

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal Non-Cash Receipts	Federal Expenditures	Federal Non-Cash Expenditures
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through State Department of Education:</i>						
Title VI-B	84.027	047191-6B-SF-00	\$0	\$0	\$500	\$0
		047191-6B-SF-01	150,930	0	150,930	0
Total VI-B, Handicapped Grant			150,930	0	151,430	0
Title I	84.010	047191-C1-S1-00	0	0	100	0
		047191-C1-S1-01	96,963	0	96,919	0
Total Title I			96,963	0	97,019	0
Title VI	84.298	047191-C2-S1-99	0	0	4,000	0
		047191-C2-S1-00	10,982	0	11,750	0
		047191-C2-S1-00C	0	0	412	0
		047191-C2-S1-01	15,066	0	8,467	0
Total Title VI Innovative Education Program Strategy			26,048	0	24,629	0
Eisenhower Math & Science	84.281	047191-MS-S1-99 C	0	0	5,142	0
		047191-MS-S1-00	0	0	4,309	0
		047191-MS-S1-01	8,067	0	7,983	0
Total Eisenhower Math & Science			8,067	0	17,434	0
Drug Free Schools	84.186	047191-DR-S1-99	0	0	300	0
		047191-DR-S1-00	0	0	1,839	0
		047191-DR-S1-01	12,624	0	12,133	0
Total Drug Free Schools			12,624	0	14,272	0
Class Size Reduction Grant	84.340	047191-CR-S1-00	0	0	500	0
		047191-CR-S1-01	30,616	0	30,616	0
Total Class Size Reduction Grant			30,616	0	31,116	0
Total U.S. Department of Education			325,248	0	335,900	0
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	0	31,791	0	25,948
National School Lunch Program	10.555	047191 03-PU 01	65,466	0	65,466	0
Total - U.S. Department of Agriculture - Nutrition Cluster			65,466	31,791	65,466	25,948
Total Federal Financial Assistance			<u>\$390,714</u>	<u>\$31,791</u>	<u>\$401,366</u>	<u>\$25,948</u>

The accompanying notes are an integral part of the financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Districts federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE C - NATIONAL SCHOOL LUNCH AND SPECIAL MILK PROGRAMS

Federal monies received by the District for these programs are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

N/A - Not applicable

CFDA - Catalog of Federal Domestic Assistance



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Kenston Local School District
Geauga County
17419 Snyder Road
Chagrin Falls, Ohio 44023

We have audited the financial statements of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

Kenston Local School District
Geauga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

December 10, 2001



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

Board of Education
Kenston Local School District
Geauga County
17419 Snyder Road
Chagrin Falls, Ohio 44023

Compliance

We have audited the compliance of the Kenston Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 10, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Jim Petro
Auditor of State

December 10, 2001

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

SCHEDULE OF FINDINGS

1. SUMMARY OF AUDITOR'S RESULTS
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A-133 §.505

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Sec. .510?	No
(d)(1)(vii)	Major Programs (list)	CFDA # 84.027 - Title VI-B
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

KENSTON LOCAL SCHOOL DISTRICT

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

INTRODUCTORY SECTION

KENSTON LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2001

ISSUED BY: TREASURER'S OFFICE
LINDA HEIN, TREASURER

KENSTON LOCAL SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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KENSTON LOCAL SCHOOL DISTRICT
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December 10, 2001

Board of Education Members
Kenston Local School District

We are pleased to submit to you the third Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District for the fiscal year ended June 30, 2001. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. This report will provide the taxpayers of the Kenston Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Geauga County Public Library, major taxpayers, financial rating services, and other interested parties.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District.
2. The Financial Section, which begins with the Report of Independent Accountants and includes the General Purpose Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements by Fund Type, and other schedules that provide detailed information relative to the General Purpose Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends, and the fiscal capacity of the Kenston Local School District.

The School District

The Kenston Local School District (the School District) is located in northeastern Ohio, east of Cleveland. The School District is primarily a bedroom community located in the southwest corner of the county adjacent to the Village of Chagrin Falls (Cuyahoga County) and the cities of Solon (Cuyahoga County), Twinsburg (Summit County), and Aurora (Portage County). It is approximately 35 miles southeast of Cleveland, 25 miles west of Youngstown and 20 miles north of Akron.

The School District was created in 1953 when the former Bainbridge and Auburn Local School District's were consolidated to form the present School District.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide services mandated by State and or Federal agencies.

Reporting Entity

The Kenston Local School District has reviewed its reporting entity definition in order to insure conformity with the Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. In evaluating how to define the School District for financial reporting purposes, management has considered its relationship with all departments, boards, organizations, and agencies that make up the School District.

Excluded from the reporting entity because they are fiscally independent of the School District are the townships of Auburn and Bainbridge, the Kenston Parent Teacher Organizations, the Kenston Athletic, Music, and Academic Boosters, and the Kenston Foundation.

The School District is associated with five jointly governed organizations and one public entity risk pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools Council Association, the East Shore Regional Transportation System, and the Ohio School Boards Association Workers Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the combined financial statements.

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

Economic Condition and Outlook

The School District is actively involved with individuals, organizations, and businesses in decision making. The School District maintains regular dialogue with many community organizations, including the Kenston Business Advisory Council. This Council is comprised of residents of the community whose careers cover many facets of the business world. These community members meet every other month with School District administrators to share information and ideas about the School District and the business community. The Superintendent and Treasurer are Council members and, through this Council, maintain school-business communications. Another organization with which the School District is involved is Business in Partners with Education, an organization of real estate developers who contribute a percentage of their new home sales to the Kenston Educational Foundation, which provides enhancement funding for various instructional programs. The superintendent is an appointed Board of Directors member to the Chagrin Valley Chamber of Commerce.

While the School District is primarily residential in nature, there are several areas of commercial and industrial development. The commercial development exists primarily to serve the residents of the area. The industrial development is light manufacturing, while the School District partially includes Six Flags amusement park.

The School District's superintendent participated in a year and a half study and development of a long range defensible zoning plan for Bainbridge Township. Strategies were created to maintain the rural nature of the community and maximize the non-residential development of currently zoned areas. The trustees of both Auburn and Bainbridge Townships meet with the School District's leadership to seek input in the development of long range plans. The trustees of both townships are regular participants in the School District's Business Advisory Council.

Most residents work outside the School District. The businesses with the most employees in the School District are: Stock Equipment Co., Mar-Bal Inc., Custom Materials Inc., the School District, Johnsonite, and Milbar Company.

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. This is a result of House Bill 920, which mandates that any reappraised property increase results in an approximately equal value decrease in millage. As a result, school districts throughout Ohio must place operating funding issues on the ballot at regular intervals to keep pace with inflation and added programming.

As a result of the passage of the School District's net 6.9 mill continuing operating levy in 1997 and conservative fiscal management by the Board and the Administration, the School District's five-year projections indicate that the natural budget cycle needs will require additional operating income in the beginning of fiscal year 2004. Thus, the School District does not project a need to request additional tax support from its voters until calendar year 2003.

