	78,890	3,152,073
Interfund payable	-	-	-	16,500	16,500
Intergovernmental payable	577,426	-	-	21,742	599,168
Total current liabilities	<u>3,852,241</u>	<u>-</u>	<u>11,375</u>	<u>136,837</u>	<u>4,000,453</u>
<u>Noncurrent liabilities:</u>					
Advances from other funds	-	-	-	815,000	815,000
Total liabilities	<u>3,852,241</u>	<u>-</u>	<u>11,375</u>	<u>951,837</u>	<u>4,815,453</u>
<u>Deferred inflows of resources:</u>					
Property taxes	17,213,216	3,784,562	-	-	20,997,778
Unavailable revenue	48,254	-	-	810,845	859,099
Unavailable revenue - delinquent property taxes	130,064	28,152	-	-	158,216
Total deferred inflows of resources	<u>17,391,534</u>	<u>3,812,714</u>	<u>-</u>	<u>810,845</u>	<u>22,015,093</u>
<u>Fund balances:</u>					
Nonspendable	997,430	-	-	16,633	1,014,063
Restricted	-	10,424,505	63,149,136	774,682	74,348,323
Committed	11,000	-	-	-	11,000
Assigned	520,143	-	-	-	520,143
Unassigned	21,868,120	-	-	(87,548)	21,780,572
Total fund balances	<u>23,396,693</u>	<u>10,424,505</u>	<u>63,149,136</u>	<u>703,767</u>	<u>97,674,101</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,640,468</u>	<u>\$ 14,237,219</u>	<u>\$ 63,160,511</u>	<u>\$ 2,466,449</u>	<u>\$ 124,504,647</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, 2018

Total governmental fund balances		\$ 97,674,101
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.		42,607,877
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 158,216	
Intergovernmental receivables	810,845	
Tuition and fees	35,378	
Extracurricular	4,445	
Rent	4,408	
Miscellaneous	4,023	
Total	<u>1,017,315</u>	1,017,315
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 12,775,731	
Deferred inflows - pension	(1,408,965)	
Net pension liability	(39,622,338)	
Deferred outflows - OPEB	523,675	
Deferred inflows - OPEB	(1,009,729)	
Net OPEB liability	<u>(9,004,939)</u>	
Total		(37,746,565)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(378,983)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (81,860,000)	
Premium on bonds	(8,198,976)	
Unamortized cost of refunding	(438,259)	
Lease-purchase agreement	(7,430,688)	
Compensated absences	<u>(1,728,979)</u>	
Total		<u>(99,656,902)</u>
Net position of governmental activities		<u>\$ 3,516,843</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, 2018

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 24,689,566	\$ 4,635,468	\$ -	\$ -	\$ 29,325,034
Intergovernmental	8,525,902	301,755	-	2,682,897	11,510,554
Interest	502,562	-	246,264	4,977	753,803
Decrease in fair value of investments	(366,734)	-	(18,194)	-	(384,928)
Tuition and fees	679,582	-	-	-	679,582
Rent	42,934	-	-	-	42,934
Extracurricular activities	414,200	-	-	249,900	664,100
Gifts and donations	4,411	-	-	3,072	7,483
Charges for services	-	-	-	951,375	951,375
Miscellaneous	541,738	100,097	-	292,512	934,347
Total revenues	35,034,161	5,037,320	228,070	4,184,733	44,484,284
Expenditures:					
Current:					
Instruction:					
Regular	14,424,684	-	-	345,313	14,769,997
Special	5,268,424	-	-	499,927	5,768,351
Vocational	64,016	-	-	-	64,016
Other	141,874	-	-	-	141,874
Support services:					
Pupils	2,167,708	-	-	90,117	2,257,825
Instructional staff	743,264	-	-	31,499	774,763
Board of education	26,764	-	-	-	26,764
Administration	2,185,324	3,629	-	120,594	2,309,547
Fiscal	895,781	50,591	1,017	-	947,389
Business	6,038	-	-	-	6,038
Operation and maintenance of plant	2,634,827	-	-	50,546	2,685,373
Pupil transportation	1,927,485	-	-	1,650	1,929,135
Central	249,362	-	-	-	249,362
Operation of non-instructional services:					
Food service operations	-	-	-	1,180,680	1,180,680
Community services	236,798	-	-	-	236,798
Extracurricular activities	1,119,438	-	-	257,737	1,377,175
Capital outlay	94,405	-	77,917	1,318,310	1,490,632
Debt service:					
Principal retirement	-	7,565,000	-	344,966	7,909,966
Interest and fiscal charges	-	1,216,100	-	254,126	1,470,226
Bond issuance costs	-	626,950	-	-	626,950
Total expenditures	32,186,192	9,462,270	78,934	4,495,465	46,222,861
Excess of revenues over (under) expenditures	2,847,969	(4,424,950)	149,136	(310,732)	(1,738,577)
Other financing sources:					
Proceeds from sale of capital assets	3,000	-	-	24,600	27,600
Notes issued	-	-	5,900,000	-	5,900,000
General obligation bonds issued	-	5,900,000	57,100,000	-	63,000,000
Premium on bonds and notes issued	-	5,570,608	-	-	5,570,608
Total other financing sources	3,000	11,470,608	63,000,000	24,600	74,498,208
Net change in fund balances	2,850,969	7,045,658	63,149,136	(286,132)	72,759,631
Fund balances beginning of year	20,545,724	3,378,847	-	989,899	24,914,470
Fund balances end of year	\$ 23,396,693	\$ 10,424,505	\$ 63,149,136	\$ 703,767	\$ 97,674,101

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, 2018**

Net change in fund balances - total governmental funds	\$ 72,759,631
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital asset additions	\$ 1,490,632
Capital contributions	3,365
Depreciation expense	<u>(2,102,132)</u>
Excess of depreciation expense over capital asset additions and capital contributions	(608,135)
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.	
	(83,757)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:	
Property taxes	\$ (17,059)
Intergovernmental	(6,132)
Tuition and fees	(1,782)
Extracurricular activities	530
Rent	1,238
Miscellaneous	<u>1,115</u>
Net change in deferred inflows of resources during the year	(22,090)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
Pension	2,789,603
OPEB	101,539
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.	
Pension	11,957,734
OPEB	1,305,942
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.	
	7,909,966
Bonds and notes issued and related premium provide current financial resources and are reported as a financing source in the governmental funds but are not reported as such in the statement of net position.	
	(74,473,577)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Increase in compensated absences	\$ (64,891)
Decrease in deferred cost of refunding	99,531
Increase in accrued interest payable	<u>(259,463)</u>
Total additional expenditures	(224,823)
The amortization of issuance costs, bond premium and accretion is reflected as an expense in the statement of activities.	
Premium	\$ 596,244
Bond accretion	<u>(91,584)</u>
Total additional expenses	<u>504,660</u>
Change in position of governmental activities	<u>\$ 21,916,693</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 22,473,970	\$ 22,788,497	\$ 22,788,497	\$ -
Intergovernmental	8,480,000	8,516,308	8,551,381	35,073
Interest	399,000	399,000	409,687	10,687
Tuition and fees	517,500	550,600	539,223	(11,377)
Rent	50,000	50,000	39,580	(10,420)
Extracurricular activities	347,500	353,500	341,955	(11,545)
Gifts and donations	-	-	2,355	2,355
Miscellaneous	76,800	76,800	68,939	(7,861)
Total revenues	<u>32,344,770</u>	<u>32,734,705</u>	<u>32,741,617</u>	<u>6,912</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	14,503,908	14,417,888	14,370,313	47,575
Special	5,065,489	5,065,489	5,197,013	(131,524)
Vocational	62,645	60,470	58,479	1,991
Other	158,895	138,495	178,990	(40,495)
Support services:				
Pupils	2,158,886	2,180,853	2,179,991	862
Instructional staff	843,530	844,988	816,574	28,414
Board of education	34,700	30,828	27,487	3,341
Administration	2,248,862	2,243,346	2,211,554	31,792
Fiscal	927,192	916,343	908,341	8,002
Business	11,600	11,600	9,796	1,804
Operation and maintenance of plant	2,656,203	2,743,195	2,744,611	(1,416)
Pupil transportation	2,059,972	2,068,749	2,015,578	53,171
Central	268,841	275,737	255,337	20,400
Operation of non-instructional services	500	500	-	500
Extracurricular activities	1,086,395	1,096,962	1,052,485	44,477
Total expenditures	<u>32,087,618</u>	<u>32,095,443</u>	<u>32,026,549</u>	<u>68,894</u>
Excess of revenues over expenditures	<u>257,152</u>	<u>639,262</u>	<u>715,068</u>	<u>75,806</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	2,000	2,000	3,320	1,320
Refund of prior year expenditures	250,000	531,466	530,209	(1,257)
Advances in	419,000	419,000	419,179	179
Advances out	(950,000)	(950,000)	(916,500)	33,500
Transfers out	(30,000)	(22,175)	-	22,175
Total other financing sources (uses)	<u>(309,000)</u>	<u>(19,709)</u>	<u>36,208</u>	<u>55,917</u>
Net change in fund balance	(51,848)	619,553	751,276	131,723
Fund balance at beginning of year	20,082,342	20,082,342	20,082,342	-
Prior year encumbrances appropriated	311,830	311,830	311,830	-
Fund balance at end of year	<u>\$ 20,342,324</u>	<u>\$ 21,013,725</u>	<u>\$ 21,145,448</u>	<u>\$ 131,723</u>

See accompanying notes to the basic financial statements.

Highland Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	
	Endowment	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 45,453	\$ 106,560
Accounts receivable	-	2,210
Total assets	<u>45,453</u>	<u>\$ 108,770</u>
<u>Liabilities:</u>		
Accounts payable	\$ 1,600	\$ 12,625
Due to students	-	96,145
Total liabilities	<u>1,600</u>	<u>\$ 108,770</u>
<u>Net position:</u>		
Held in trust for scholarships	<u>43,853</u>	
Total net position	<u>\$ 43,853</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, 2018

	Private Purpose Trust
	<u>Endowment</u>
<u>Additions:</u>	
Interest	\$ 562
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>4,200</u>
Change in net position	(3,638)
Net position beginning of year	<u>47,491</u>
Net position end of year	<u>\$ 43,853</u>

See accompanying notes to the basic financial statements.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 seven instructional/support facilities staffed by 166 non-certificated employees, 207 certificated teaching and support personnel, and 17 administrators that provide services to 3,300 students and other community members.

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

B. Reporting Entity

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

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

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2018.

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 deferred outflows of resources and liabilities and deferred inflows of resources 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, 2018

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 capital projects fund is used to account for all receipts and expenditures related to the construction and renovation of new school buildings.

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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, 2018

Revenue - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, deferred charge on refunding, and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance the fiscal year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and County levied sales tax. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 11 and 12).

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the bonds outstanding method and is presented as deferred inflows of resources on the statement of net position.

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 original budgeted revenues in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted revenues in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2018. The amounts reported as original budgeted expenditures 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 final budgeted expenditures 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, 2018

G. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or used to purchase investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and investments".

Some of the School District's monies for the building capital projects fund are held separate from the School District's central bank account and are presented on the statement of net position as "Cash and cash equivalents in segregated accounts" and "Investments in segregated accounts".

During the fiscal year, investments were limited to certificates of deposit, instruments of government sponsored mortgage-backed securities, commercial paper, U.S. treasury notes and an interest in STAR Ohio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value).

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 5.

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, 2018, 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.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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, transportation supplies, and fuel. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

K. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues required to be set aside by the School District for the acquisition or construction of capital improvements.

Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 16 for additional information.

L. Pension and other postemployment benefits (OPEB)

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

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

M. Capital Assets

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

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 acquisition 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	8 - 20 years

N. Compensated Absences

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

P. Net Position

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

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

Q. Interfund Transactions

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

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

R. 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.

S. Fund Balance

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

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

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

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

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

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.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

For fiscal year 2018, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions.” GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net position June 30, 2017	(\$7,501,376)
Adjustments:	
Net OPEB liability	(10,978,031)
Deferred outflow - payments subsequent to measurement date	<u>79,557</u>
Restated net position June 30, 2017	<u><u>(\$18,399,850)</u></u>

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

NOTE 3 – FUND BALANCES

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

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fund Balances	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Materials and					
supplies inventory	\$ 107,895	\$ -	\$ -	\$ -	\$ 107,895
Prepays	74,535	-	-	8,633	83,168
Long-term advances	815,000	-	-	-	815,000
Permanent fund principal	-	-	-	8,000	8,000
Total nonspendable	<u>997,430</u>	<u>-</u>	<u>-</u>	<u>16,633</u>	<u>1,014,063</u>
<u>Restricted for</u>					
Food service	-	-	-	289,198	289,198
Athletics and music	-	-	-	95,293	95,293
Auxiliary services	-	-	-	16,308	16,308
Local grants	-	-	-	737	737
Special education	-	-	-	10,489	10,489
Scholarships and awards	-	-	-	14,942	14,942
Capital improvements	-	-	63,149,136	347,715	63,496,851
Debt service payments	-	10,424,505	-	-	10,424,505
Total restricted	<u>-</u>	<u>10,424,505</u>	<u>63,149,136</u>	<u>774,682</u>	<u>74,348,323</u>
<u>Committed</u>					
Underground storage tanks	11,000	-	-	-	11,000
<u>Assigned</u>					
Uniform school supplies	18,565	-	-	-	18,565
Public school support	61,457	-	-	-	61,457
Latchkey and					
community education	237,677	-	-	-	237,677
Supplies	25,640	-	-	-	25,640
Special education services	47,688	-	-	-	47,688
Preschool	10,274	-	-	-	10,274
Custodial and utility services	21,694	-	-	-	21,694
Bus garage equipment and parts	12,087	-	-	-	12,087
Legal fees	13,103	-	-	-	13,103
Miscellaneous services	71,958	-	-	-	71,958
Total assigned	<u>520,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,143</u>
Unassigned	21,868,120	-	-	(87,548)	21,780,572
Total fund balances	<u>\$ 23,396,693</u>	<u>\$ 10,424,505</u>	<u>\$ 63,149,136</u>	<u>\$ 703,767</u>	<u>\$ 97,674,101</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ 2,850,969
Net adjustment for revenue accruals	(1,397,097)
Advances in	419,179
Net adjustment for expenditure accruals	151,938
Advances out	(916,500)
Encumbrances (Budget basis) outstanding at year-end	(351,709)
Perspective differences from funds budgeted as special revenue funds:	
Revenues	(364,918)
Expenditures	359,414
Budget basis	<u>\$ 751,276</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Highland Local School District

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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 will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, the carrying amount of the School District's deposits was \$3,581,171, and \$350,705 of the School District's total bank balance of \$3,712,827 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of June 30, 2018, the School District had the following investments and maturities:

Highland Local School District
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Investment Type	Fair Value	Percentage of Investments	Investment Maturities (in years)		
			< 1 year	< 2 years	3-5 years
Federal Home Loan Mortgage Corporation Bonds	\$ 5,509,355	6.02%	\$ 791,624	\$ 307,077	\$ 4,410,654
Federal Home Loan Bank Bonds	3,172,642	3.46%	-	-	3,172,642
Federal Farm Credit Bank Bonds	2,522,111	2.75%	-	-	2,522,111
Federal National Mortgage Association Bonds	1,562,910	1.71%	1,291,251	-	271,659
Commercial paper	10,998,503	12.01%	10,998,503	-	-
Negotiable certificates of deposit	5,312,925	5.80%	197,898	1,472,785	3,642,242
First American government obligation	117,806	0.13%	117,806	-	-
STAR Ohio	1,839,156	2.01%	1,839,156	-	-
Investments recorded in building fund:					
Federal Home Loan Mortgage Corporation Bonds	1,931,893	2.11%	-	1,931,893	-
Federal Home Loan Bank Bonds	1,238,938	1.35%	1,238,938	-	-
Commercial paper	26,582,126	29.02%	26,582,126	-	-
U.S. Treasury notes	29,112,810	31.79%	29,112,810	-	-
First American government obligation	26,632	0.03%	26,632	-	-
STAR Ohio	1,656,076	1.81%	1,656,076	-	-
Total investments recorded in building fund	60,548,475	66.11%	58,616,582	1,931,893	-
Total investments	<u>\$ 91,583,883</u>	<u>100.00%</u>	<u>\$ 73,852,820</u>	<u>\$ 3,711,755</u>	<u>\$ 14,019,308</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the School District's recurring fair value measurement as of June 30, 2018. As previously discussed Star Ohio is reported at its net asset value.

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 investments in Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA) and commercial paper are held by the counterparty's trust department or agent and not in the School District's name. All of the School District's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 and the First American Government Obligation an AAAm rating, the FHLMC, FHLB, FFCB and FNMA bonds an AA+ rating, the U.S. Treasury notes have a A-1+ and commercial paper an A-1 rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

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 FHLMC bonds, commercial paper, and U.S. Treasury notes. These investments are presented in the table on the previous page. The investment in STAR Ohio is a pooled investment and not of a single issuer. The School District's policy does not specify stricter limits than allowed by law.

All interest is legally required to be placed in the general fund, the food service and auxiliary services special revenue funds, the building capital projects fund and the Scholarships private purpose trust fund. Interest revenue and the increase in fair value of investments credited to the general fund during fiscal year 2018 amounted to \$135,828, which includes \$31,381 assigned from other School District funds.

NOTE 6 - PROPERTY TAX

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

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 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, 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 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 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.

Highland Local School District

Notes to the Basic Financial Statements
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Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2018 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 \$4,483,646 in the general fund and \$1,122,984 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 \$830,575,990 upon which the current fiscal year taxes were collected are:

2017 <u>Property Category</u>	<u>Medina</u> <u>County</u>	<u>Summit</u> <u>County</u>
<u>Real Property</u>		
Residential and agricultural	\$ 747,571,950	\$ 7,677,570
Commercial, industrial and minerals	60,191,990	-
<u>Tangible Personal Property</u>		
Public utilities	14,942,220	192,260
Total	<u>\$ 822,706,160</u>	<u>\$ 7,869,830</u>

NOTE 7 – SHARED SALES TAX REVENUE

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

NOTE 8 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts, 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:

Highland Local School District
Notes to the Basic Financial Statements
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<u>Governmental Activities</u>	<u>Amounts</u>
General:	
School foundation adjustments	\$ 13,192
Workers' compensation refund	58,314
Miscellaneous reimbursements	169
Tuition and fees	<u>42,552</u>
Total general	<u>114,227</u>
Other governmental funds:	
Sales tax	1,081,968
Workers' compensation refund	1,114
Grants	<u>81,117</u>
Total governmental funds	<u>1,164,199</u>
Total	<u>\$ 1,278,426</u>

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Governmental Activities</u>				
Nondepreciable capital assets				
Land	\$ 1,299,013	\$ -	\$ -	\$ 1,299,013
Construction in progress	<u>96,724</u>	<u>86,893</u>	<u>(105,700)</u>	<u>77,917</u>
Total nondepreciable capital assets	<u>1,395,737</u>	<u>86,893</u>	<u>(105,700)</u>	<u>1,376,930</u>
Depreciable capital assets				
Land improvements, depreciated	8,805,530	34,185	-	8,839,715
Buildings and building improvements	55,334,310	-	-	55,334,310
Furniture, fixtures, and equipment	4,991,946	268,850	(290,400)	4,970,396
Vehicles	<u>3,093,375</u>	<u>1,209,769</u>	<u>(719,182)</u>	<u>3,583,962</u>
Total depreciable capital assets	<u>72,225,161</u>	<u>1,512,804</u>	<u>(1,009,582)</u>	<u>72,728,383</u>
Less accumulated depreciation:				
Land improvements	(1,870,345)	(369,106)	-	(2,239,451)
Buildings and building improvements	(23,771,006)	(1,269,414)	-	(25,040,420)
Furniture, fixtures, and equipment	(2,476,500)	(224,837)	279,295	(2,422,042)
Vehicles	<u>(2,203,278)</u>	<u>(238,775)</u>	<u>646,530</u>	<u>(1,795,523)</u>
Total accumulated depreciation	<u>(30,321,129)</u>	<u>(2,102,132)</u>	<u>925,825</u>	<u>(31,497,436)</u>
Depreciable capital assets, net				
Governmental activities	<u>41,904,032</u>	<u>(589,328)</u>	<u>(83,757)</u>	<u>41,230,947</u>
Capital assets, net	<u>\$ 43,299,769</u>	<u>\$ (502,435)</u>	<u>\$ (189,457)</u>	<u>\$ 42,607,877</u>

Highland Local School District

Notes to the Basic Financial Statements
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During fiscal year 2018, some assets previously reported in furniture, fixtures and equipment have been reclassified as land improvements.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 481,999
Special	19,452
Vocational	3,415
Support services:	
Pupils	48,633
Instructional staff	38,823
Administration	21,603
Fiscal	3,572
Business	334
Operation and maintenance of plant	409,539
Pupil transportation	237,305
Central	1,707
Food service operations	92,708
Extracurricular activities	<u>743,042</u>
Total depreciation expense	<u>\$ 2,102,132</u>

NOTE 10 - RISK MANAGEMENT

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

A. School Employees Retirement System

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

Highland Local School District

Notes to the Basic Financial Statements
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Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$639,671 for fiscal year 2018. Of this amount \$62,593 is reported as an intergovernmental payable.

B. State Teachers Retirement System of Ohio

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

Highland Local School District

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

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The School District's contractually required contribution to STRS was \$2,149,932 for fiscal year 2018. Of this amount \$371,746 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.140683%	0.1292870%	
Proportion of the net pension liability - current measurement date	<u>0.143253%</u>	<u>0.1307642%</u>	
Change in proportionate share	<u>0.002570%</u>	<u>0.001477%</u>	
Proportionate share of the net pension liability	\$8,559,020	\$31,063,318	\$39,622,338
Pension expense	(\$366,035)	(\$11,591,699)	(\$11,957,734)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 368,351	\$ 1,199,520	\$ 1,567,871
Changes of assumptions	442,593	6,793,889	7,236,482
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	115,601	1,066,174	1,181,775
School District contributions subsequent to the measurement date	<u>639,671</u>	<u>2,149,932</u>	<u>2,789,603</u>
Total deferred outflows of resources	<u>\$ 1,566,216</u>	<u>\$ 11,209,515</u>	<u>\$ 12,775,731</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 40,628	\$ 1,025,126	\$ 1,065,754
Net difference between expected and actual experience	-	250,358	250,358
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>92,853</u>	<u>-</u>	<u>92,853</u>
Total deferred inflows of resources	<u>\$ 133,481</u>	<u>\$ 1,275,484</u>	<u>\$ 1,408,965</u>

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\$2,789,603 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ 310,881	\$ 1,774,230	\$ 2,085,111
2020	521,165	3,168,753	3,689,918
2021	160,547	2,211,768	2,372,315
2022	(199,529)	629,348	429,819
Total	<u>\$ 793,064</u>	<u>\$ 7,784,099</u>	<u>\$ 8,577,163</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an experience study that was completed June 30, 2015. The cost of living adjustment was changed from a fixed 3 percent annual increase in the prior measurement date to a cost of living adjustment based on the change in the Consumer Price Index (CPI-W) not greater than 2.5 percent with a floor of zero percent beginning January 1, 2018. In addition, the Board has enacted a three year COLA suspension for benefit recipients in calendar years 2018, 2019, and 2020.

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Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

Asset class	Target allocation	Long term expected real rate of return
Cash	1.00 %	0.50 %
US stocks	22.50	4.75
Non-US stocks	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Current discount rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
School District's proportionate share of the net pension liability	\$ 11,877,696	\$8,559,020	\$5,778,953

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Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	2.50 percent at age 65 to 12.50 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0 percent, effective July 1, 2017

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016, (f) post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016, (g) pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current discount rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 44,528,210	\$31,063,318	\$19,721,166

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, 2018, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 12 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$77,848.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$101,539 for fiscal year 2018. Of this amount \$80,165 is reported as an intergovernmental payable.

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability - prior measurement date	0.142568%	0.1292870%	
Proportion of the net OPEB liability - current measurement date	<u>0.145432%</u>	<u>0.1307642%</u>	
Change in proportionate share	<u>0.002864%</u>	<u>0.001477%</u>	
Proportionate share of the net OPEB liability	\$3,903,002	\$5,101,937	\$9,004,939
OPEB expense	\$239,607	(\$1,545,549)	(\$1,305,942)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 294,515	\$ 294,515
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	59,907	67,714	127,621
School District contributions subsequent to the measurement date	<u>101,539</u>	<u>-</u>	<u>101,539</u>
Total deferred outflows of resources	<u>\$ 161,446</u>	<u>\$ 362,229</u>	<u>\$ 523,675</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 10,307	\$ 218,069	\$ 228,376
Changes of assumptions	<u>370,375</u>	<u>410,978</u>	<u>781,353</u>
Total deferred inflows of resources	<u>\$ 380,682</u>	<u>\$ 629,047</u>	<u>\$ 1,009,729</u>

\$101,539 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (115,066)	\$ (62,642)	\$ (177,708)
2020	(115,066)	(62,642)	(177,708)
2021	(88,067)	(62,642)	(150,709)
2022	(2,576)	(62,643)	(65,219)
2023	-	(8,125)	(8,125)
Thereafter	<u>-</u>	<u>(8,124)</u>	<u>(8,124)</u>
Total	<u>\$ (320,775)</u>	<u>\$ (266,818)</u>	<u>\$ (587,593)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption	
Measurement date	5.50 to 5.00 percent
Prior measurement date	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Cash	1.00 %	0.50 %
US stocks	22.50	4.75
Non-US stocks	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	<u>10.00</u>	3.00
Total	<u>100.00</u> %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease <u>(2.63%)</u>	Current discount rate <u>(3.63%)</u>	1% Increase <u>(4.63%)</u>
School District's proportionate share of the net OPEB liability	\$ 4,713,372	\$3,903,002	\$3,260,982

	1% Decrease (6.5% decreasing <u>to 4.0%</u>)	Current trend rate (7.5% decreasing <u>to 5.0%</u>)	1% Increase (8.5% decreasing <u>to 6.0%</u>)
School District's proportionate share of the net OPEB liability	\$ 3,166,994	\$3,903,002	\$4,877,122

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	2.50 percent at age 65 to 12.50 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicated that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u> <u>(3.13%)</u>	<u>Current</u> <u>discount rate</u> <u>(4.13%)</u>	<u>1% Increase</u> <u>(5.13%)</u>
School District's proportionate share of the net OPEB liability	\$ 6,849,268	\$5,101,937	\$3,720,974

	<u>1% Decrease</u>	<u>Current</u> <u>trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 3,544,607	\$5,101,937	\$7,151,565

NOTE 13 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

<u>Governmental activities</u>	<u>Restated Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>	<u>Due within one year</u>
<u>General obligation bonds</u>					
School Improvement Bonds					
maturing December 1, 2026					
Capital appreciation bonds	\$ 440,000	\$ -	\$ (440,000)	\$ -	\$ -
Accretion on bonds	1,133,416	91,584	(1,225,000)	-	-
School Improvement Refunding					
Bonds, maturing December 1, 2026					
Serial bonds	18,860,000	-	-	18,860,000	1,650,000
Premium on bonds	3,221,643	-	(596,244)	2,625,399	-
School Improvement Bonds, maturing December 1, 2054					
Serial and term bonds	-	57,100,000	-	57,100,000	2,110,000
Premium on bonds	-	5,573,577	-	5,573,577	-
School Improvement Bonds, maturing December 1, 2043					
Serial and term bonds	-	5,900,000	-	5,900,000	50,000
Total general obligation bonds	<u>23,655,059</u>	<u>68,665,161</u>	<u>(2,261,244)</u>	<u>90,058,976</u>	<u>3,810,000</u>
School Improvement Notes, matured June 26, 2018	<u>-</u>	<u>5,900,000</u>	<u>(5,900,000)</u>	<u>-</u>	<u>-</u>
<u>Other Obligations</u>					
Athletic complex lease-purchase agreement					
	7,775,654	-	(344,966)	7,430,688	356,240
Compensated absences	<u>1,664,088</u>	<u>249,104</u>	<u>(184,213)</u>	<u>1,728,979</u>	<u>202,482</u>
Total other obligations	<u>9,439,742</u>	<u>249,104</u>	<u>(529,179)</u>	<u>9,159,667</u>	<u>558,722</u>
<u>Net pension liability</u>					
STRS	43,276,266	-	(12,212,948)	31,063,318	-
SERS	<u>10,296,668</u>	<u>-</u>	<u>(1,737,648)</u>	<u>8,559,020</u>	<u>-</u>
Total net pension liability	<u>53,572,934</u>	<u>-</u>	<u>(13,950,596)</u>	<u>39,622,338</u>	<u>-</u>
<u>Net OPEB liability</u>					
STRS	6,914,304	-	(1,812,367)	5,101,937	-
SERS	<u>4,063,727</u>	<u>-</u>	<u>(160,725)</u>	<u>3,903,002</u>	<u>-</u>
Total net OPEB liability	<u>10,978,031</u>	<u>-</u>	<u>(1,973,092)</u>	<u>9,004,939</u>	<u>-</u>
Governmental activities long- term liabilities	<u>\$ 97,645,766</u>	<u>\$ 74,814,265</u>	<u>\$ (24,614,111)</u>	<u>\$ 147,845,920</u>	<u>\$ 4,368,722</u>

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 \$91,584 which represents the accretion of discounted interest.

On March 8, 2016, the School District issued \$19,205,000 in General Obligation Bonds with interest rates ranging from 2% to 5% to current refund \$22,325,000 of outstanding School Improvement Bonds with an average interest rate of 4.25%. The bond proceeds consisted of bond principal and \$3,817,887 of premium. The net proceeds of \$18,994,692 (after payment of \$210,308 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 redeemed and the liability has been removed. As of June 1, 2016, all of the old bonds have been called and redeemed. The new bonds are serial bonds.