Major renovations at Six Flags Amusement Park during calendar year 2001 will increase revenues to the School District beginning in fiscal year 2002. The additional revenues may extend the need for additional operating income post fiscal year 2004.

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the States legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the States school foundation program which provided significant amounts of monetary support to the School District. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the thorough and efficient clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2001, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded,the mandate of the [Ohio] Constitution has not been fulfilled. The Courts majority recognized efforts by the Ohio General Assembly taken in response to the Courts March 24, 1997 decision, however, it found sevenmajor areas warrant further attention, study, and development by the General Assembly.... including the States reliance on local property tax funding, the States basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy

of, funding for school facilities, and the existence of the States School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program. Further legislation was enacted which prompted yet another Supreme Court ruling. Note 17 details the latest ruling.

Major Initiatives

The School District has a comprehensive technology plan that focuses on the training of all staff members and expanding the use of technology into all curricular areas. Additionally, the School District has been very proactive in accessing technology discounts from the Federal E-rate program. The School District is already receiving refunds from round four of the E-rate program, and applications for round 5 are being submitted.

The School District received a \$10,000 state grant to implement both district and building level Continuous Improvement Committees in 1999. The School District continues to work endlessly in both assessing various student achievement indicators at all levels and targeting specific areas for annual improvement. To support these improvement initiatives, the School District has continued its curriculum and instruction based Administrative Instructional Council meetings, which received a 1998 BEST Practice Award. Additionally, the School District has been very proactive in offering seminars to administrators dealing with leadership issues such as managing change, developing teacher teams, developing highly effective work environments, and handling conflict.

While the School District continues to offer a variety of staff development activities to its staff, a current evaluation and examination of programs for new teachers is taking place. Input and data from administrators and teachers hired in recent years is being evaluated and incorporated into a more comprehensive plan to be implemented next year.

Roof replacements for school buildings in the School District have been a major initiative for the past four years. The roof replacement projects for the high school building and middle school building were funded with the proceeds from the operating levy that was passed in 1997.

Capital projects included repairs and renovations to the sewage system and roof at Gardiner Elementary School in 2001. A two classroom addition to the middle school was also planned for the summer of 2001.

In 1992, a bond issue was passed which resulted in the construction of a new elementary school, classroom addition on the Kenston Middle School, and the renovation of the Early Learning Center building. Student enrollment increases caused by steady new housing development in both Auburn and Bainbridge Townships have produced at capacity or over capacity problems at all five school buildings. Enrollment in the School District since 1992 has increased from 2,309 to 3,084 students.

Additional classrooms were added to Gardiner Elementary School and Kenston Middle School to ease the constraints of Kenston's at-capacity school facilities.

Future Projects

In June, 2001 the School District assigned an architect to draw plans for a multi purpose room addition to Kenston Middle School. The next step in the School District's long range plans was to seek a facility study by the Ohio School Facility Commission. The study, still in progress, will determine the School District's eligibility for state matching funds for future construction projects.

Financial Information

Internal Accounting and Budgetary Control

The School District's accounting system is organized on a fund basis. Each fund and account group is a distinct self-balancing accounting entity. Reporting 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. Reporting of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

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 School District utilizes a fully automated accounting system, as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, insures 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, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

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 object account level within a function and fund. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; 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.

The basis of accounting and the various funds and account groups utilized by the School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Fiscal Management Improvements

School-based Management and Budgeting System. The School District has established and implemented a school-based management and budgeting system. This system permits budgeting at the school level, with the full participation of each school's principal and assistant principals. The system also generates monthly and year-to-date analytical reports for each location. In addition to enhancing the School District's ability to monitor expenditures and achieve compliance with budgets, these reports serve as a means of evaluating the performance of each school's administrative official's responsibility for exercising spending controls.

School District Graduates

A typical graduate of the School District is well prepared for post-secondary education. A variety of honors, college preparatory and skill level courses are available in academic and vocational disciplines.

The Board has its own student and volunteer operated FM radio station, WKHR. Since 1977, high school students have participated in an educational program operating this non-commercial radio station that serves Geauga, Portage and a portion of Cuyahoga counties. In addition to educational and community service programming, the radio station also reports on athletic and special events.

The School District works to provide intervention programs and assistance to all students needing academic support. Such support is offered through academic tutors and specialized instructional labs. Thirteen advanced placement (AP) courses are available. In 2000-2001, 127 students took AP exams. The School District is accredited by the North Central Association and the State of Ohio and has been awarded the National Blue Ribbon Schools award and recognized in Redbook Magazine as one of "America's Best High Schools." Over 90 percent of graduates continue their education at a college, university, or technical school.

Data Accountability and Report Card Legislation

Amended Substitute House Bill 215, the biennial budget bill commencing in October 1997, added data accountability provisions to Section 3301.0714 of the Ohio Revised Code. These provisions authorize the Department of Education to withhold 10 to 20 percent of a school district's funds if the school district does not submit timely and accurate Electronic Management Information Systems (EMIS) data (aggregated demographics on students and staff). Additionally, the bill allows the State Board of Education to suspend/revoke the license of a school district employee found to have

willfully reported erroneous, inaccurate, or incomplete data through the information system. The Superintendent and Treasurer must certify the accuracy of all data collected through the EMIS system at the opening of school (October) and close (June/July). The School District has complied with the requirements of this legislation.

Senate Bill 55, the academic accountability legislation passed in the summer of 1997, resulted in the extraction of data from the EMIS database and the publication of a School District "Report Card". The School District met 25 of the 27 performance indicators for the 2001 report card, which classifies the School District as a "Continuous Improvement" school.

Statistical Information

General Governmental Functions

The following schedule presents a summary of governmental and similar trust fund revenues for the fiscal years ended June 30, 2000 and 2001, and the amount and percentage of increases and decreases in relation to the prior years revenues.

	<u>2000</u> <u>Amount</u>	<u>2001</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
<u>Revenues</u>					
Taxes	\$ 15,681,365	\$ 16,847,665	67.17%	\$ 1,166,300	7.44 %
Intergovernmental	6,295,936	7,023,636	28.00%	727,700	11.56 %
Earnings on Investments	505,688	590,946	2.36%	85,258	16.86 %
Tuition and Fees	48,743	35,788	0.14%	(12,955)	(26.58)%
Extracurricular Activities	291,850	378,799	1.51%	86,949	29.79 %
Transportation Fees	100,894	58,901	0.24%	(41,993)	(41.62)%
Miscellaneous	138,868	146,115	.58%	7,247	5.22 %
Total Revenues	<u>\$ 23,063,344</u>	<u>\$ 25,081,850</u>	<u>100.00%</u>	<u>\$ 2,018,506</u>	<u>8.75 %</u>

The School District's most significant revenue source is taxes. During fiscal year 2001, there was an increase in this category of \$1,166,300. This increase is due to new construction of homes and commercial development in the area.