The School District current refunded the School Improvement Bonds to reduce their total debt service payments over the next 11 years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,609,699.

In December 2017, the School District issued a school construction and improvement bond anticipation note in the amount of \$5,900,000 for a building project. The note carried at 2.5% interest rate and was due on June 28, 2018.

In April 2018, the School District issued \$57,100,000 in School Improvement Bonds with interest rates ranging from 3% to 5.25%. 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, furnishing, and equipping new elementary schools, renovating, remodeling, reconstructing, adding to, furnishing, equipping, and otherwise improving school facilities and their sites, including the middle school. 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.

Highland Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

In May 2018, the School District issued \$5,900,000 in School Improvement Bonds with interest rates ranging from 2% to 4.25%. 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, furnishing, and equipping new elementary schools, renovating, remodeling, reconstructing, adding to, furnishing, equipping, and otherwise improving school facilities and their sites, including the middle school. 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.

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 and private donations received by the School District. The final payment under the agreement is due June 5, 2034.

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

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

There is not repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to amortize all bonds and the lease-purchase agreement outstanding at June 30, 2018 are as follows:

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fiscal Year	School Improvement Bonds			Athletic Complex Lease-Purchase Agreement		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 3,810,000	\$ 3,967,193	\$ 7,777,193	\$ 356,240	\$ 242,851	\$ 599,091
2020	1,795,000	3,869,598	5,664,598	367,884	231,207	599,091
2021	1,950,000	3,787,210	5,737,210	379,909	219,183	599,092
2022	2,100,000	3,688,646	5,788,646	392,325	206,767	599,092
2023	2,215,000	3,582,996	5,797,996	405,148	193,943	599,091
2024-2028	11,550,000	16,043,331	27,593,331	2,233,242	762,213	2,995,455
2029-2033	3,955,000	14,351,384	18,306,384	2,622,857	372,601	2,995,458
2034-2038	6,735,000	13,048,483	19,783,483	673,083	25,100	698,183
2039-2043	10,180,000	10,948,482	21,128,482	-	-	-
2044-2048	12,955,000	8,210,346	21,165,346	-	-	-
2049-2053	16,660,000	4,364,327	21,024,327	-	-	-
2054-2055	<u>7,955,000</u>	<u>423,019</u>	<u>8,378,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 81,860,000</u>	<u>\$ 86,285,015</u>	<u>\$ 168,145,015</u>	<u>\$ 7,430,688</u>	<u>\$ 2,253,865</u>	<u>\$ 9,684,553</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Connect is a jointly governed organization comprised of twenty-four member school districts, three educational service centers and the Ohio Schools Council. 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. Connect is governed by a four member Board of Directors consisting of the Superintendent of the Educational Service Center of Cuyahoga County, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County and the Executive Director of the Ohio Schools Council. Each participating entity's contribution to Connect is dependent upon student enrollment and/or software packages and services utilized. Financial information for Connect can be obtained by contacting the Treasurer at the Educational Service Center of Cuyahoga County, which serves as fiscal agent. During fiscal year 2018, the School District contributed \$79,149 to Connect.

The Ohio Schools Council (Council) is a jointly governed organization among 210 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-three 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 2018, the School District paid the Council \$72,757 for natural gas purchases, and \$1,525 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council, at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 15 - CONTINGENCIES

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, 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, 2018.

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not yet finalized the impact of enrollment adjustments to the June 30, 2018 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

NOTE 16 - STATUTORY RESERVES

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

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

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

Highland Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2017	\$ -
Current year set-aside requirement	563,908
Current year offset	(1,665,000)
Qualifying disbursements	<u>(598,601)</u>
Total	<u>\$ (1,699,693)</u>
Balance carried forward to future years	<u><u>\$ -</u></u>

NOTE 17 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 16,500
Advances from general fund to:	
Nonmajor governmental funds	<u>815,000</u>
Total interfund receivable/payable	<u><u>\$ 831,500</u></u>

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, 2018, the \$16,500 interfund loan outstanding is anticipated to be repaid in fiscal year 2019. The \$815,000 interfund loan outstanding is classified as long-term and is anticipated to be repaid in installments over the next three years.

NOTE 18 – ENCUMBRANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District had outstanding encumbrances at June 30, 2018 in the following funds:

General fund	\$ 356,154
Building fund	6,570,563
Other governmental funds	<u>83,158</u>
Total encumbrances at year end	<u><u>\$ 7,009,875</u></u>

The building fund has significant contractual commitments for design and property services for the new elementary schools.

NOTE 19 – ACCOUNTABILITY

As of June 30, 2018, one fund had a deficit fund balance. This deficit was caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following fund had a deficit balance:

	<u>Amount</u>
<u>Nonmajor capital projects fund:</u>	
Sales tax	\$ 87,548

NOTE 20 – TAX ABATEMENTS

Pursuant to Ohio Revised Code (ORC) Section 3735, Medina County established a Community Reinvestment Area (CRA) program. The CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRAs are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for the renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The total value of the School District's share of taxes abated for fiscal year 2018 was \$182,593.

Pursuant to ORC Section 5709.82, Medina County and the School District have entered into various Community Reinvestment Area Compensation Agreements. These agreements require compensation to the School District for a specified portion of the property tax revenues forgone as a result of the tax incentives granted. Compensation agreement payments are made directly to the School District by the taxpayer(s) receiving the tax benefit. The School District received a total of \$32,200 in compensation agreement payments during fiscal year 2018.

NOTE 21 – SUBSEQUENT EVENT

In November 2018, the School District purchased a 90 acre parcel of land for \$1,000,000 for the future site of a new elementary school.

Required Supplementary Information

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.143253%	0.140683%	0.143087%	0.145133%
School District's proportionate share of the net pension liability	\$ 8,559,020	\$ 10,296,668	\$ 8,164,694	\$ 7,345,098
School District's covered employee payroll	\$ 4,603,907	\$ 4,380,143	\$ 4,304,165	\$ 4,209,805
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	185.91%	235.08%	189.69%	174.48%
Plan fiduciary net position as a percentage of total pension liability	69.50%	62.98%	69.16%	71.70%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net pension liability	0.1307642%	0.1292870%	0.1268107%	0.1237479%
School District's proportionate share of the net pension liability	\$ 31,063,318	\$ 43,276,266	\$ 35,046,760	\$ 30,099,779
School District's covered employee payroll	\$ 14,676,979	\$ 13,858,886	\$ 13,517,443	\$ 12,897,423
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	211.65%	312.26%	259.27%	233.38%
Plan fiduciary net position as a percentage of total pension liability	75.30%	66.80%	72.10%	74.70%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.
The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2013

0.145133%

\$ 8,630,594

\$ 4,093,569

210.83%

65.52%

2013

0.1237479%

\$ 35,854,660

\$ 12,543,962

285.83%

69.30%

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

	2018	2017	2016	2015
School Employees Retirement System (SERS) of Ohio				
Contractually required contribution	\$ 639,671	\$ 644,547	\$ 613,220	\$ 567,289
Contributions in relation to contractually required contribution	(639,671)	(644,547)	(613,220)	(567,289)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 4,738,304	\$ 4,603,907	\$ 4,380,143	\$ 4,304,165
Contributions as a percentage of covered employee payroll	13.50%	14.00%	14.00%	13.18%

	2018	2017	2016	2015
State Teachers Retirement System (STRS) of Ohio				
Contractually required contribution	\$ 2,149,932	\$ 2,054,777	\$ 1,940,244	\$ 1,892,442
Contributions in relation to contractually required contribution	(2,149,932)	(2,054,777)	(1,940,244)	(1,892,442)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 15,356,657	\$ 14,676,979	\$ 13,858,886	\$ 13,517,443
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

<u>2014</u>	<u>2013</u>
\$ 583,479	\$ 566,550
<u>(583,479)</u>	<u>(566,550)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 4,209,805	\$ 4,093,569
13.86%	13.84%

<u>2014</u>	<u>2013</u>
\$ 1,676,665	\$ 1,630,715
<u>(1,676,665)</u>	<u>(1,630,715)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 12,897,423	\$ 12,543,962
13.00%	13.00%

H

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

	<u>2017</u>	<u>2016</u>
School Employees Retirement System (SERS) of Ohio		
School District's proportion of the net OPEB liability	0.145432%	0.142568%
School District's proportionate share of the net OPEB liability	\$ 3,903,002	\$ 4,063,727
School District's covered employee payroll	\$ 4,603,907	\$ 4,380,143
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	84.78%	92.78%
Plan fiduciary net position as a percentage of total OPEB liability	12.46%	11.49%

	<u>2017</u>	<u>2016</u>
State Teachers Retirement System (STRS) of Ohio		
School District's proportion of the net OPEB liability	0.1307642%	0.1292870%
School District's proportionate share of the net OPEB liability	\$ 5,101,937	\$ 6,914,304
School District's covered employee payroll	\$ 14,676,979	\$ 13,858,886
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	34.76%	49.89%
Plan fiduciary net position as a percentage of total OPEB liability	47.10%	37.30%

(1) Ten years of information will be presented as information becomes available. Information prior to 2016 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Employees Retirement System (SERS) of Ohio				
Contractually required contribution (2)	\$ 101,539	\$ 79,557	\$ 72,149	\$ 110,868
Contributions in relation to contractually required contribution	<u>(101,539)</u>	<u>(79,557)</u>	<u>(72,149)</u>	<u>(110,868)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 4,738,304	\$ 4,603,907	\$ 4,380,143	\$ 4,304,165
Contributions as a percentage of covered employee payroll	2.14%	1.73%	1.65%	2.58%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
State Teachers Retirement System (STRS) of Ohio				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 15,356,657	\$ 14,676,979	\$ 13,858,886	\$ 13,517,443
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

(2) Includes surcharge

<u>2014</u>	<u>2013</u>
\$ 79,893	\$ 77,432
<u>(79,893)</u>	<u>(77,432)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 4,209,805	\$ 4,093,569
1.90%	1.89%

<u>2014</u>	<u>2013</u>
\$ 128,974	\$ 125,440
<u>(128,974)</u>	<u>(125,440)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 12,897,423	\$ 12,543,962
1.00%	1.00%

Highland Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2018. See the notes to the basic financials for benefit terms.

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

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2018. See the notes to the basic financials for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2018. See the notes to the basic financials for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

**Combining Statements for Nonmajor
Governmental Funds**

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

Food Service

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

Special Trust

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

Miscellaneous Local Grant

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

District Managed Student Activity

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

Auxiliary Services

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

Data Communications

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

Miscellaneous State Grants

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

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.

Miscellaneous Federal Grant

To account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. A separate cost center must be used for each grant.

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, 2018

	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	\$ 514,577	\$ 753,167	\$ 8,703	\$ 1,276,447
Receivables:				
Accounts	3,208	41	-	3,249
Intergovernmental	82,231	1,081,968	-	1,164,199
Inventory held for resale	13,921	-	-	13,921
Prepaid items	8,633	-	-	8,633
Total assets	<u>\$ 622,570</u>	<u>\$ 1,835,176</u>	<u>\$ 8,703</u>	<u>\$ 2,466,449</u>
<u>Liabilities:</u>				
<u>Current liabilities:</u>				
Accounts payable	\$ 5,728	\$ 8,001	\$ -	\$ 13,729
Contracts payable	-	5,976	-	5,976
Accrued wages	78,890	-	-	78,890
Interfund payable	16,500	-	-	16,500
Intergovernmental payable	21,742	-	-	21,742
Total current liabilities	<u>122,860</u>	<u>13,977</u>	<u>-</u>	<u>136,837</u>
<u>Noncurrent liabilities:</u>				
Advances from other funds	-	815,000	-	815,000
Total liabilities	<u>122,860</u>	<u>828,977</u>	<u>-</u>	<u>951,837</u>
<u>Deferred inflows of resources</u>				
Unavailable revenue	<u>64,813</u>	<u>746,032</u>	<u>-</u>	<u>810,845</u>
<u>Fund balance:</u>				
Nonspendable	8,633	-	8,000	16,633
Restricted	426,264	347,715	703	774,682
Unassigned	-	(87,548)	-	(87,548)
Total fund balances	<u>434,897</u>	<u>260,167</u>	<u>8,703</u>	<u>703,767</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 622,570</u>	<u>\$ 1,835,176</u>	<u>\$ 8,703</u>	<u>\$ 2,466,449</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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Intergovernmental	\$ 1,216,062	\$ 1,466,835	\$ -	\$ 2,682,897
Interest	4,870	-	107	4,977
Extracurricular activities	249,900	-	-	249,900
Gifts and donations	3,072	-	-	3,072
Charges for services	951,375	-	-	951,375
Miscellaneous	21,616	270,896	-	292,512
Total revenues	<u>2,446,895</u>	<u>1,737,731</u>	<u>107</u>	<u>4,184,733</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	193,961	151,352	-	345,313
Special	499,927	-	-	499,927
Support services:				
Pupils	90,117	-	-	90,117
Instructional staff	31,499	-	-	31,499
Administration	120,594	-	-	120,594
Operation and maintenance of plant	-	50,546	-	50,546
Pupil transportation	-	1,650	-	1,650
Operation of non-instructional services:				
Food service operations	1,180,680	-	-	1,180,680
Extracurricular activities	257,737	-	-	257,737
Capital outlay	-	1,318,310	-	1,318,310
Debt service:				
Principal retirement	-	344,966	-	344,966
Interest and fiscal charges	-	254,126	-	254,126
Total expenditures	<u>2,374,515</u>	<u>2,120,950</u>	<u>-</u>	<u>4,495,465</u>
Excess of revenues over (under) expenditures	<u>72,380</u>	<u>(383,219)</u>	<u>107</u>	<u>(310,732)</u>
<u>Other financing sources:</u>				
Proceeds from sale of capital assets	-	24,600	-	24,600
Net change in fund balances	72,380	(358,619)	107	(286,132)
Fund balances at beginning of year	<u>362,517</u>	<u>618,786</u>	<u>8,596</u>	<u>989,899</u>
Fund balances at end of year	<u>\$ 434,897</u>	<u>\$ 260,167</u>	<u>\$ 8,703</u>	<u>\$ 703,767</u>

Highland Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Food Service	Special Trust	Miscellaneous Local Grant	District Managed Student Activity	Auxiliary Services
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 359,308	\$ 14,239	\$ 933	\$ 101,340	\$ 16,308
Receivables:					
Accounts	2	-	-	3,206	-
Intergovernmental	1,114	-	16,304	-	-
Inventory held for resale	13,921	-	-	-	-
Prepaid items	1,316	-	5,658	1,659	-
Total assets	<u>\$ 375,661</u>	<u>\$ 14,239</u>	<u>\$ 22,895</u>	<u>\$ 106,205</u>	<u>\$ 16,308</u>
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,728	\$ -
Accrued wages	65,056	-	-	3,475	-
Interfund payable	-	-	16,500	-	-
Intergovernmental payable	20,091	-	-	50	-
Total liabilities	<u>85,147</u>	<u>-</u>	<u>16,500</u>	<u>9,253</u>	<u>-</u>
<u>Deferred inflows of resources</u>					
Unavailable revenue	-	-	-	-	-
<u>Fund balances:</u>					
Nonspendable	1,316	-	5,658	1,659	-
Restricted	289,198	14,239	737	95,293	16,308
Total fund balances	<u>290,514</u>	<u>14,239</u>	<u>6,395</u>	<u>96,952</u>	<u>16,308</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 375,661</u>	<u>\$ 14,239</u>	<u>\$ 22,895</u>	<u>\$ 106,205</u>	<u>\$ 16,308</u>