Intergovernmental revenues reflect a \$727,700 increase. A large portion of this increase is due to the change in the state foundation funding formula.

Interest earnings increased \$85,258 due to increased investment opportunities and higher interest rates.

Tuition revenue reflects a \$12,955 decrease. This decrease is due to the changes in the method of billing excess cost throughout the state.

Extracurricular activities increased \$86,949 in fees due to an increase in the number of activities offered by the School District.

Transportation revenue reflects a \$41,993 decrease. This decrease is due to the amount of excess cost charged for handicapped transportation in 2000.

The following schedule presents a summary of governmental and similar trust fund expenditures for the fiscal years ended June 30, 2000 and 2001, and the amount and percentage of increases and decreases in relation to the prior years expenditures.

<u>Expenditures</u>	<u>2000 Amount</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current					
Instruction:					
Regular	\$ 10,144,250	\$ 10,475,356	42.43%	\$ 331,106	3.26 %
Special	1,685,128	2,049,287	8.30%	364,159	21.61 %
Vocational	123,110	147,661	0.60%	24,551	19.94 %
Adult/Continuing	0	229	0.00%	229	100.00 %
Other	2,271	11,715	0.05%	9,444	415.85 %
Support Services:					
Pupils	1,489,893	1,897,728	7.69%	407,835	27.37 %
Instructional Staff	602,019	646,176	2.62%	44,157	7.33 %
Board of Education	45,253	50,264	0.20%	5,011	11.07 %
Administration	1,610,499	1,766,554	7.16%	156,055	9.69%
Fiscal Services	665,350	625,157	2.53%	(40,193)	(6.04) %
Business	27,230	36,360	0.15%	9,130	33.53 %
Operation and Maintenance					
of Plant Services	2,536,633	2,795,893	11.33%	259,260	10.22 %
Pupil Transportation	1,798,964	1,576,874	6.39%	(222,090)	(12.35) %
Central Services	214	6,114	0.02%	5,900	2757.01%
Operation of Non-Instructional					
Services:					
Food Services	7,205	0	0.00%	(7,205)	(100.00) %
Community Service	69,495	113,819	.46%	44,324	63.78 %
Other	2,069	4,003	0.02%	1,934	93.48 %
Extracurricular Activities	815,105	910,173	3.68%	95,068	11.66 %
Capital Outlay	10,076	264,817	1.07%	254,741	2528.20%
Debt Service	1,183,097	1,309,610	5.30%	126,513	10.69 %
Total Expenditures	<u>\$ 22,817,861</u>	<u>\$ 24,687,790</u>	<u>100.00%</u>	<u>\$ 1,869,929</u>	<u>8.20 %</u>

Regular Instruction - the School District had a 2.50 percent wage increase approved by the Board during fiscal year 2001. Severance payments were also made in fiscal year 2001.

Special Instruction - the increase in special instruction expenditures are the result of a salary increase, the hiring of additional special education personnel to meet the increases in special education services as required by the Individuals with Disabilities Education Act, attorney fees relating to special education, and higher handicapped tuition costs.

Vocational Instruction - the increase in vocational instruction expenditures are the result of hiring additional personnel.

Other Instruction - the increase in other instruction is reflected in increased special education costs previously charged to county services.

Support Services - Pupils and Instructional Staff - the increases in these areas are due to use of academic tutors, proctors, and aides to promote enhancements to the curriculum.

Support Services – Board of Education - the increase in this area is due to the posting of services previously categorized as administrative services.

Support Services - Fiscal - the decrease in this area is due to the posting of services directly to business services and administration.

Support Services – Business – the increase in this area is due to posing of services previously categorized as fiscal.

Support Services - Operation and Maintenance of Plant Services - the increase in plant operation costs is due to building expansion.

Pupil Transportation - the decreased costs in pupil transportation were due to the change in the buses paid for in the fiscal year.

Central Services – the increased costs in central division services were due to the implementation of additional services, such as a job fair being provided by the School District.

Food Services – the decrease is due to severance pay in the previous year.

Community Services - the increase in community services is due primarily to an increase in auxiliary services.

Extracurricular Activities - the increase in extracurricular activities cost is due to the additional sports being offered to students and an increase in the academic leadership program.

Capital Outlay - increased primarily due to a roof expenditure and a two room addition to Kenston Middle School.

Debt Service – increased due to an increase in principal payments on bonds and a Kenston Elementary School septic system bond issue.

Financial Highlights

General Fund Balance. The fund balance of the general fund increased from \$4,282,564 at June 30, 2000 to \$4,501,853 at June 30, 2001. This increase is due to increased collections in real estate and personal property taxes and the increase in the state foundation funding formula.

Enterprise Funds. Food service, uniform school supplies, and kindergarten fees are classified as enterprise operations since they resemble those activities found in private industry. Management periodically decides to determine the amount of profit/loss resulting from these operations that are significantly financed from user fees. In total, the enterprise funds had a net loss of \$122,219 for the fiscal year ended June 30, 2001.

General Fixed Assets. The general fixed assets of the School District are used to carry on the main educational and support function of the School District and are not financial resources available for expenditure. The total general fixed assets at June 30, 2001 were \$26,086,274. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets.

Debt Administration. At June 30, 2001, general obligation bonds outstanding totaled \$9,697,000. During fiscal year 2001, \$693,000 of general obligation bonds were retired. As of June 30, 2001, the voted debt margin was \$36,596,348 and the unvoted debt margin was \$514,371. The School District's bond rating is A1A.

Cash Management. The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation, as well as investing available cash in instruments issued by the United States Treasury, Repurchase Agreements and the State Treasury Asset Reserve of Ohio (STAROhio). The total amount of interest earned was \$604,327 for the year ended June 30, 2001, which was credited directly to the general fund, capital projects fund, all day kindergarten fund, food services fund, and auxiliary services. The program is beneficial because of access to daily balances which enables the Board of Education to maintain the minimum balance in its accounts and invest its assets.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management. All employees of the School District are covered by a blanket bond while certain positions in decision/policy making roles are covered by separate, higher bond coverage.

The School District contracts for general liability insurance at \$2,000,000 per occurrence and \$5,000,000 limit per year.

The School District has insurance contracts for fleet insurance, boiler and machinery, crime, property and inland marine coverage. The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program as described in Note 14.

Pension Plans. All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 9 to the general purpose financial statements for complete details.

Independent Audit

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Jim Petro, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2001. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

Awards

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 Kenston Local School District for its comprehensive annual financial report for the year ended June 30, 2000.

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

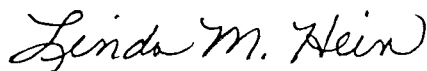
Acknowledgments

The publication of this report significantly increases the accountability of the School District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office and various administrators and employees of the School District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

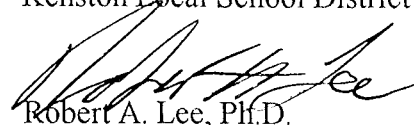
Special appreciation is expressed to James G. Zupka, CPA, Inc., for assistance in planning, designing and compiling this financial report.

Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully submitted,



Linda M. Hein
Treasurer
Kenston Local School District



Robert A. Lee, Ph.D.
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenston Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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



Timothy A. Arue
President

Jeffrey L. Essler
Executive Director

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL OFFICIALS
JUNE 30, 2001**

BOARD OF EDUCATION

Mr. William Timmons	President
Ms. Robert Applebaum	Vice-President
Mr. Ralph Hastings	Member
Mr. Mary Wheeler	Member
Mr. Jerry Moreno	Member

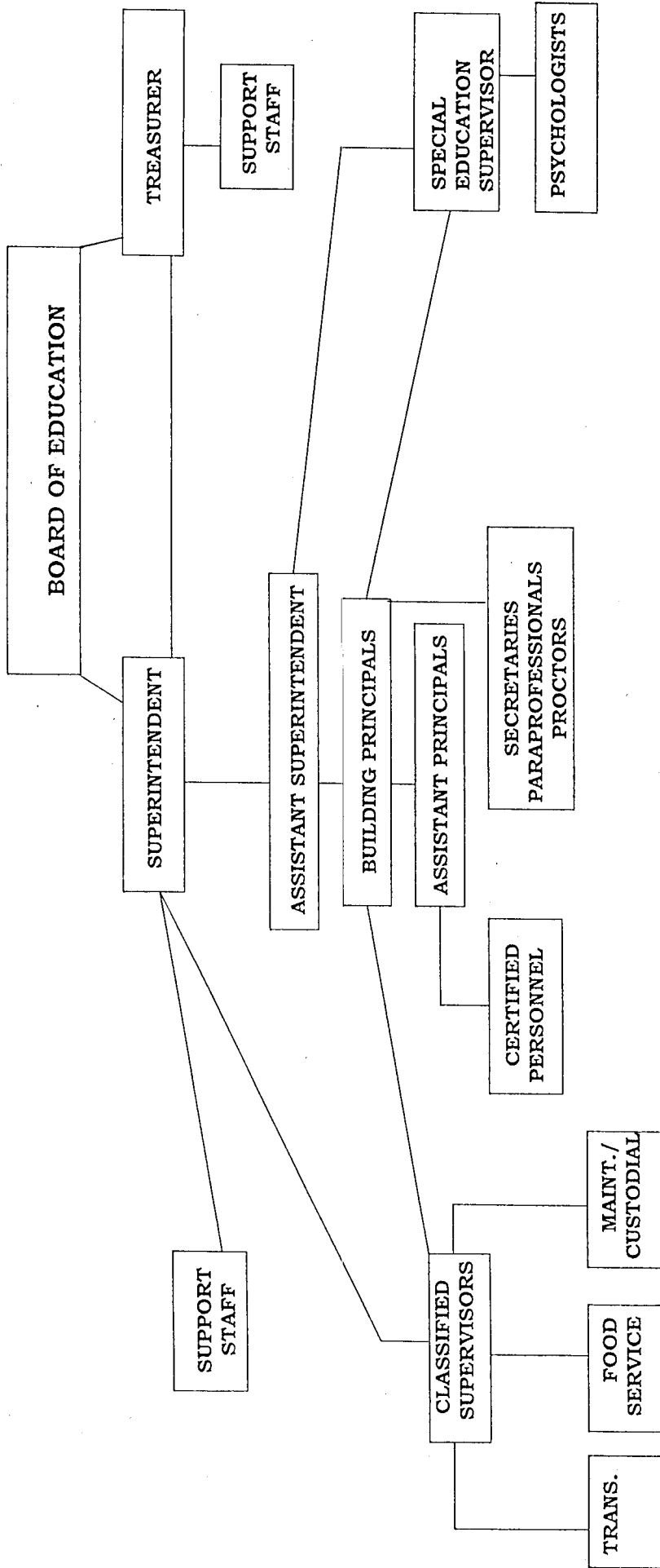
Treasurer

Ms. Linda M. Hein

Administration

Dr. Robert A. Lee	Superintendent
Dr. Stan J. Lipinski	Assistant Superintendent
Ms. Rita Pressman	Director, Special Education

KENSTON LOCAL SCHOOL DISTRICT



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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Kenston Local School District
Geauga County
17419 Snyder Road
Chagrin Falls, Ohio 44023

We have audited the accompanying general-purpose financial statements of the Kenston Local School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Kenston Local School District, Geauga County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

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

Jim Petro
Auditor of State

December 10, 2001

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**KENSTON LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 4,224,662	\$ 210,568	\$ 1,261,559	\$ 111,026
Restricted Assets	455,658	0	0	0
Investments	895,182	0	0	0
Receivables:				
Taxes	16,096,784	0	1,500,180	0
Accounts	13,585	0	0	0
Intergovernmental	0	0	0	0
Accrued Interest	13,180	0	0	0
Materials and Supplies Inventory	89,904	0	0	0
Prepaid Items	6,047	0	0	0
Fixed Assets (Net, where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
 Total Assets and Other Debits	 \$ 21,795,002	 \$ 210,568	 \$ 2,761,739	 \$ 111,026

See the accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 311,580	\$ 993,302	\$ 59,629	\$ 0	\$ 0	\$ 7,172,326
0	0	0	0	0	455,658
0	0	0	0	0	895,182
0	0	0	0	0	17,596,964
0	0	0	0	0	13,585
0	6,877	0	0	0	6,877
121	0	0	0	0	13,301
16,812	0	0	0	0	106,716
0	0	0	0	0	6,047
82,349	0	0	26,086,274	0	26,168,623
0	0	0	0	1,409,206	1,409,206
0	0	0	0	10,169,197	10,169,197
<u>\$ 410,862</u>	<u>\$ 1,000,179</u>	<u>\$ 59,629</u>	<u>\$ 26,086,274</u>	<u>\$ 11,578,403</u>	<u>\$ 64,013,682</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001
(CONTINUED)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 168,836	\$ 5,837	\$ 753	\$ 9,500
Accrued Wages and Benefits	1,901,164	1,183	0	0
Compensated Absences Payable	88,149	0	0	0
Claims Payable	0	0	0	0
Deferred Revenue	14,696,784	0	1,351,780	0
Intergovernmental Payable	438,216	2,492	0	9
Due to Students	0	0	0	0
Matured Bonds Payable	0	0	0	0
Total Liabilities	17,293,149	9,512	1,352,533	9,509
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Budget Stabilization	455,658	0	0	0
Reserved for Encumbrances	640,859	47,012	0	12,235
Reserved for Inventory	89,904	0	0	0
Reserved for Property Taxes	1,400,000	0	148,400	0
Reserved for Prepaids	6,047	0	0	0
Unreserved:				
Designated for Future Debt				
Service Requirements	0	0	1,260,806	0
Undesignated	1,909,385	154,044	0	89,282
Total Fund Equity and Other Credits	4,501,853	201,056	1,409,206	101,517
Total Liabilities, Fund Equity and Other Credits	\$ 21,795,002	\$ 210,568	\$ 2,761,739	\$ 111,026