Data Communications	IDEA, Part B	Title III Limited English Proficiency	Title I	IDEA Preschool Grant for Handicapped	Improving Teacher Quality	Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ -	\$ 18,794	\$ -	\$ 3,655	\$ -	\$ -	\$ -	\$ 514,577
-	-	-	-	-	-	-	3,208
-	64,813	-	-	-	-	-	82,231
-	-	-	-	-	-	-	13,921
-	-	-	-	-	-	-	8,633
<u>\$ -</u>	<u>\$ 83,607</u>	<u>\$ -</u>	<u>\$ 3,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,570</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,728
-	10,359	-	-	-	-	-	78,890
-	-	-	-	-	-	-	16,500
-	1,601	-	-	-	-	-	21,742
-	11,960	-	-	-	-	-	122,860
-	64,813	-	-	-	-	-	64,813
-	-	-	-	-	-	-	8,633
-	6,834	-	3,655	-	-	-	426,264
-	6,834	-	3,655	-	-	-	434,897
<u>\$ -</u>	<u>\$ 83,607</u>	<u>\$ -</u>	<u>\$ 3,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,570</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, 2018

	Food Service	Special Trust	Miscellaneous Local Grant	District Managed Student Activity	Auxiliary Services
<u>Revenues:</u>					
Intergovernmental	\$ 201,187	\$ -	\$ 116,781	\$ -	\$ 138,797
Interest	4,482	174	-	-	214
Extracurricular activities	-	-	-	249,900	-
Gifts and donations	-	-	-	3,072	-
Charges for services	951,375	-	-	-	-
Miscellaneous	2,719	-	-	18,897	-
Total revenues	<u>1,159,763</u>	<u>174</u>	<u>116,781</u>	<u>271,869</u>	<u>139,011</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	-	54,636	-	90,958
Special	-	-	-	-	-
Support services:					
Pupils	-	-	58,000	-	28,440
Instructional staff	-	-	-	-	13,999
Administration	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	1,180,680	-	-	-	-
Extracurricular activities	-	-	-	257,737	-
Total expenditures	<u>1,180,680</u>	<u>-</u>	<u>112,636</u>	<u>257,737</u>	<u>133,397</u>
Net change in fund balances	(20,917)	174	4,145	14,132	5,614
Fund balances (deficits) at beginning of year	311,431	14,065	2,250	82,820	10,694
Fund balances at end of year	<u>\$ 290,514</u>	<u>\$ 14,239</u>	<u>\$ 6,395</u>	<u>\$ 96,952</u>	<u>\$ 16,308</u>

Data Communications	IDEA, Part B	Title III Limited English Proficiency	Title I	IDEA Preschool Grant for Handicapped	Improving Teacher Quality	Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ 9,000	\$ 529,331	\$ 2,696	\$ 148,007	\$ 13,396	\$ 46,867	\$ 10,000	\$ 1,216,062
-	-	-	-	-	-	-	4,870
-	-	-	-	-	-	-	249,900
-	-	-	-	-	-	-	3,072
-	-	-	-	-	-	-	951,375
-	-	-	-	-	-	-	21,616
<u>9,000</u>	<u>529,331</u>	<u>2,696</u>	<u>148,007</u>	<u>13,396</u>	<u>46,867</u>	<u>10,000</u>	<u>2,446,895</u>
-	-	-	-	-	46,867	1,500	193,961
-	360,712	2,696	123,123	13,396	-	-	499,927
-	3,677	-	-	-	-	-	90,117
9,000	-	-	-	-	-	8,500	31,499
-	120,594	-	-	-	-	-	120,594
-	-	-	-	-	-	-	1,180,680
-	-	-	-	-	-	-	257,737
<u>9,000</u>	<u>484,983</u>	<u>2,696</u>	<u>123,123</u>	<u>13,396</u>	<u>46,867</u>	<u>10,000</u>	<u>2,374,515</u>
-	44,348	-	24,884	-	-	-	72,380
-	(37,514)	-	(21,229)	-	-	-	362,517
<u>\$ -</u>	<u>\$ 6,834</u>	<u>\$ -</u>	<u>\$ 3,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,897</u>

Highland Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

	Permanent Improvement	Sales Tax	Total Nonmajor Capital Projects Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 347,674	\$ 405,493	\$ 753,167
<u>Receivables:</u>			
Accounts	41	-	41
Intergovernmental	-	1,081,968	1,081,968
Total assets	<u>\$ 347,715</u>	<u>\$ 1,487,461</u>	<u>\$ 1,835,176</u>
<u>Liabilities:</u>			
<u>Current liabilities:</u>			
Accounts payable	\$ -	\$ 8,001	\$ 8,001
Contracts payable	-	5,976	5,976
Total liabilities	<u>-</u>	<u>13,977</u>	<u>13,977</u>
<u>Noncurrent liabilities:</u>			
Advances from other funds	-	815,000	815,000
Total liabilities	<u>-</u>	<u>828,977</u>	<u>828,977</u>
<u>Deferred inflows of resources</u>			
Unavailable revenue	-	746,032	746,032
<u>Fund balance:</u>			
Restricted	347,715	-	347,715
Unassigned	-	(87,548)	(87,548)
Total fund balance	<u>347,715</u>	<u>(87,548)</u>	<u>260,167</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 347,715</u>	<u>\$ 1,487,461</u>	<u>\$ 1,835,176</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, 2018

	Permanent Improvement	Sales Tax	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>			
Intergovernmental	\$ -	\$ 1,466,835	\$ 1,466,835
Miscellaneous	270,896	-	270,896
Total revenues	<u>270,896</u>	<u>1,466,835</u>	<u>1,737,731</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	151,352	151,352
Support services:			
Operation and maintenance of plant	-	50,546	50,546
Pupil transportation	-	1,650	1,650
Capital outlay	-	1,318,310	1,318,310
Debt service:			
Principal retirement	14,245	330,721	344,966
Interest and fiscal charges	210,755	43,371	254,126
Total expenditures	<u>225,000</u>	<u>1,895,950</u>	<u>2,120,950</u>
Excess of revenues over (under) expenditures	<u>45,896</u>	<u>(429,115)</u>	<u>(383,219)</u>
<u>Other financing sources:</u>			
Proceeds from sale of capital assets	-	24,600	24,600
Net change in fund balances	45,896	(404,515)	(358,619)
Fund balances at beginning of year	<u>301,819</u>	<u>316,967</u>	<u>618,786</u>
Fund balances (deficits) at end of year	<u>\$ 347,715</u>	<u>\$ (87,548)</u>	<u>\$ 260,167</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 PROJECTS FUND

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

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, 2018

General Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 22,788,497	\$ 22,788,497	\$ -
Intergovernmental	8,516,308	8,551,381	35,073
Interest	399,000	409,687	10,687
Tuition and fees	550,600	539,223	(11,377)
Rent	50,000	39,580	(10,420)
Extracurricular activities	353,500	341,955	(11,545)
Gifts and donations	-	2,355	2,355
Miscellaneous	76,800	68,939	(7,861)
Total revenues	<u>32,734,705</u>	<u>32,741,617</u>	<u>6,912</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	14,417,888	14,370,313	47,575
Special	5,065,489	5,197,013	(131,524)
Vocational	60,470	58,479	1,991
Other	138,495	178,990	(40,495)
Support services:			
Pupils	2,180,853	2,179,991	862
Instructional staff	844,988	816,574	28,414
Board of education	30,828	27,487	3,341
Administration	2,243,346	2,211,554	31,792
Fiscal	916,343	908,341	8,002
Business	11,600	9,796	1,804
Operation and maintenance of plant	2,743,195	2,744,611	(1,416)
Pupil transportation	2,068,749	2,015,578	53,171
Central	275,737	255,337	20,400
Operation of non-instructional services	500	-	500
Extracurricular activities	1,096,962	1,052,485	44,477
Total expenditures	<u>32,095,443</u>	<u>32,026,549</u>	<u>68,894</u>
Excess of revenues over expenditures	<u>639,262</u>	<u>715,068</u>	<u>75,806</u>
<u>Other financing sources (uses):</u>			
Proceeds from the sale of capital assets	2,000	3,320	1,320
Refund of prior year expenditures	531,466	530,209	(1,257)
Advances in	419,000	419,179	179
Advances out	(950,000)	(916,500)	33,500
Transfers out	(22,175)	-	22,175
Total other financing sources (uses)	<u>(19,709)</u>	<u>36,208</u>	<u>55,917</u>
Net change in fund balance	619,553	751,276	131,723
Fund balance at beginning of year	20,082,342	20,082,342	-
Prior year encumbrances appropriated	311,830	311,830	-
Fund balance at end of year	<u>\$ 21,013,725</u>	<u>\$ 21,145,448</u>	<u>\$ 131,723</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, 2018

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 60,600	\$ 60,190	\$ (410)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	60,321	44,218	16,103
Excess of revenues over expenditures	353,779	15,972	(337,807)
<u>Other financing sources:</u>			
Transfers in	9,400	-	(9,400)
Net change in fund balance	363,179	15,972	(347,207)
Fund balance at beginning of year	1,801	1,801	-
Prior year encumbrances appropriated	321	321	-
Fund balance at end of year	\$ 365,301	\$ 18,094	\$ (347,207)

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 18,609	\$ 13,267	\$ (5,342)
Extracurricular activities	42,550	45,625	3,075
Gifts and donations	2,999	2,056	(943)
Total revenues	64,158	60,948	(3,210)
<u>Expenditures:</u>			
Current:			
Extracurricular activities	92,591	80,206	12,385
Excess of revenues under expenditures	(28,433)	(19,258)	9,175
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	842	-	(842)
Transfers out	(4)	-	4
Total other financing sources (uses)	838	-	(838)
Net change in fund balance	(27,595)	(19,258)	8,337
Fund balance at beginning of year	78,912	78,912	-
Prior year encumbrances appropriated	595	595	-
Fund balance at end of year	\$ 51,912	\$ 60,249	\$ 8,337

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, 2018

Latchkey and Community Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 200,000	\$ 215,838	\$ 15,838
Extracurricular activities	50,000	28,470	(21,530)
Total revenues	<u>250,000</u>	<u>244,308</u>	<u>(5,692)</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	252,599	237,727	14,872
Excess of revenues over (under) expenditures	<u>(2,599)</u>	<u>6,581</u>	<u>9,180</u>
<u>Other financing sources:</u>			
Refund of prior year expenditures	<u>-</u>	<u>348</u>	<u>348</u>
Net change in fund balance	(2,599)	6,929	9,528
Fund balance at beginning of year	253,261	253,261	-
Prior year encumbrances appropriated	599	599	-
Fund balance at end of year	<u>\$ 251,261</u>	<u>\$ 260,789</u>	<u>\$ 9,528</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, 2018

Debt Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 3,761,789	\$ 3,761,789	\$ -
Intergovernmental	301,755	301,755	-
Total revenues	<u>4,063,544</u>	<u>4,063,544</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Administration	3,700	3,629	71
Fiscal	50,700	50,591	109
Debt service:			
Principal retirement	7,565,000	7,565,000	-
Interest and fiscal charges	1,218,850	1,216,100	2,750
Issuance costs	744,600	626,950	117,650
Total expenditures	<u>9,582,850</u>	<u>9,462,270</u>	<u>120,580</u>
Excess of revenues under expenditures	<u>(5,519,306)</u>	<u>(5,398,726)</u>	<u>120,580</u>
<u>Other financing sources:</u>			
General obligation bonds issued	5,900,000	5,900,000	-
Premium on bonds and notes issued	5,570,705	5,570,608	(97)
Refund of prior year expenditures	100,000	100,097	97
Total other financing sources	<u>11,570,705</u>	<u>11,570,705</u>	<u>-</u>
Net change in fund balance	6,051,399	6,171,979	120,580
Fund balance at beginning of year	3,129,542	3,129,542	-
Fund balance at end of year	<u>\$ 9,180,941</u>	<u>\$ 9,301,521</u>	<u>\$ 120,580</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, 2018

Building Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 50,000	\$ 62,833	\$ 12,833
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	-	525	(525)
Capital outlay	7,000,000	6,637,597	362,403
Total expenditures	7,000,000	6,638,122	361,878
Excess of revenues under expenditures	(6,950,000)	(6,575,289)	374,711
<u>Other financing sources:</u>			
General obligation bonds issued	57,100,000	57,100,000	-
Bond anticipation notes issued	5,900,000	5,900,000	-
Total other financing sources	63,000,000	63,000,000	-
Net change in fund balance	56,050,000	56,424,711	374,711
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 56,050,000	\$ 56,424,711	\$ 374,711

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, 2018

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 167,500	\$ 163,682	\$ (3,818)
Interest	4,000	4,482	482
Charges for services	950,400	951,619	1,219
Miscellaneous	-	2,719	2,719
Total revenues	<u>1,121,900</u>	<u>1,122,502</u>	<u>602</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations	1,188,692	1,138,774	49,918
Excess of revenues under expenditures	<u>(66,792)</u>	<u>(16,272)</u>	<u>50,520</u>
<u>Other financing sources:</u>			
Proceeds from sale of capital assets	-	44	44
Refund of prior year expenditures	1,250	1,275	25
Total other financing sources	<u>1,250</u>	<u>1,319</u>	<u>69</u>
Net change in fund balance	(65,542)	(14,953)	50,589
Fund balance at beginning of year	369,150	369,150	-
Prior year encumbrances appropriated	5,002	5,002	-
Fund balance at end of year	<u>\$ 308,610</u>	<u>\$ 359,199</u>	<u>\$ 50,589</u>

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 150	\$ 174	\$ 24
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Net change in fund balance	150	174	24
Fund balance at beginning of year	14,065	14,065	-
Fund balance at end of year	<u>\$ 14,215</u>	<u>\$ 14,239</u>	<u>\$ 24</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, 2018

Miscellaneous Local Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 120,000	\$ 100,477	\$ (19,523)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	62,691	61,385	1,306
Support services:			
Pupils	58,000	58,000	-
Instructional staff	900	-	900
Total expenditures	121,591	119,385	2,206
Excess of revenues under expenditures	(1,591)	(18,908)	(17,317)
<u>Other financing sources:</u>			
Advances in	-	16,500	16,500
Net change in fund balance	(1,591)	(2,408)	(817)
Fund balance at beginning of year	1,751	1,751	-
Prior year encumbrances appropriated	1,591	1,591	-
Fund balance at end of year	<u>\$ 1,751</u>	<u>\$ 934</u>	<u>\$ (817)</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, 2018