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 53,362	\$ 0	\$ 3,537	\$ 0	\$ 0	\$ 241,825
40,126	9,944	0	0	0	1,952,417
15,384	1,370	0	0	1,656,588	1,761,491
0	237,810	0	0	0	237,810
0	0	0	0	0	16,048,564
14,719	7,092	695	0	224,815	688,038
0	0	48,755	0	0	48,755
0	0	0	0	9,697,000	9,697,000
<u>123,591</u>	<u>256,216</u>	<u>52,987</u>	<u>0</u>	<u>11,578,403</u>	<u>30,675,900</u>
0	0	0	26,086,274	0	26,086,274
139,732	0	0	0	0	139,732
147,539	743,963	0	0	0	891,502
0	0	0	0	0	455,658
0	0	0	0	0	700,106
0	0	0	0	0	89,904
0	0	0	0	0	1,548,400
0	0	0	0	0	6,047
0	0	0	0	0	1,260,806
0	0	6,642	0	0	2,159,353
<u>287,271</u>	<u>743,963</u>	<u>6,642</u>	<u>26,086,274</u>	<u>0</u>	<u>33,377,782</u>
<u>\$ 410,862</u>	<u>\$ 1,000,179</u>	<u>\$ 59,629</u>	<u>\$ 26,086,274</u>	<u>\$ 11,578,403</u>	<u>\$ 64,013,682</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
Revenues						
Taxes	\$ 15,419,731	\$ 0	\$ 1,427,934	\$ 0	\$ 0	\$ 16,847,665
Intergovernmental	6,307,764	435,431	185,014	88,227	7,200	7,023,636
Earnings on Investments	583,284	616	0	7,046	0	590,946
Tuition and Fees	35,788	0	0	0	0	35,788
Extracurricular Activities	0	378,799	0	0	0	378,799
Transportation Fees	58,901	0	0	0	0	58,901
Miscellaneous	112,205	33,910	0	0	0	146,115
Total Revenues	22,517,673	848,756	1,612,948	95,273	7,200	25,081,850
Expenditures						
Current:						
Instruction:						
Regular	10,397,357	32,700	0	45,299	0	10,475,356
Special	1,885,429	156,754	0	0	7,104	2,049,287
Vocational Education	147,661	0	0	0	0	147,661
Adult/Continuing	0	0	0	0	229	229
Other	11,715	0	0	0	0	11,715
Support Services:						
Pupils	1,698,835	198,893	0	0	0	1,897,728
Instructional Staff	613,503	32,673	0	0	0	646,176
Board of Education	50,264	0	0	0	0	50,264
Administration	1,701,823	64,731	0	0	0	1,766,554
Fiscal Services	605,508	344	19,305	0	0	625,157
Business	36,360	0	0	0	0	36,360
Operation and Maintenance of Plant Services	2,790,781	5,112	0	0	0	2,795,893
Pupil Transportation	1,576,874	0	0	0	0	1,576,874
Central Services	6,114	0	0	0	0	6,114
Operation of Non- Instructional Services:						
Community Service	59,075	54,744	0	0	0	113,819
Other	4,003	0	0	0	0	4,003
Extracurricular Activities	503,660	406,513	0	0	0	910,173
Capital Outlay	0	0	0	264,817	0	264,817
Debt Service:						
Principal Retirement	73,000	0	620,000	0	0	693,000
Interest and Fiscal Charges	12,312	0	604,298	0	0	616,610
Total Expenditures	22,174,274	952,464	1,243,603	310,116	7,333	24,687,790
Excess of Revenues Over (Under) Expenditures	343,399	(103,708)	369,345	(214,843)	(133)	394,060
Other Financing Sources (Uses)						
Proceeds from Sale of Bonds	0	0	0	135,000	0	135,000
Proceeds from Sale of Assets	875	0	0	0	0	875
Operating Transfers In	0	125,056	0	0	0	125,056
Operating Transfers Out	(124,985)	0	0	0	0	(124,985)
Total Other Financing Sources (Uses)	(124,110)	125,056	0	135,000	0	135,946
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	219,289	21,348	369,345	(79,843)	(133)	530,006
Fund Balances at Beginning of Year	4,282,564	179,708	1,039,861	181,360	6,775	5,690,268
Fund Balances at End of Year	\$ 4,501,853	\$ 201,056	\$ 1,409,206	\$ 101,517	\$ 6,642	\$ 6,220,274

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
 GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$15,475,831	\$15,475,831	\$ 0
Intergovernmental	6,298,379	6,309,964	11,585
Earnings on Investments	577,516	581,474	3,958
Tuition and Fees	66,241	51,729	(14,512)
Extracurricular Activities	0	0	0
Transportation Fees	105,000	58,901	(46,099)
Miscellaneous	75,000	58,696	(16,304)
Total Revenues	<u>22,597,967</u>	<u>22,536,595</u>	<u>(61,372)</u>
Expenditures			
Current:			
Instruction:			
Regular	10,638,068	10,543,655	94,413
Special	2,013,476	1,928,820	84,656
Vocational Education	150,582	143,896	6,686
Adult/Continuing	0	0	0
Other	11,715	11,715	0
Support Services:			
Pupils	1,909,270	1,807,969	101,301
Instructional Staff	663,634	654,859	8,775
Board of Education	53,424	51,317	2,107
Administration	1,739,722	1,713,281	26,441
Fiscal Services	695,499	688,427	7,072
Business	33,701	33,697	4
Operation and Maintenance of Plant Services	2,949,042	2,883,306	65,736
Pupil Transportation	1,710,950	1,630,308	80,642
Central Services	17,406	11,273	6,133
Operation of Non-Instructional Services:			
Community Services	113,473	105,046	8,427
Other	4,950	3,104	1,846
Extracurricular Activities	506,169	502,544	3,625
Capital Outlay	15,000	15,000	0
Debt Service:			
Principal Retirement	75,000	73,000	2,000
Interest and Fiscal Charges	12,312	12,312	0
Total Expenditures	<u>23,313,393</u>	<u>22,813,529</u>	<u>499,864</u>
Excess of Revenues Over (Under) Expenditures	<u>(715,426)</u>	<u>(276,934)</u>	<u>438,492</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Assets	2,000	875	(1,125)
Operating Transfers In	113,887	0	(113,887)
Operating Transfers Out	(236,408)	(124,985)	111,423
Advances In	11,000	10,982	(18)
Advances Out	(11,000)	(10,982)	18
Refund of Prior Year Expenditures	5,000	57,001	52,001
Total Other Financing Sources (Uses)	<u>(115,521)</u>	<u>(67,109)</u>	<u>48,412</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(830,947)</u>	<u>(344,043)</u>	<u>486,904</u>
Fund Balance - Beginning of Year	4,350,605	4,350,605	0
Prior Year Encumbrances Appropriated	833,801	833,801	0
Fund Balance - End of Year	<u>\$ 4,353,459</u>	<u>\$ 4,840,363</u>	<u>\$ 486,904</u>

(Continued)

See accompanying notes to the general purpose financial statements.

KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	435,431	435,431	0
Earnings on Investments	616	616	0
Tuition and Fees	0	0	0
Extracurricular Activities	378,794	378,799	5
Transportation Fees	0	0	0
Miscellaneous	33,910	33,910	0
Total Revenues	<u>848,751</u>	<u>848,756</u>	<u>5</u>
Expenditures			
Current:			
Instruction:			
Regular	33,029	33,029	0
Special	157,983	157,983	0
Vocational Education	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
Support Services:			
Pupils	201,015	201,015	0
Instructional Staff	32,654	32,654	0
Board of Education	0	0	0
Administration	90,739	90,739	0
Fiscal Services	342	342	0
Business	0	0	0
Operation and Maintenance of Plant Services	14,022	14,022	0
Pupil Transportation	0	0	0
Central Services	0	0	0
Operation of Non-Instructional Services:			
Community Service	65,213	65,213	0
Other	0	0	0
Extracurricular Activities	431,730	431,730	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,026,727</u>	<u>1,026,727</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(177,976)</u>	<u>(177,971)</u>	<u>5</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Assets	0	0	0
Operating Transfers In	125,056	125,056	0
Operating Transfers Out	0	0	0
Advances In	10,982	10,982	0
Advances Out	(10,982)	(10,982)	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>125,056</u>	<u>125,056</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(52,920)</u>	<u>(52,915)</u>	<u>5</u>
Fund Balance - Beginning of Year	138,503	138,503	0
Prior Year Encumbrances Appropriated	76,166	76,166	0
Fund Balance - End of Year	<u>\$ 161,749</u>	<u>\$ 161,754</u>	<u>\$ 5</u>

See accompanying notes to the general purpose financial statements.

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,427,734	\$ 1,427,734	\$ 0	\$ 0	\$ 0	\$ 0
185,014	185,014	0	88,227	88,227	0
0	0	0	7,046	7,046	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,612,748	1,612,748	0	95,273	95,273	0
0	0	0	57,525	57,525	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
30,000	18,552	11,448	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	357,117	357,117	0
620,000	620,000	0	0	0	0
605,000	604,298	702	0	0	0
1,255,000	1,242,850	12,150	414,642	414,642	0
357,748	369,898	12,150	(319,369)	(319,369)	0
0	0	0	135,000	135,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	135,000	135,000	0
357,748	369,898	12,150	(184,369)	(184,369)	0
891,661	891,661	0	43,307	43,307	0
0	0	0	230,350	230,350	0
\$ 1,249,409	\$ 1,261,559	\$ 12,150	\$ 89,288	\$ 89,288	\$ 0

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
 GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	EXPENDABLE TRUST FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	7,200	7,200	0
Earnings on Investments	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Transportation Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	7,165	7,165	0
Vocational Education	0	0	0
Adult/Continuing	229	229	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal Services	0	0	0
Business	0	0	0
Operation and Maintenance of Plant Services	0	0	0
Pupil Transportation	0	0	0
Central Services	0	0	0
Operation of Non-Instructional Services:			
Community Service	0	0	0
Other	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>7,394</u>	<u>7,394</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(194)</u>	<u>(194)</u>	<u>0</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Assets	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(194)	(194)	0
Fund Balance - Beginning of Year	5,583	5,583	0
Prior Year Encumbrances Appropriated	1,948	1,948	0
Fund Balance - End of Year	<u>\$ 7,337</u>	<u>\$ 7,337</u>	<u>\$ 0</u>

(Continued)

See accompanying notes to the general purpose financial statements.

KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	TOTALS (MEMORANDUM ONLY)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 16,903,565	\$ 16,903,565	\$ 0
Intergovernmental	7,014,251	7,025,836	11,585
Earnings on Investments	585,178	589,136	3,958
Tuition and Fees	66,241	51,729	(14,512)
Extracurricular Activities	378,794	378,799	5
Transportation Fees	105,000	58,901	(46,099)
Miscellaneous	108,910	92,606	(16,304)
Total Revenues	25,161,939	25,100,572	(61,367)
Expenditures			
Current:			
Instruction:			
Regular	10,728,622	10,634,209	94,413
Special	2,178,624	2,093,968	84,656
Vocational Education	150,582	143,896	6,686
Adult/Continuing	229	229	0
Other	11,715	11,715	0
Support Services:			
Pupils	2,110,285	2,008,984	101,301
Instructional Staff	696,288	687,513	8,775
Board of Education	53,424	51,317	2,107
Administration	1,830,461	1,804,020	26,441
Fiscal Services	725,841	707,321	18,520
Business	33,701	33,697	4
Operation and Maintenance of Plant Services	2,963,064	2,897,328	65,736
Pupil Transportation	1,710,950	1,630,308	80,642
Central Services	17,406	11,273	6,133
Operation of Non-Instructional Services:			
Community Service	178,686	170,259	8,427
Other	4,950	3,104	1,846
Extracurricular Activities	937,899	934,274	3,625
Capital Outlay	372,117	372,117	0
Debt Service:			
Principal Retirement	695,000	693,000	2,000
Interest and Fiscal Charges	617,312	616,610	702
Total Expenditures	26,017,156	25,505,142	512,014
Excess of Revenues Over (Under) Expenditures	(855,217)	(404,570)	450,647
Other Financing Sources (Uses)			
Proceeds from Sale of Bonds	135,000	135,000	0
Proceeds from Sale of Assets	2,000	875	(1,125)
Operating Transfers In	239,681	125,794	(113,887)
Operating Transfers Out	(237,146)	(125,723)	111,423
Advances In	21,982	21,964	(18)
Advances Out	(21,982)	(21,964)	18
Refund of Prior Year Expenditures	5,000	57,001	52,001
Total Other Financing Sources (Uses)	144,535	192,947	48,412
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(710,682)	(211,623)	499,059
Fund Balance - Beginning of Year	5,429,659	5,429,659	0
Prior Year Encumbrances Appropriated	1,142,265	1,142,265	0
Fund Balance - End of Year	\$ 5,861,242	\$ 6,360,301	\$ 499,059