District Managed Student Activity Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 245,095	\$ 250,693	\$ 5,598
Gifts and donations	11,384	3,072	(8,312)
Miscellaneous	12,608	18,773	6,165
Total revenues	<u>269,087</u>	<u>272,538</u>	<u>3,451</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	<u>296,250</u>	<u>270,548</u>	<u>25,702</u>
Excess of revenues over (under) expenditures	<u>(27,163)</u>	<u>1,990</u>	<u>29,153</u>
<u>Other financing sources (uses):</u>			
Proceeds from sale of capital assets	3,875	-	(3,875)
Refund of prior year expenditures	1,060	-	(1,060)
Transfers in	10,978	4,818	(6,160)
Transfers out	(4,825)	(4,818)	7
Total other financing sources (uses)	<u>11,088</u>	<u>-</u>	<u>(11,088)</u>
Net change in fund balance	(16,075)	1,990	18,065
Fund balance at beginning of year	68,779	68,779	-
Prior year encumbrances appropriated	11,075	11,075	-
Fund balance at end of year	<u>\$ 63,779</u>	<u>\$ 81,844</u>	<u>\$ 18,065</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, 2018

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 138,797	\$ 138,797	\$ -
Interest	203	214	11
Total revenues	<u>139,000</u>	<u>139,011</u>	<u>11</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	122,348	116,957	5,391
Support services:			
Pupils	28,440	28,440	-
Instructional staff	13,999	13,999	-
Total expenditures	<u>164,787</u>	<u>159,396</u>	<u>5,391</u>
Net change in fund balance	(25,787)	(20,385)	5,402
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	25,787	25,787	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,402</u>	<u>\$ 5,402</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:			
Instructional staff	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, 2018

Miscellaneous State Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,038	\$ -	\$ (1,038)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	1,038	1,038	-
Net change in fund balance	353,500	(1,038)	(354,538)
Fund balance at beginning of year	-	-	-
Fund balance (deficit) at end of year	\$ 353,500	\$ (1,038)	\$ (354,538)

IDEA, Part B Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 679,129	\$ 614,316	\$ (64,813)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	481,439	428,434	53,005
Support services:			
Pupils	17,606	3,677	13,929
Administration	137,619	120,946	16,673
Total expenditures	636,664	553,057	83,607
Excess of revenues over expenditures	42,465	61,259	18,794
<u>Other financing uses:</u>			
Advances out	(42,465)	(42,465)	-
Net change in fund balance	-	18,794	18,794
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 18,794	\$ 18,794

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, 2018

Title III Limited English Proficiency Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,696	\$ 2,696	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	2,696	2,696	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 170,517	\$ 170,517	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	159,262	155,607	3,655
Excess of revenues over expenditures	11,255	14,910	3,655
<u>Other financing uses:</u>			
Advances out	(11,255)	(11,255)	-
Net change in fund balance	-	3,655	3,655
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,655</u>	<u>\$ 3,655</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, 2018

IDEA Preschool Grant for Handicapped Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,855	\$ 13,855	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	13,396	13,396	-
Excess of revenues over expenditures	459	459	-
<u>Other financing uses:</u>			
Advances out	(459)	(459)	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 46,867	\$ 46,867	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	46,867	46,867	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2018

Miscellaneous Federal Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 10,000	\$ 10,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,500	1,500	-
Support services:			
Instructional staff	8,500	8,500	-
Total expenditures	10,000	10,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Highland Local School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2018

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ 275,000	\$ 270,928	\$ (4,072)
<u>Expenditures:</u>			
Current:			
Capital outlay	275,000	225,000	50,000
Net change in fund balance	-	45,928	45,928
Fund balance at beginning of year	301,746	301,746	-
Fund balance at end of year	<u>\$ 301,746</u>	<u>\$ 347,674</u>	<u>\$ 45,928</u>

Sales Tax Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,463,000	\$ 1,463,375	\$ 375
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	313,000	193,848	119,152
Support services:			
Instructional staff	80,000	-	80,000
Operation and maintenance of plant	80,000	74,851	5,149
Pupil transportation	1,197,000	1,194,512	2,488
Capital outlay	534,810	522,496	12,314
Total expenditures	2,204,810	1,985,707	219,103
Excess of revenues under expenditures	(741,810)	(522,332)	219,478
<u>Other financing sources (uses):</u>			
Advances in	900,000	900,000	-
Advances out	(365,000)	(365,000)	-
Total other financing sources (uses)	535,000	535,000	-
Net change in fund balance	(206,810)	12,668	219,478
Fund balance at beginning of year	221,405	221,405	-
Prior year encumbrances appropriated	119,810	119,810	-
Fund balance at end of year	<u>\$ 134,405</u>	<u>\$ 353,883</u>	<u>\$ 219,478</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, 2018

Sharon Elementary Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 95	\$ 107	\$ 12
<u>Expenditures:</u>			
Current:			
Total expenditures	-	-	-
Net change in fund balance	95	107	12
Fund balance at beginning of year	8,596	8,596	-
Fund balance at end of year	<u>\$ 8,691</u>	<u>\$ 8,703</u>	<u>\$ 12</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, 2018

Endowment Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 490	\$ 562	\$ 72
<u>Expenses:</u>			
Payments in accordance with trust agreement	2,600	2,600	-
Net change in net position	(2,110)	(2,038)	72
Net position at beginning of year	47,491	47,491	-
Net position at end of year	<u>\$ 45,381</u>	<u>\$ 45,453</u>	<u>\$ 72</u>

Highland Local School District
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 93,933	\$ 274,013	\$ 261,386	\$ 106,560
Accounts receivable	3,150	2,210	3,150	2,210
Prepays	350	-	350	-
Total assets	<u>\$ 97,433</u>	<u>\$ 276,223</u>	<u>\$ 264,886</u>	<u>\$ 108,770</u>
<u>Liabilities:</u>				
Accounts payable	\$ 5,605	\$ 12,625	\$ 5,605	\$ 12,625
Due to students	91,828	263,598	259,281	96,145
Total liabilities	<u>\$ 97,433</u>	<u>\$ 276,223</u>	<u>\$ 264,886</u>	<u>\$ 108,770</u>
 <u>District Agency</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 20,792	20,792	\$ -
Total assets	<u>\$ -</u>	<u>\$ 20,792</u>	<u>\$ 20,792</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Undistributed monies	\$ -	\$ 20,792	\$ 20,792	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 20,792</u>	<u>\$ 20,792</u>	<u>\$ -</u>
 <u>Total All Agency Funds</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 93,933	\$ 294,805	\$ 282,178	\$ 106,560
Accounts receivable	3,150	2,210	3,150	2,210
Prepays	350	-	350	-
Total assets	<u>\$ 97,433</u>	<u>\$ 297,015</u>	<u>\$ 285,678</u>	<u>\$ 108,770</u>
<u>Liabilities:</u>				
Accounts payable	\$ 5,605	\$ 12,625	\$ 5,605	\$ 12,625
Undistributed monies	-	20,792	20,792	-
Due to students	91,828	263,598	259,281	96,145
Total liabilities	<u>\$ 97,433</u>	<u>\$ 297,015</u>	<u>\$ 285,678</u>	<u>\$ 108,770</u>

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STATISTICAL SECTION

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Statistical Section

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

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

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

Highland Local School District

Net Position by Component (1)

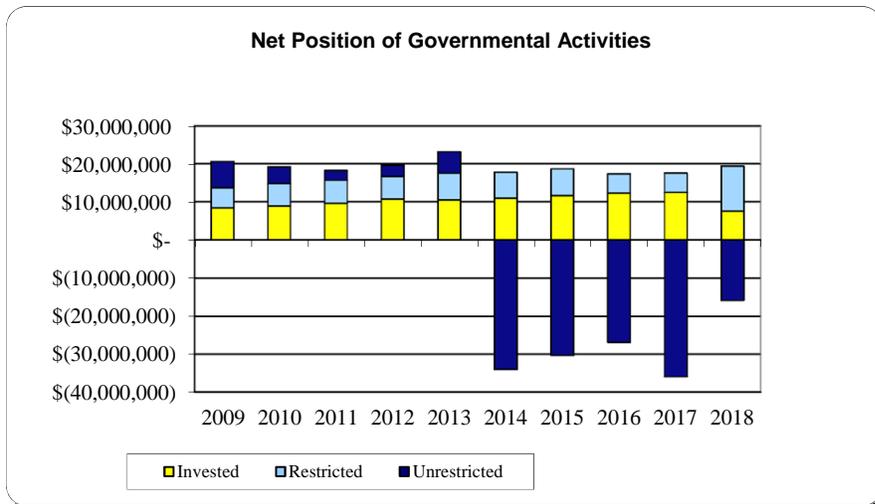
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net investment in capital assets	\$ 8,392,251	\$ 8,954,771	\$ 9,669,207	\$ 10,755,278	\$ 10,511,519
Restricted for:					
Capital projects	1,622,689	1,656,878	2,077,685	2,357,036	2,601,236
Debt service	3,235,491	3,609,424	3,408,983	3,217,874	3,971,722
Food service	-	188,359	184,693	205,561	286,017
School supplies	-	33,348	-	-	-
Extracurricular	-	69,739	39,662	81,931	101,618
Community services	-	43,858	-	-	-
Underground fuel tanks	-	11,000	-	-	-
Set-asides	-	19,514	83,514	-	-
Permanent fund - scholarships					
Nonexpendable	-	-	13,582	9,449	9,468
Other purposes	425,735	160,019	181,637	32,885	13,940
Unrestricted	6,956,164	4,469,649	2,566,072	3,030,160	5,685,245
Total net position	<u>\$ 20,632,330</u>	<u>\$ 19,216,559</u>	<u>\$ 18,225,035</u>	<u>\$ 19,690,174</u>	<u>\$ 23,180,765</u>

(1) Accrual basis of accounting

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

(3) The School District implemented GASB 75 during fiscal year 2018 and as a result 2017 was restated.



<u>Restated</u> <u>2014 (2)</u>	<u>2015</u>	<u>2016</u>	<u>Restated</u> <u>2017 (3)</u>	<u>2018</u>
\$ 10,939,543	\$ 11,643,058	\$ 12,269,221	\$ 12,464,682	\$ 7,602,037
2,354,937	2,781,794	960,113	1,335,852	1,190,066
4,050,538	3,782,332	3,766,510	3,320,181	10,116,860
284,760	296,855	260,717	288,159	264,565
-	-	-	-	-
90,330	110,593	104,692	99,317	111,191
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,490	9,510	9,536	8,596	8,703
22,294	19,248	9,512	14,035	88,908
<u>(34,051,466)</u>	<u>(30,266,520)</u>	<u>(26,873,044)</u>	<u>(35,930,672)</u>	<u>(15,865,487)</u>
<u>\$ (16,299,574)</u>	<u>\$ (11,623,130)</u>	<u>\$ (9,492,743)</u>	<u>\$ (18,399,850)</u>	<u>\$ 3,516,843</u>

Highland Local School District

Changes in Net Position of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Regular instruction	\$ 12,267,061	\$ 13,533,366	\$ 13,252,386	\$ 13,295,407	\$ 12,871,326
Special instruction	2,843,678	2,851,628	2,900,696	3,057,727	3,020,373
Vocational instruction	306,980	278,812	127,409	124,250	174,978
Other	265,925	191,003	144,687	182,691	138,331
Pupil support	1,597,409	1,749,221	1,842,272	1,512,642	1,693,796
Instructional staff support	1,708,797	2,083,672	1,738,607	1,596,863	1,615,746
Board of education	33,633	33,645	24,458	28,395	26,183
Administration	2,255,136	2,161,944	1,936,593	2,147,082	2,095,174
Fiscal	582,842	827,008	692,848	828,528	865,692
Business	50,648	36,531	22,959	28,600	29,088
Operation and maintenance of plant	3,408,779	3,110,315	2,802,333	2,655,492	2,892,366
Pupil transportation	1,734,063	1,676,783	1,794,621	1,924,504	1,961,636
Central	219,387	264,307	277,615	254,820	227,927
Food service operations	1,148,334	1,141,808	1,203,299	1,176,518	1,125,550
Community services	169,629	176,670	198,692	191,394	194,263
Extracurricular activities	1,369,821	1,496,114	1,383,734	1,438,877	1,466,326
Interest and fiscal charges	1,577,328	1,532,326	1,477,529	1,417,530	1,363,893
Total expenses	\$ 31,539,450	\$ 33,145,153	\$ 31,820,738	\$ 31,861,320	\$ 31,762,648
Program Revenues					
Charges for services:					
Regular instruction	\$ 238,027	\$ 247,264	\$ 325,626	\$ 309,651	\$ 400,610
Special instruction	98,795	137,634	324,337	184,196	244,229
Operation and maintenance of plant	-	-	35,069	23,972	46,821
Pupil transportation	-	-	1,299	-	500
Food service operations	950,221	931,813	903,561	930,344	932,408
Community services	164,935	174,856	184,594	224,522	252,917
Extracurricular activities	253,354	280,120	465,715	551,124	567,050
Operating grants and contributions:					
Regular instruction	69,443	143,879	497,137	148,700	166,820
Special instruction	165,260	550,683	473,045	333,283	416,255
Vocational instruction	9,518	9,589	14,766	18,583	9,661
Pupil support	119,036	235,598	247,435	99,512	119,543
Instructional staff support	239,901	342,775	340,551	156,641	101,304
Administration	141,176	152,431	152,576	122,531	94,383
Business	-	-	-	-	-
Pupil transportation	2,011	-	-	-	-
Central	24,506	13,513	16,375	9,000	9,000
Food service operations	143,949	170,647	190,132	200,443	179,004
Extracurricular activities	13,065	403	2,921	2,809	11,974
Capital grants and contributions:					
Regular instruction	-	-	219,775	31,133	-
Operation and maintenance of plant					
Pupil transportation	28,775	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total program revenues	\$ 2,661,972	\$ 3,391,205	\$ 4,394,914	\$ 3,346,444	\$ 3,552,479

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 13,828,776	\$ 13,380,691	\$ 14,162,358	\$ 15,870,373	\$ 5,285,569
4,076,189	4,142,380	4,331,543	5,181,399	3,167,093
65,283	65,495	69,303	37,571	23,368
135,706	165,630	124,877	185,166	50,752
1,654,213	1,692,431	1,791,332	2,118,044	1,182,426
573,718	724,539	737,460	863,139	714,192
23,298	51,574	30,352	26,775	25,098
2,221,590	2,107,510	2,302,043	2,283,744	1,274,496
845,133	902,665	929,845	938,096	892,117
21,235	11,530	11,130	9,516	6,372
2,927,324	2,889,632	4,094,454	3,101,055	2,863,685
2,018,714	2,039,769	1,925,930	2,204,211	2,050,329
263,869	269,525	239,897	276,541	228,324
1,201,725	1,218,328	1,229,889	1,251,539	1,214,335
207,235	195,252	212,439	254,799	215,252
1,575,167	1,556,345	1,979,082	2,104,804	1,600,041
1,373,690	1,625,747	1,967,160	719,740	1,755,417
<u>\$ 33,012,865</u>	<u>\$ 33,039,043</u>	<u>\$ 36,139,094</u>	<u>\$ 37,426,512</u>	<u>\$ 22,548,866</u>

\$ 271,518	\$ 440,520	\$ 358,747	\$ 346,075	\$ 317,759
465,743	227,527	163,452	199,652	133,989
19,787	49,594	53,264	35,788	44,172
397	525	-	-	-
937,627	931,472	942,032	944,597	951,375
233,425	224,431	256,694	254,410	244,308
611,370	630,517	674,155	681,599	662,839
152,549	126,531	151,032	155,953	205,400
724,264	889,292	638,750	574,197	651,707
5,228	-	-	3,358	3,292
66,292	87,206	104,940	99,831	88,287
9,428	11,997	25,485	25,556	30,585
112,198	131,233	121,529	128,914	121,834
-	-	321	-	-
-	-	-	-	-
9,000	9,000	-	-	-
203,210	214,240	215,529	212,990	208,388
11,100	10,366	18,549	15,536	5,409
8,570	-	-	-	-
-	-	-	1,210	3,365
-	-	-	-	-
-	606,382	113,958	-	-
<u>\$ 3,841,706</u>	<u>\$ 4,590,833</u>	<u>\$ 3,838,437</u>	<u>\$ 3,679,666</u>	<u>\$ 3,672,709</u>

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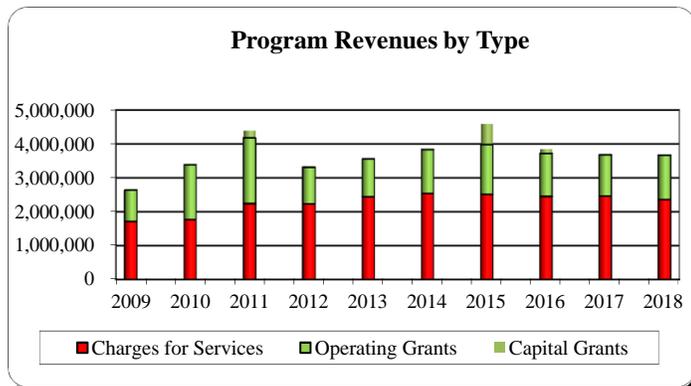
Highland Local School District

Changes in Net Position of Governmental Activities (1)

Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net expense	\$ (28,877,478)	\$ (29,753,948)	\$ (27,425,824)	\$ (28,514,876)	\$ (28,210,169)
General revenues					
Property taxes levied for:					
General purposes	\$ 15,986,234	\$ 16,066,186	\$ 14,749,803	\$ 18,322,249	\$ 19,989,424
Debt service	3,259,666	3,031,522	2,569,187	2,673,851	2,699,400
Shared revenue restricted for:					
Permanent improvement projects	988,270	903,935	965,410	1,205,228	1,132,357
Grants and entitlements not					
restricted to specific programs	8,043,456	8,105,796	7,994,452	7,855,973	7,777,932
Gain on sale of capital assets	-	-	3,429	-	-
Investment earnings	402,579	126,571	72,367	37,648	56,945
Increase (decrease) in fair value of investments	-	-	-	-	-
Miscellaneous	267,796	104,167	79,652	70,264	44,702
Capital contributions	40,258	-	-	-	-
Total general revenues	<u>\$ 28,988,259</u>	<u>\$ 28,338,177</u>	<u>\$ 26,434,300</u>	<u>\$ 30,165,213</u>	<u>\$ 31,700,760</u>
Restatement	-	-	-	185,198	-
Change in net position	<u>\$ 110,781</u>	<u>\$ (1,415,771)</u>	<u>\$ (991,524)</u>	<u>\$ 1,465,139</u>	<u>\$ 3,490,591</u>

(1) Accrual basis of accounting



<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>\$ (29,171,159)</u>	<u>\$ (28,448,210)</u>	<u>\$ (32,300,657)</u>	<u>\$ (33,746,846)</u>	<u>\$ (18,876,157)</u>
\$ 20,192,960	\$ 20,560,950	\$ 21,450,297	\$ 22,698,203	\$ 24,660,093
2,143,338	1,870,164	1,956,302	2,128,513	4,647,882
1,226,381	1,276,271	1,565,729	1,480,978	1,451,160
8,206,922	8,626,440	8,671,654	8,812,247	8,751,184
-	-	-	-	-
72,970	212,592	261,413	335,398	748,826
-	(11,270)	116,156	(121,897)	(384,928)
73,359	515,526	409,493	404,771	918,633
-	73,981	-	-	-
<u>\$ 31,915,930</u>	<u>\$ 33,124,654</u>	<u>\$ 34,431,044</u>	<u>\$ 35,738,213</u>	<u>\$ 40,792,850</u>
-	-	-	-	-
<u>\$ 2,744,771</u>	<u>\$ 4,676,444</u>	<u>\$ 2,130,387</u>	<u>\$ 1,991,367</u>	<u>\$ 21,916,693</u>

Highland Local School District

Program Revenues of Governmental Activities by Function (1)

Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<i>Governmental activities:</i>					
<i>Function</i>					
Regular instruction	\$ 307,470	\$ 391,143	\$ 1,042,538	\$ 489,484	\$ 567,430
Special instruction	264,055	688,317	797,382	517,479	660,484
Vocational	9,518	9,589	14,766	18,583	9,661
Pupil support	119,036	235,598	247,435	99,512	119,543
Instructional staff support	239,901	342,775	340,551	156,641	101,304
Administration	141,176	152,431	152,576	122,531	94,383
Business	-	-	-	-	-
Operation and maintenance of plant	-	-	35,069	23,972	46,821
Pupil transportation	30,786	-	1,299	-	500
Central	24,506	13,513	16,375	9,000	9,000
Operation of food service	1,094,170	1,102,460	1,093,693	1,130,787	1,111,412
Community services	164,935	174,856	184,594	224,522	252,917
Extracurricular activities	266,419	280,523	468,636	553,933	579,024
<i>Total program revenues</i>	<u>\$ 2,661,972</u>	<u>\$ 3,391,205</u>	<u>\$ 4,394,914</u>	<u>\$ 3,346,444</u>	<u>\$ 3,552,479</u>

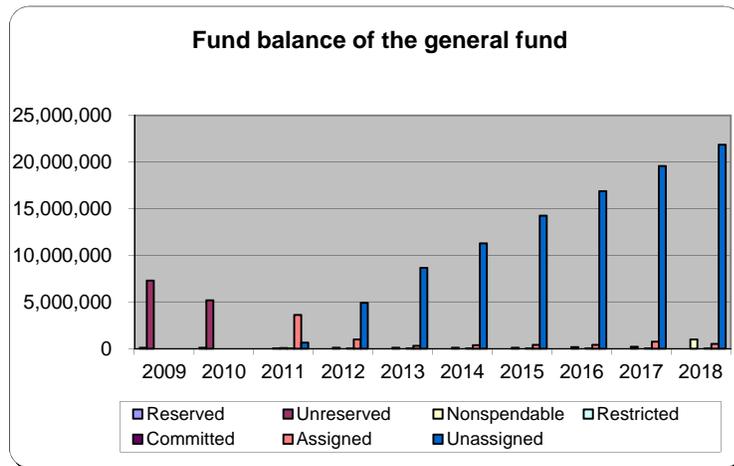
(1) Accrual basis of accounting

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 432,637	\$ 567,051	\$ 509,779	\$ 502,028	\$ 523,159
1,190,007	1,116,819	802,202	773,849	785,696
5,228	-	-	3,358	3,292
66,292	87,206	104,940	99,831	88,287
9,428	11,997	25,485	25,556	30,585
112,198	131,233	121,529	128,914	121,834
-	-	321	-	-
19,787	49,594	53,264	36,998	47,537
397	525	-	-	-
9,000	9,000	-	-	-
1,140,837	1,145,712	1,157,561	1,157,587	1,159,763
233,425	224,431	256,694	254,410	244,308
622,470	1,247,265	806,662	697,135	668,248
<u>\$ 3,841,706</u>	<u>\$ 4,590,833</u>	<u>\$ 3,838,437</u>	<u>\$ 3,679,666</u>	<u>\$ 3,672,709</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>
General fund					
Nonspendable	\$ -	\$ -	\$ 24,504	\$ 90,855	\$ 87,636
Restricted	-	-	83,514	-	-
Committed	-	-	11,000	11,000	11,000
Assigned	-	-	3,614,371	991,561	301,310
Unassigned	-	-	631,779	4,915,493	8,669,050
Reserved	102,151	101,637	-	-	-
Unreserved	7,304,207	5,197,517	-	-	-
Total general fund	7,406,358	5,299,154	4,365,168	6,008,909	9,068,996
All other governmental funds					
Nonspendable	-	-	43,720	46,253	8,000
Restricted	-	-	5,281,760	5,328,720	6,469,011
Unassigned (deficit)	-	-	(25,093)	(18,749)	(41,635)
Reserved	435,824	210,951	-	-	-
Unreserved, undesignated, Reported in:					
Special revenue funds	400,804	483,663	-	-	-
Debt service funds	3,288,081	3,641,664	-	-	-
Capital projects funds	661,274	947,648	-	-	-
Total all other governmental funds	4,785,983	5,283,926	5,300,387	5,356,224	6,435,376
Total governmental funds	\$ 12,192,341	\$ 10,583,080	\$ 9,665,555	\$ 11,365,133	\$ 15,504,372

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



<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 88,776	\$ 89,149	\$ 166,157	\$ 197,059	\$ 997,430
-	-	-	-	-
11,000	11,000	11,000	11,000	11,000
366,751	402,711	424,289	759,385	520,143
11,279,596	14,261,637	16,887,863	19,578,280	21,868,120
-	-	-	-	-
-	-	-	-	-
<u>11,746,123</u>	<u>14,764,497</u>	<u>17,489,309</u>	<u>20,545,724</u>	<u>23,396,693</u>
8,000	8,000	8,364	17,030	16,633
13,558,307	6,554,338	4,493,670	4,410,459	74,348,323
-	-	(68,765)	(58,743)	(87,548)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>13,566,307</u>	<u>6,562,338</u>	<u>4,433,269</u>	<u>4,368,746</u>	<u>74,277,408</u>
<u>\$ 25,312,430</u>	<u>\$ 21,326,835</u>	<u>\$ 21,922,578</u>	<u>\$ 24,914,470</u>	<u>\$ 97,674,101</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Taxes	\$ 19,345,857	\$ 18,939,596	\$ 17,201,552	\$ 21,064,928	\$ 22,761,358	\$ 22,381,342	\$ 22,544,066	\$ 23,490,296	\$ 24,914,419	\$ 29,325,034
Intergovernmental	9,979,017	10,649,294	10,810,822	10,167,638	10,002,051	10,724,743	11,286,948	11,287,420	11,554,256	11,510,554
Interest	380,224	124,038	72,742	38,181	57,720	73,927	212,456	262,524	338,133	753,803
Increase (decrease) in the fair value of investments	-	-	-	-	-	-	(10,272)	116,156	(121,897)	(384,928)
Tuition and fees	498,531	552,406	656,457	766,747	807,807	919,429	919,222	764,106	773,575	679,582
Extracurricular activities	256,581	287,025	501,945	582,340	601,065	625,928	634,569	699,567	695,695	664,100
Gifts and donations	33,718	29,697	205,602	3,445	12,614	12,043	616,699	19,305	15,383	7,483
Charges for services	950,221	931,813	903,561	930,344	932,408	937,627	931,472	942,032	944,597	951,375
Rent	9,843	29,990	29,362	29,679	44,846	21,762	46,179	46,455	42,842	42,934
Miscellaneous	248,812	74,621	79,630	80,612	57,379	85,220	536,048	422,437	421,233	934,347
<i>Total revenues</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>	<i>37,717,387</i>	<i>38,050,298</i>	<i>39,578,236</i>	<i>44,484,284</i>
Expenditures										
Current:										
Instruction:										
Regular	11,907,554	12,898,398	12,657,182	12,249,029	12,263,773	13,467,510	13,589,220	13,642,936	14,338,758	14,769,997
Special	2,825,726	2,831,356	2,831,117	2,958,355	3,032,484	4,050,032	4,272,447	4,315,340	4,869,281	5,768,351
Vocational	293,248	261,892	141,847	112,849	113,217	80,006	84,980	87,290	30,867	64,016
Other	265,997	194,788	143,339	157,681	148,582	147,415	181,898	125,211	174,493	141,874
Support services:										
Pupil	1,516,857	1,683,942	1,722,396	1,532,556	1,586,402	1,611,128	1,700,693	1,759,635	1,922,505	2,257,825
Instructional staff	1,612,960	2,076,802	1,704,854	1,508,034	1,600,503	607,290	726,346	709,411	802,380	774,763
Board of education	33,633	33,645	24,458	28,395	26,183	23,298	51,903	30,551	26,143	26,764
Administration	2,185,130	2,052,878	1,965,762	2,103,060	2,074,697	2,136,192	2,205,564	2,276,407	2,163,151	2,309,547
Fiscal	567,240	770,401	724,058	816,823	854,114	834,800	908,736	938,937	907,351	947,389
Business	50,472	36,180	22,625	28,266	28,754	20,901	11,220	10,796	9,183	6,038
Operation and maintenance										
of plant	3,049,780	2,710,393	2,441,134	2,255,324	2,481,079	2,513,190	2,488,177	3,736,098	2,587,423	2,685,373
Pupil transportation	1,573,226	1,495,310	1,629,459	1,710,405	1,770,872	1,801,469	1,872,124	1,748,542	1,950,876	1,929,135
Central	211,344	250,666	263,951	240,868	216,613	252,533	264,049	238,531	264,272	249,362
Operation of non-instructional services:										
Food service operations	1,042,087	1,046,074	1,109,577	1,079,686	1,029,311	1,107,094	1,132,425	1,144,359	1,130,060	1,180,680
Community services	168,472	176,825	198,365	193,316	194,263	207,235	198,100	215,499	245,601	236,798
Extracurricular activities	1,039,040	1,161,036	1,055,419	1,104,566	1,136,079	1,241,021	1,265,425	1,432,934	1,294,532	1,377,175
Capital outlay	548,996	457,954	406,331	639,922	288,260	777,865	9,270,600	2,218,716	439,076	1,490,632

(Continued)