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service</u>	
<u>Operating Revenues</u>			
Food Services	\$ 514,126	\$ 0	\$ 514,126
Extracurricular Activities	133,500	0	133,500
Classroom Materials and Fees	115,301	21,756	137,057
Charges for Services	0	1,569,954	1,569,954
Miscellaneous	349	6,877	7,226
Total Operating Revenues	<u>763,276</u>	<u>1,598,587</u>	<u>2,361,863</u>
<u>Operating Expenses</u>			
Salaries and Wages	329,595	52,283	381,878
Fringe Benefits	87,990	13,698	101,688
Purchased Services	375,365	20,601	395,966
Materials and Supplies	162,215	1,137	163,352
Depreciation	10,570	0	10,570
Claims	0	1,661,496	1,661,496
Other	1,224	0	1,224
Total Operating Expenses	<u>966,959</u>	<u>1,749,215</u>	<u>2,716,174</u>
Operating Income (Loss)	<u>(203,683)</u>	<u>(150,628)</u>	<u>(354,311)</u>
<u>Non-Operating Revenues</u>			
Earnings on Investments	13,381	0	13,381
Operating Grants	49,568	0	49,568
Government Commodities	18,515	0	18,515
Total Non-Operating Revenues	<u>81,464</u>	<u>0</u>	<u>81,464</u>
Income Before Operating Transfers	<u>(122,219)</u>	<u>(150,628)</u>	<u>(272,847)</u>
<u>Operating Transfers</u>			
Operating Transfers Out	0	(71)	(71)
Total Operating Transfers	<u>0</u>	<u>(71)</u>	<u>(71)</u>
Net Income (Loss)	<u>(122,219)</u>	<u>(150,699)</u>	<u>(272,918)</u>
Retained Earnings-Beginning of Year	269,758	894,662	1,164,420
Retained Earnings - End of Year	<u>147,539</u>	<u>743,963</u>	<u>891,502</u>
Contributed Capital - Beginning and End of Year	<u>139,732</u>	<u>0</u>	<u>139,732</u>
Total Retained Earnings and Contributed Capital - End of Year	<u>\$ 287,271</u>	<u>\$ 743,963</u>	<u>\$ 1,031,234</u>
	=====	=====	=====

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Internal Service</u>	(Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Operations	\$ 775,530	\$ 1,591,710	\$ 2,367,240
Cash Paid to Employees for Services	(321,678)	(54,012)	(375,690)
Cash Paid for Employee Benefits	(86,209)	(1,610,415)	(1,696,624)
Cash Paid to Suppliers for Goods and Services	(475,626)	(21,738)	(497,364)
Cash Payments for Other Activities	(1,224)	0	(1,224)
Net Cash (Used in) Operating Activities	<u>(109,207)</u>	<u>(94,455)</u>	<u>(203,662)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>			
Cash from Grants	68,083	0	68,083
Operating Transfers Out	0	(71)	(71)
Net Cash Provided by Non-Capital Financing Activities	<u>68,083</u>	<u>(71)</u>	<u>68,012</u>
<u>Cash Flows from Investing Activities</u>			
Earnings on Investments	13,260	0	13,260
Net Cash Provided by Investing Activities	<u>13,260</u>	<u>0</u>	<u>13,260</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(27,864)	(94,526)	(122,390)
Cash and Cash Equivalents - Beginning of Year	339,444	1,087,828	1,427,272
Cash and Cash Equivalents - End of Year	<u>\$ 311,580</u>	<u>\$ 993,302</u>	<u>\$ 1,304,882</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>			
Operating (Loss)	<u>\$ (203,683)</u>	<u>\$ (150,628)</u>	<u>\$ (354,311)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities</u>			
Depreciation Expense	10,570	0	10,570
(Increase) Decrease in Assets:			
Accounts Receivable	12,254	0	12,254
Intergovernmental Receivable	0	(6,877)	(6,877)
Inventory Held for Resale	22,028	0	22,028
Increase (Decrease) in Liabilities:			
Accounts Payable	39,926	0	39,926
Accrued Wages and Benefits	5,062	(3,059)	2,003
Compensated Absences Payable	2,141	1,370	3,511
Claims Payable	0	65,708	65,708
Intergovernmental Payable	2,495	(969)	1,526
Total Adjustments	<u>94,476</u>	<u>56,173</u>	<u>150,649</u>
Net Cash (Used in) Operating Activities	<u>\$ (109,207)</u>	<u>\$ (94,455)</u>	<u>\$ (203,662)</u>

Schedule of Noncash Financing Activities

During the year, the Food Service Enterprise Fund received Donated Commodities of \$18,515.

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BUDGETARY BASIS)
 AND ACTUAL - ALL PROPRIETARY FUND TYPES (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>ENTERPRISE FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Food Service	\$ 514,126	\$ 514,126	\$ 0
Extracurricular Activities	133,500	133,500	0
Classroom Materials and Fees	115,630	115,630	0
Earnings on Investments	19,033	13,260	(5,773)
Operating Grants	68,083	68,083	0
Charges for Services	0	0	0
Miscellaneous	12,270	12,274	4
Total Revenues	<u>862,642</u>	<u>856,873</u>	<u>(5,769)</u>
<u>Expenses</u>			
Salaries and Wages	321,678	321,678	0
Fringe Benefits	86,209	86,209	0
Purchased Services	407,034	407,034	0
Materials and Supplies	142,750	142,750	0
Claims	0	0	0
Other	1,224	1,224	0
Total Expenses	<u>958,895</u>	<u>958,895</u>	<u>0</u>
Excess of Revenues Over(Under) Expenses	<u>(96,253)</u>	<u>(102,022)</u>	<u>(5,769)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(96,253)</u>	<u>(102,022)</u>	<u>(5,769)</u>
Fund Equity - Beginning of Year	324,474	324,474	0
Prior Year Encumbrances Appropriated	14,964	14,964	0
Fund Equity - End of Year	<u><u>\$ 243,185</u></u>	<u><u>\$ 237,416</u></u>	<u><u>\$ (5,769)</u></u>

See accompanying notes to the general purpose financial statements.

INTERNAL SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 514,126	\$ 514,126	\$ 0
0	0	0	133,500	133,500	0
21,756	21,756	0	137,386	137,386	0
0	0	0	19,033	13,260	(5,773)
0	0	0	68,083	68,083	0
1,558,195	1,569,954	11,759	1,558,195	1,569,954	11,759
0	0	0	12,270	12,274	4
<u>1,579,951</u>	<u>1,591,710</u>	<u>11,759</u>	<u>2,442,593</u>	<u>2,448,583</u>	<u>5,990</u>
54,012	54,012	0	375,690	375,690	0
14,627	14,627	0	100,836	100,836	0
20,601	20,601	0	427,635	427,635	0
1,137	1,137	0	143,887	143,887	0
1,595,788	1,595,788	0	1,595,788	1,595,788	0
0	0	0	1,224	1,224	0
<u>1,686,165</u>	<u>1,686,165</u>	<u>0</u>	<u>2,645,060</u>	<u>2,645,060</u>	<u>0</u>
<u>(106,214)</u>	<u>(94,455)</u>	<u>11,759</u>	<u>(202,467)</u>	<u>(196,477)</u>	<u>5,990</u>
(71)	(71)	0	(71)	(71)	0
<u>(71)</u>	<u>(71)</u>	<u>0</u>	<u>(71)</u>	<u>(71)</u>	<u>0</u>
(106,285)	(94,526)	11,759	(202,538)	(196,548)	5,990
1,087,828	1,087,828	0	1,412,302	1,412,302	0
0	0	0	14,964	14,964	0
<u>\$ 981,543</u>	<u>\$ 993,302</u>	<u>\$ 11,759</u>	<u>\$ 1,224,728</u>	<u>\$ 1,230,718</u>	<u>\$ 5,990</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Kenston Local School District (the “School District”) operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the School District’s 5 instructional support facilities staffed by 181 non-certificated employees and administrative employees, and 227 certificated full-time teaching personnel that provide services to 3,084 students and other community members.