Highland Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years (Continued)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt service:										
Principal retirement	1,549,562	1,694,042	1,861,101	2,033,269	1,153,707	1,275,000	1,652,614	1,838,475	2,269,048	7,909,966
Interest and fiscal charges	1,465,869	1,395,159	1,310,500	1,217,132	1,139,116	1,084,850	1,268,936	1,472,466	1,161,344	1,470,226
Bond issuance costs	-	-	-	-	-	-	-	210,308	-	626,950
Total expenditures	31,907,193	33,227,741	32,213,475	31,969,536	31,138,009	33,238,829	43,145,457	38,152,442	36,586,344	46,222,861
Excess of revenues over (under) expenditures	(204,389)	(1,609,261)	(1,751,802)	1,694,378	4,139,239	2,543,192	(5,428,070)	(102,144)	2,991,892	(1,738,577)
Other financing sources (uses)										
Sale of capital assets	-	-	6,200	5,200	-	9,800	1,750	-	-	27,600
Lease-purchase agreement	-	-	-	-	-	7,255,066	1,440,725	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	19,205,000	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	3,817,887	-	-
Notes issued	-	-	-	-	-	-	-	-	-	5,900,000
General obligation bonds issued	-	-	-	-	-	-	-	-	-	63,000,000
Premium on notes bonds and notes issued	-	-	-	-	-	-	-	-	-	5,570,608
Current refunding - principal	-	-	-	-	-	-	-	(22,325,000)	-	-
Transfers in	13,100	27,000	-	-	-	-	-	380,000	-	-
Transfers out	(13,100)	(27,000)	-	-	-	-	-	(380,000)	-	-
Total other financing sources (uses)	-	-	6,200	5,200	-	7,264,866	1,442,475	697,887	-	74,498,208
Net change in fund balances	\$ (204,389)	\$ (1,609,261)	\$ (1,745,602)	\$ 1,699,578	\$ 4,139,239	\$ 9,808,058	\$ (3,985,595)	\$ 595,743	\$ 2,991,892	\$ 72,759,631
Debt service as a percentage of noncapital expenditures	9.6%	9.4%	10.0%	10.4%	7.4%	7.3%	8.6%	9.2%	9.5%	21.0%

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(1) Modified accrual basis of accounting

Note: For 2009 - 2018, 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
2009	\$ 626,177,390	\$ 52,480,250	\$ 1,939,021,829	\$ 8,692,560	\$ 9,877,909	\$ 5,670,445	\$ 22,681,780
2010	654,393,990	51,443,160	2,016,677,571	9,461,120	10,751,273	415,385	1,661,540
2011	622,918,230	52,611,560	1,930,085,114	9,808,070	11,145,534	-	-
2012	633,819,220	52,551,190	1,961,058,314	10,251,810	11,649,784	-	-
2013	640,687,910	50,904,560	1,975,978,486	11,244,570	12,777,920	-	-
2014	642,160,230	50,591,380	1,979,290,314	12,280,060	13,954,614	-	-
2015	658,779,530	52,159,310	2,031,253,829	13,015,250	14,790,057	-	-
2016	673,255,790	57,289,400	2,087,271,971	13,344,730	15,699,682	-	-
2017	732,406,960	59,462,480	2,262,484,114	14,432,430	16,979,329	-	-
2018	755,249,520	60,191,990	2,329,832,886	15,134,480	17,805,271	-	-

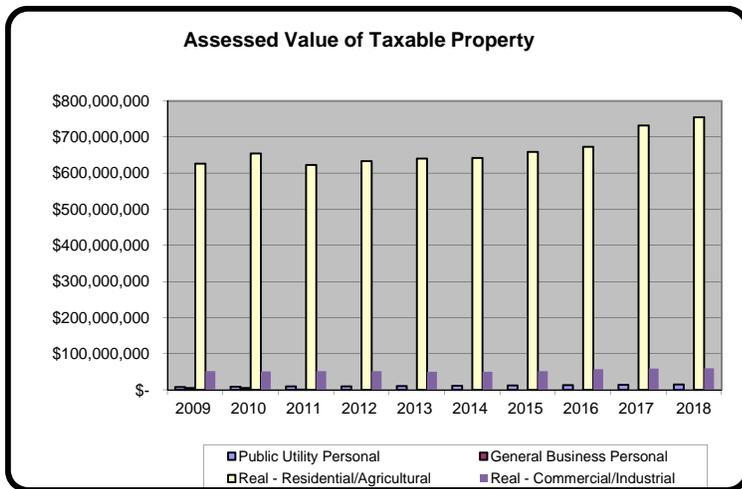
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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 0% of true value for railroad property to 85% 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	
\$ 693,020,645	\$ 1,971,581,518	35.15%	70.55
715,713,655	2,029,090,384	35.27%	69.90
685,337,860	1,941,230,648	35.30%	69.90
696,622,220	1,972,708,098	35.31%	76.80
702,837,040	1,988,756,406	35.34%	76.80
705,031,670	1,993,244,928	35.37%	75.30
723,954,090	2,046,043,885	35.38%	75.30
743,889,920	2,102,971,654	35.37%	75.30
806,301,870	2,279,463,443	35.37%	75.30
830,575,990	2,347,638,157	35.38%	77.70



Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

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Collection Year		Direct Rates			Overlapping rates						
		Operating Millage	Debt Service Millage	Total School District	County Levy	Township	Vocational Education	Wadsworth City	Other	County Library	Total
2018	Brunswick Hills	71.30	6.40	77.70	8.04	14.35	3.05	-	1.00	2.15	106.29
	Granger Twp.	71.30	6.40	77.70	8.04	5.60	3.05	-	1.00	2.15	97.54
	Hinckley Twp.	71.30	6.40	77.70	8.04	14.05	3.05	-	2.75	2.15	107.74
	Medina Twp.	71.30	6.40	77.70	8.04	8.50	3.05	-	1.00	2.15	100.44
	Montville Twp.	71.30	6.40	77.70	8.04	11.70	3.05	-	1.00	2.15	103.64
	Sharon Twp.	71.30	6.40	77.70	8.04	7.90	3.05	-	1.00	2.15	99.84
	Wadsworth City	71.30	6.40	77.70	8.04	-	3.05	4.90	1.00	2.15	96.84
	Copley Twp.	71.30	6.40	77.70	12.70	16.90	3.05	-	1.46	2.56	114.37
2017	Brunswick Hills	72.30	3.00	75.30	8.04	14.35	3.05	-	1.00	2.10	103.84
	Granger Twp.	72.30	3.00	75.30	8.04	5.60	3.05	-	1.00	2.10	95.09
	Hinckley Twp.	72.30	3.00	75.30	8.04	13.05	3.05	-	2.75	2.10	104.29
	Medina Twp.	72.30	3.00	75.30	8.04	8.60	3.05	-	1.00	2.10	98.09
	Montville Twp.	72.30	3.00	75.30	8.04	10.70	3.05	-	1.00	2.10	100.19
	Sharon Twp.	72.30	3.00	75.30	8.04	7.90	3.05	-	1.00	2.10	97.39
	Wadsworth City	72.30	3.00	75.30	8.04	-	3.05	4.70	1.00	2.10	94.19
	Copley Twp.	72.30	3.00	75.30	12.70	16.90	3.05	-	1.46	2.60	112.01
2016	Brunswick Hills	72.30	3.00	75.30	8.04	11.85	3.05	-	0.75	2.10	101.09
	Granger Twp.	72.30	3.00	75.30	8.04	5.60	3.05	-	0.75	2.10	94.84
	Hinckley Twp.	72.30	3.00	75.30	8.04	13.05	3.05	-	2.75	2.10	104.29
	Medina Twp.	72.30	3.00	75.30	8.04	8.60	3.05	-	0.75	2.10	97.84
	Montville Twp.	72.30	3.00	75.30	8.04	10.65	3.05	-	0.75	2.10	99.89
	Sharon Twp.	72.30	3.00	75.30	8.04	7.65	3.05	-	0.75	2.10	96.89
	Wadsworth City	72.30	3.00	75.30	8.04	-	3.05	4.70	0.75	2.10	93.94
	Copley Twp.	72.30	3.00	75.30	12.70	16.90	3.05	-	1.46	2.62	112.03
2015	Brunswick Hills	72.30	3.00	75.30	8.04	11.85	3.05	-	0.75	1.85	100.84
	Granger Twp.	72.30	3.00	75.30	8.04	5.60	3.05	-	0.75	1.85	94.59
	Hinckley Twp.	72.30	3.00	75.30	8.04	13.05	3.05	-	2.75	1.85	104.04
	Medina Twp.	72.30	3.00	75.30	8.04	8.60	3.05	-	0.75	1.85	97.59
	Montville Twp.	72.30	3.00	75.30	8.04	10.95	3.05	-	0.75	1.85	99.94
	Sharon Twp.	72.30	3.00	75.30	8.04	7.40	3.05	-	0.75	1.85	96.39
	Wadsworth City	72.30	3.00	75.30	8.04	-	3.05	5.80	0.75	1.85	94.79
	Copley Twp.	72.30	3.00	75.30	12.70	16.90	3.05	-	1.46	2.10	111.51

Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

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

(Continued)

Highland Local School District

Property Tax Rates - Direct and Overlapping Governments

Last Ten Collection Years

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

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Source: Medina County Auditor and Summit County Fiscal Officer

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

Highland Local School District

Property Tax Levies and Collections (1)

Last Ten Collection Years

Levy/ Collection Year (2)	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2008	\$ 20,488,832	\$ 19,683,214	96.07%	\$ 724,530	\$ 20,407,744	99.60%
2009	20,563,147	19,806,060	96.32	708,418	20,514,478	99.76
2010	20,441,027	19,745,411	96.60	693,544	20,438,955	99.99
2011	20,297,697	19,563,457	96.38	650,767	20,214,224	99.59
2012	25,439,240	24,675,070	97.00	760,379	25,435,449	99.99
2013	25,858,109	25,131,425	97.19	694,396	25,825,821	99.88
2014	25,347,619	24,742,137	97.61	721,498	25,463,635	100.46
2015	26,046,940	25,445,841	97.69	716,574	26,162,415	100.44
2016	26,714,293	26,145,433	97.87	661,526	26,806,959	100.35
2017	27,904,657	27,508,860	98.58	564,050	28,072,910	100.60

Source: Medina County Auditor and Summit County Fiscal Officer

- (1) Includes homestead exemptions and rollback of locally assessed taxes which are reimbursed by the State and reported as intergovernmental revenue.
- (2) The 2018 information cannot be presented because all collections have not been made by June 30, 2018.
- (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

2018 and 2009 (1)

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2018</u>	
		<u>Rank</u>	<u>Percent of Real Property Assessed Value</u>
Panther II Transportation Inc.	\$ 2,259,990	1	0.28%
SFS Stadler, Inc.	2,253,140	2	0.28%
Akron-Medina Corporate Park	1,943,740	3	0.24%
Structured Management	1,330,730	4	0.16%
Pinnacle Sports Complex LLC	1,317,320	5	0.16%
Pleasant Valley Construction Co.	1,242,910	6	0.15%
Sharon Club Company	1,091,090	7	0.13%
Pride One Route 18 LLC	1,084,130	8	0.13%
Neograf Solutions LLC	1,058,750	9	0.13%
Raymond P & Roseanne Park	1,022,770	10	0.13%
Totals	\$ 14,604,570		1.79%
Total assessed valuation	\$ 815,441,510		

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>2009</u>	
		<u>Rank</u>	<u>Percent of Real Property Assessed Value</u>
Montville Lakes Development	\$ 2,838,370	1	0.42%
Akron-Medina Corporate Park	1,427,410	2	0.21%
Apple Group LTD	1,276,200	3	0.19%
Pride One	1,268,960	4	0.19%
NB Thirty-Three Inc.	1,220,180	5	0.18%
Structured Management Inc.	1,184,830	6	0.17%
Pinnacle Sports	1,180,630	7	0.17%
EBB Investments LLC	1,141,130	8	0.17%
BNB Partners	1,119,340	9	0.16%
Clover Pointe III LTD	1,090,220	10	0.16%
Totals	\$ 13,747,270		2.02%
Total assessed valuation	\$ 678,657,640		

Source: Medina County Auditor and Summit County Fiscal Officer

(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

Highland Local School District

Principal Taxpayers

Public Utility Tax

2018 and 2009 (1)

Name of Taxpayer	2018 (2)		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 9,524,670	1	62.93%
American Transmission	3,148,870	2	20.81%
Columbia Gas of Ohio	1,803,990	3	11.92%
East Ohio Gas	551,980	4	3.65%
Knox Energy Cooperative Association	52,030	5	0.34%
CSL Ohio Systems LLC	47,090	6	0.31%
Wheeling and Lake Erie Railroad	39,750	7	0.26%
Buckeye Pipe Line Co. LP	30,960	8	0.20%
Consumers Gas Cooperative	30,100	9	0.20%
General Telephone Co. of Ohio	20,670	10	0.14%
Totals	\$ 15,250,110		100.76%
Total assessed valuation	\$ 15,134,480		

Name of Taxpayer	2009 (2)		
	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Company	\$ 6,695,350	1	77.02%
Columbia Gas of Ohio	879,890	2	10.12%
American Transmission	847,810	3	9.75%
East Ohio Gas	402,340	4	4.63%
Cleveland Electric Illuminating	127,330	5	1.46%
Wheeling and Lake Erie Railroad	45,810	6	0.53%
Verizon North	37,060	7	0.43%
Western Reserve Telephone	33,410	8	0.38%
Columbia Gas Transmission	20,990	9	0.24%
David & Pamela Stec	4,820	10	0.06%
Totals	\$ 9,094,810		104.62%
Total assessed valuation	\$ 8,692,560		

Source: Medina County Auditor and Summit County Fiscal Officer

(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

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

Highland Local School District

Ratio of Outstanding Debt By Type

Last Ten Fiscal Years

Governmental Activities

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Lease-Purchase Agreement</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Population (2)</u>	<u>Per Capita</u>
2009	\$ 35,070,817	\$ 127,119	-	\$ 35,197,936	5.19%	16,924	\$ 2,079.76
2010	31,355,000	88,077	-	31,443,077	4.40%	17,255	1,822.26
2011	31,871,418	46,976	-	31,918,394	4.10%	17,539	1,819.85
2012	30,068,951	3,707	-	30,072,658	3.37%	17,848	1,684.93
2013	29,148,520	-	-	29,148,520	3.18%	17,813	1,636.36
2014	28,150,125	-	7,255,066	35,405,191	3.55%	17,824	1,986.38
2015	27,089,259	-	8,433,177	35,522,436	3.48%	18,172	1,954.79
2016	25,929,688	-	8,109,702	34,039,390	3.10%	18,016	1,889.40
2017	23,655,059	-	7,775,654	31,430,713	n/a	n/a	n/a
2018	90,058,976	-	7,430,688	97,489,664	n/a	n/a	n/a

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. 2015 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
2009	16,924	\$ 35,070,817	\$ 3,235,491	\$ 31,835,326	1.61%	\$ 1,881
2010	17,255	31,355,000	3,609,424	27,745,576	1.37%	1,608
2011	17,539	31,871,418	3,408,983	28,462,435	1.47%	1,623
2012	17,848	30,068,951	3,217,874	26,851,077	1.36%	1,504
2013	17,813	29,148,520	3,971,722	25,176,798	1.27%	1,413
2014	17,824	28,150,125	4,050,538	24,099,587	1.21%	1,352
2015	18,172	27,089,259	3,782,332	23,306,927	1.14%	1,283
2016	18,016	25,929,688	3,766,510	22,163,178	1.05%	1,230
2017	n/a	23,655,059	3,320,181	20,334,878	0.89%	n/a
2018	n/a	90,058,976	10,116,860	79,942,116	3.41%	n/a

Source: School District Financial Records

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

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

Highland Local School District

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Tax Valuation (2)	<u>\$ 687,350,200</u>	<u>\$ 715,298,270</u>	<u>\$ 685,337,860</u>	<u>\$ 696,622,220</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>61,861,518</u>	<u>64,376,844</u>	<u>61,680,407</u>	<u>62,696,000</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds (3)	33,010,000	31,355,000	29,535,000	27,545,000
Less Amount Available in Debt Service	<u>(3,235,491)</u>	<u>(3,609,424)</u>	<u>(3,408,983)</u>	<u>(3,217,874)</u>
Amount of Debt Subject to Limit	<u>29,774,509</u>	<u>27,745,576</u>	<u>26,126,017</u>	<u>24,327,126</u>
Legal Debt Margin	<u>\$ 32,087,009</u>	<u>\$ 36,631,268</u>	<u>\$ 35,554,390</u>	<u>\$ 38,368,874</u>
Legal Debt Margin as a Percentage of the Debt Limit	51.87%	56.90%	57.64%	61.20%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 687,350	\$ 715,298	\$ 685,338	\$ 696,622
Amount of Debt Subject to Limit	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 687,350</u>	<u>\$ 715,298</u>	<u>\$ 685,338</u>	<u>\$ 696,622</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.

(3) Excludes accretion and premium on the bonds.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>\$ 702,837,040</u>	<u>\$ 705,031,670</u>	<u>\$ 723,954,090</u>	<u>\$ 743,889,920</u>	<u>\$ 806,301,870</u>	<u>\$ 830,575,990</u>
<u>63,255,334</u>	<u>63,452,850</u>	<u>65,155,868</u>	<u>66,950,093</u>	<u>72,567,168</u>	<u>74,751,839</u>
<u>26,395,000</u>	<u>25,120,000</u>	<u>23,730,000</u>	<u>20,110,000</u>	<u>19,300,000</u>	<u>81,860,000</u>
<u>(3,971,722)</u>	<u>(4,050,538)</u>	<u>(3,782,332)</u>	<u>(3,766,510)</u>	<u>(3,320,181)</u>	<u>(10,116,860)</u>
<u>22,423,278</u>	<u>21,069,462</u>	<u>19,947,668</u>	<u>16,343,490</u>	<u>15,979,819</u>	<u>71,743,140</u>
<u>\$ 40,832,056</u>	<u>\$ 42,383,388</u>	<u>\$ 45,208,200</u>	<u>\$ 50,606,603</u>	<u>\$ 56,587,349</u>	<u>\$ 3,008,699</u>
64.55%	66.80%	69.38%	75.59%	77.98%	4.02%
\$ 702,837	\$ 705,032	\$ 723,954	\$ 743,890	\$ 806,302	\$ 830,576
-	-	-	-	-	-
<u>\$ 702,837</u>	<u>\$ 705,032</u>	<u>\$ 723,954</u>	<u>\$ 743,890</u>	<u>\$ 806,302</u>	<u>\$ 830,576</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, 2018

<u>Jurisdiction</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable Highland Local School District</u>
Direct:			
Highland Local School District	\$ 97,489,664	100.00%	\$ 97,489,664
Overlapping:			
Medina County	10,994,918	16.25%	1,786,674
Summit County	42,675,000	0.06%	25,605
Wadsworth City	5,015,000	4.31%	216,147
Montville Township	3,062,000	15.39%	471,242
Copley Township	-	1.53%	-
Akron Metro Regional Transit Authority	-	0.06%	-
Akron-Summit County Library District	14,680,000	0.10%	14,680
Medina County Library District	15,894,993	18.97%	3,015,280
Medina County Park District	-	11.69%	-
	<u>92,321,911</u>		<u>5,529,628</u>
Total direct and overlapping debt:	<u>\$ 189,811,575</u>		<u>\$ 103,019,292</u>

Source: Medina County Auditor and Summit County Fiscal Officer

(1) All debt reported as of December 31, 2017, except for Highland Local School District which is reported as of June 30, 2018.

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

Highland Local School District

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate (3)</u>
2009	16,924	\$ 678,609,559	\$ 40,097	8.6%
2010	17,255	714,959,670	41,435	7.6%
2011	17,539	779,024,452	44,417	7.0%
2012	17,848	891,815,175	49,967	5.9%
2013	17,813	917,685,889	51,518	6.3%
2014	17,824	996,026,131	55,881	5.4%
2015	18,172	1,021,706,436	56,224	4.6%
2016	18,016	1,099,128,930	61,008	4.8%
2017	n/a	n/a	n/a	5.1%
2018	n/a	n/a	n/a	5.2%

Sources: (1) U.S. Bureau of Census, National Center for Education Statistics
(2) Ohio Department of Taxation
(3) U.S. Department of Labor, Bureau of Labor Statistics

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

Highland Local School District
Principal Employers in Medina County
2017 and 2008

Employer	2017 (1)		
	Number of Employees	Rank	Percentage of Total County Employment
Westfield Group	1,848	1	3.51%
Cleveland Clinic	1,082	2	2.05%
Medina County	1,041	3	1.98%
MTD Products	883	4	1.68%
Brunswick City School District	832	5	1.58%
Medina City School District	812	6	1.54%
Sandridge Food Corporation	668	7	1.27%
Discount Drug Mart	509	8	0.96%
Wadsworth City School District	487	9	0.93%
Shiloh Industries, Inc.	421	10	0.80%
Total	8,583		16.30%
Total employment within the County	52,677		

Employer	2008		
	Number of Employees	Rank	Percentage of Total County Employment
Discount Drug Mart	1,611	1	2.61%
Westfield Group	1,560	2	2.53%
Medina County	1,135	3	1.84%
RPM International Inc.	878	4	1.42%
Brunswick City School District	860	5	1.40%
Shiloh Industries, Inc.	806	6	1.31%
Medina City School District	788	7	1.28%
Medina General Hospital	750	8	1.22%
Wadsworth City School District	493	9	0.80%
Cloverleaf Local School District	379	10	0.62%
Total	9,260		15.03%
Total employment within the County	61,651		

Source: Medina County Economic Development Corporation

(1) 2017 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Regular instruction										
Elementary classroom teachers	65	65	58	58	59	58.5	63	62.5	62.5	64.5
Middle school classroom teachers	31	32	33.5	31.75	34	33	33	33	33	32.5
High school classroom teachers	41	41	42	41.5	42	42.75	42.75	42.25	43	44
Special instruction										
Academically gifted teachers	2	1	0	1	1	2.5	2.5	2.5	4	4
Preschool teachers	2	2	2	2	2	2	2	2	2	2
Special education teachers	18	18	18	20	21	23	24	26	28	28
Tutors	17	19	15	14	11	7	7	7	7	7
Vocational instruction										
High school classroom teachers	3	2	1	1	1	1	1	1	0.5	1
Pupil support services										
Guidance counselors	7	5.75	5.75	5.75	5.75	5.75	5.75	6	6	6
Librarians	3	0.5	0.5	0.5	0	0	0	0	0	0
Psychologists	3	3	3	3	3	3	4	4	4	4
Speech and language pathologists	2.5	2.5	2.5	2.5	2.75	3	3	3	3	4
Aides	37.5	31	32	34.25	30.5	32.75	30.5	33	36	42.5
Computer	3	2	2	2	2	2	2	2	2	2
Library Aides	5	4	5	4	5	5	5	5	5	7
Secretaries/Clerical	17.5	17	17	16	16	16	16	17	18	18
Latchkey	6	7	7	6	6	6	6	6	6	6.5
Administrators										
Central Office	8	8	8	8	8	8	7	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	3	3	3	3
Operation of plant										
Custodians & Maintenance	27.5	24	25	23.5	23	25	24	25	25.5	26.5
Pupil transportation										
Bus drivers	30.5	32	33	33.5	31.25	30.25	28.5	29.25	24	24.75
Bus Mechanics	3	2	2	2	2	2	2	2	2	2
Food service program										
Director	1	1	1	1	1	1	1	1	1	1
Cooks	15	15.5	15	15.5	15	15.25	14	15	15	15.5

Source: School District records

Method: Using 1.0 for each full-time employee and 0.75, 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
2009	\$ 31,539,450	3,320	\$ 8,525	9.58%	20.5	6.90%
2010	\$ 33,145,153	3,320	\$ 8,682	1.84%	20.6	8.80%
2011	\$ 31,820,738	3,337	\$ 8,449	-2.68%	21.6	8.70%
2012	\$ 31,861,320	3,293	\$ 8,336	-1.34%	21.2	9.75%
2013	\$ 31,762,648	3,284	\$ 8,128	-2.50%	20.5	9.07%
2014	\$ 33,012,865	3,249	\$ 9,024	11.02%	20.0	9.04%
2015	\$ 33,039,043	3,209	\$ 8,998	-0.29%	19.1	9.03%
2016	\$ 36,139,094	3,224	\$ 9,260	2.91%	19.0	8.33%
2017	\$ 37,426,512	3,196	\$ 9,480	2.38%	18.5	8.30%
2018	\$ 22,548,866 (3)	3,300	n/a (2)	n/a	18.8	7.72%

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 2018 figures have not yet been published by the Ohio Department of Education.

(3) The School District reported a significant decrease in the net pension and net OPEB liabilities for fiscal year 2018.

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

Highland Local School District

Building Statistics

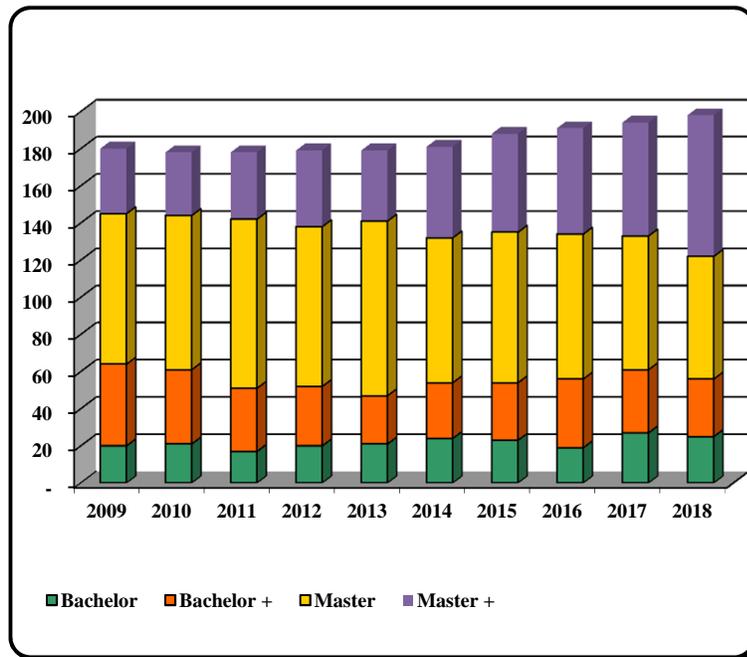
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	1,082	1,097	1,099	1,124	1,121	1,125	1,103	1,115	1,088	1,106
Student capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Classrooms	49	49	49	49	49	49	49	49	49	49
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	813	796	821	800	808	786	761	765	756	780
Student capacity	750	750	750	750	750	750	750	750	750	750
Classrooms	35	34	34	34	35	35	35	35	36	36
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	518	514	514	485	477	473	468	462	479	487
Student capacity	525	525	525	525	525	525	525	525	525	525
Classrooms	30	30	27	27	28	28	28	29	29	29
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	447	444	436	454	442	435	437	428	405	410
Student capacity	400	400	400	400	400	400	400	400	400	400
Classrooms	24	24	24	25	25	25	25	25	25	24
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	460	469	467	430	436	430	440	454	468	517
Student capacity	450	450	450	450	450	450	450	450	450	450
Classrooms	27	27	27	27	27	27	27	27	29	29

Source: School District Records

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

<u>Degree</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bachelor's Degree	20	21	17	20	21	24	23	19	27	25
Bachelor + 15	17	20	15	11	6	14	15	15	11	11
Bachelor + 30	27	20	19	21	20	16	16	22	23	20
Master's Degree	81	83	91	86	94	78	81	78	72	66
Master's + 15	14	15	19	21	22	25	28	31	33	45
Master's + 30	21	19	17	20	16	24	25	26	28	31
Total	180	178	178	179	179	181	188	191	194	198



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>
2009	\$ 56,451	\$ 55,583
2010	58,053	56,995
2011	59,832	57,904
2012	61,468	58,120
2013	59,817 (1)	57,966
2014	61,440	57,636
2015	62,492	56,748
2016	62,589	58,690
2017	65,672	60,433
2018	67,680	n/a

Source: School District Records, Ohio Department of Education

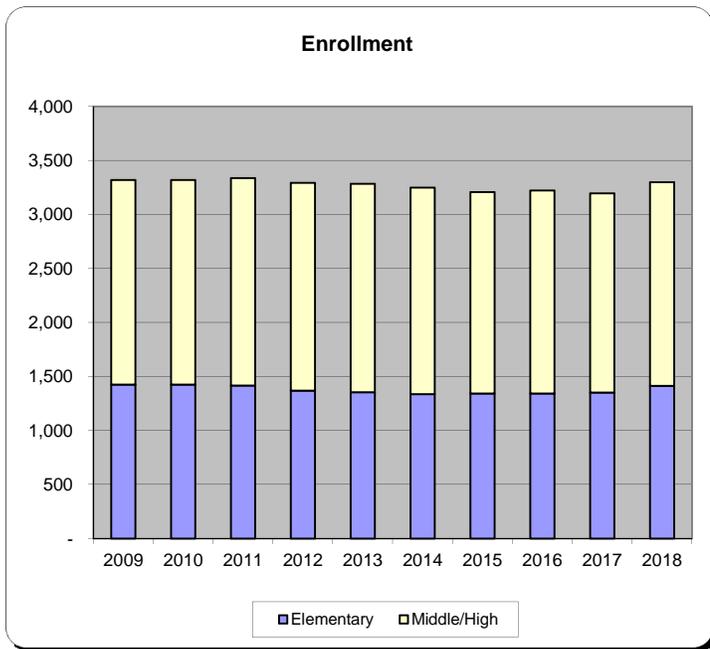
n/a - information is not available at this time.

(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
2009	1,425	1,895	3,320
2010	1,427	1,893	3,320
2011	1,417	1,920	3,337
2012	1,369	1,924	3,293
2013	1,355	1,929	3,284
2014	1,338	1,911	3,249
2015	1,345	1,864	3,209
2016	1,344	1,880	3,224
2017	1,352	1,844	3,196
2018	1,414	1,886	3,300



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>
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%	98.20% (1)	82.20% (1)
2015	96.30%	n/a	96.40% (1)	83.00% (1)
2016	96.30%	n/a	97.70% (1)	83.60% (1)
2017	94.60%	n/a	97.90% (1)	84.10% (1)
2018	94.70%	n/a	n/a (1)	n/a (1)

Source: Ohio Department of Education

n/a - information is not available at this time or is no longer published.

(1) Beginning with the 2012-2013 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.

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OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND LOCAL SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2019**