The School District was established through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected-at-large for staggered four year terms.

The School District serves areas of Auburn and Bainbridge townships, located in Geauga County.

Reporting Entity

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

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 1: **DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**
(Continued)

Reporting Entity (Continued)

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Worker's Compensation Group Rating Plan. The organization is presented in Note 14 to the general purpose financial statements. The School District is also associated with five jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association and the East Shore Regional Transportation System. These organizations are presented in Note 15 to the general purpose financial statements.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. **Basis of Presentation - Fund Accounting**

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation - Fund Accounting** (Continued)

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

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation - Fund Accounting** (Continued)

Proprietary Fund Types (Continued)

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

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

Fiduciary Fund Types

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

Account Groups

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations 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 legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Budgetary Process** (Continued)

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Budgetary Process** (Continued)

Appropriations (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances

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

Lapsing of Appropriations

At the close of each fiscal 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.

D. **Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2001, investments were limited to certificates of deposit, repurchase agreements, U.S. Treasury Notes, and STAROhio. Except

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Cash and Cash Equivalents** (Continued)

for STAROhio and U.S. Treasury notes with maturities of more than one year, investments are reported at cost since they are either non-negotiable certificates of deposits, or repurchase agreements with maturity of one year or less. STAROhio and U.S. Treasury notes are reported at fair value, which is based on quoted market prices.

The gain/loss resulting from valuation will be reported within the interest income account on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$583,284, which includes \$257,679 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original 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 3 months that are not purchased from the pool are reported as investments.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to reflect statutory restrictions on their use. By State statute monies must be set aside to create a textbook subsidy reserve, capital improvement reserve, and a budget stabilization reserve. The reserve for budget stabilization also includes a refund received in fiscal year 1998 from the Bureau of Workers' Compensation, which State statute required to be included in this reserve. See Note 18 for the calculations of the year-end restricted asset balance and the corresponding fund balance reserves.

F. **Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are consumed. In the governmental funds, reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available expendable financial resources" even though they are a component of net current assets. Inventories of proprietary funds consists of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. **Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the fund fixed assets.

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement types grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Education Management Information Systems
Disadvantaged Pupil Aid Program
Title I
Title VI
Title VI-B
Drug-Free Schools
Teacher Development
Learn and Serve Grant
Ohio Reads Grant
FCC E Rate
Data Communications
School Net Professional Development
Classroom Reduction Grant
Summer Intervention

Capital Projects Funds

School Net Plus
IVDL

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 25 percent of the School District's operating revenue during the 2001 fiscal year.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

I. Compensated Absences

In conformity with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, the vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified, certified, and administrative employees after eight years of current service with the School District.

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

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year end are generally considered not to have been paid with current available financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. **Accrued Liabilities and Long-Term Obligations** (Continued)

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. **Fund Balance Reserves**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories, property taxes, prepaids, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

L. **Contributed Capital**

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

M. **Estimates**

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001
 (CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

N. **Total Columns on General Purpose Financial Statements**

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

NOTE 3: **COMPLIANCE AND ACCOUNTABILITY**

A. **Compliance**

Fund balances at June 30, 2001 included the following fund deficits:

<u>Fund</u>		
Special Revenue:		
Title I	\$	357
Learn and Serve Grant		176
Internal Service:		
Special Rotary		10,843

The fund deficits in the special revenue fund result from the recognition of expenditures on the modified accrual basis of accounting that are greater than expenditures recognized on the budgetary basis.

The internal service fund’s deficit earnings are due to adjustments for accrued liabilities. The general fund is liable for the deficit in this fund and will provide operating transfers when cash is required, not when accruals occur.

B. **Change in Accounting Principle**

For June 30, 2001, the School District has adopted GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. GASB Statement 36 modified the provisions of GASB Statement 33 for certain specific nonexchange revenues.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 3: **COMPLIANCE AND ACCOUNTABILITY**

B. **Change in Accounting Principle** (Continued)

GASB Statement 33 and GASB Statement 36 were required for the current year. These statements clarified the timing requirements for recognizing assets, liabilities, revenues, and expenditures/expenses associated with nonexchange transactions. As a result of implementation of these statements, there was no impact on prior year balances. Therefore, restatement of prior year balances is not necessary.

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are 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:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types and as note disclosures in the proprietary fund type (GAAP) basis.
- D. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 4: BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
GAAP Basis	\$ 219,289	\$ 21,348	\$ 369,345	\$ (79,843)	\$ (133)
Net Adjustments for Revenue Accruals	75,923	0	(200)	0	0
Net Adjustments for Expenditure Accruals	85,906	(25,450)	753	(82,791)	(61)
Adjustments for Encumbrances	(725,161)	(48,813)	0	(21,735)	0
Budget Basis	<u>\$(344,043)</u>	<u>\$ (52,915)</u>	<u>\$ 369,898</u>	<u>\$(184,369)</u>	<u>\$ (194)</u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses
Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$122,219	\$(150,699)
Revenue Accrual	12,133	(6,877)
Expense Accrual	71,652	63,050
Depreciation Expense	10,570	0
Adjustments for Encumbrances	(74,158)	0
Budget Basis	<u>\$(102,022)</u>	<u>\$ (94,526)</u>

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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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, the 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 directly issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the 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, and that the term of the agreement must not exceed thirty days;
4. Bonds or other obligations of the State of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or division (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Historically, the School District has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand

At fiscal year end, the School District had \$702 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*.

Deposits

At June 30, 2001, the carrying amount of the School District's deposits was \$243,328 and the bank balance was \$498,646. Of the bank balance, \$294,032 was covered by Federal Depository Insurance and \$204,614 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

GASB Statement No. 3 requires the School District's investments be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The School District invests in the State Treasury Asset Reserve of Ohio (STAROhio), which is not classified by degree of credit risk, since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
U.S. Treasury Notes	\$ 627,219	\$ 627,219	\$ 627,219
Repurchase Agreement	1,129,112	1,129,112	1,129,112
	\$ 1,756,331	1,756,331	1,756,331
STAROhio (Uncategorized)		6,522,805	6,522,805
Totals		\$ 8,279,136	\$ 8,279,136

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$ 7,627,984	\$ 895,182
Investments:		
Certificate of Deposit (with maturities greater than 3 months)	267,963	(267,963)
Repurchase Agreement	(1,129,112)	1,129,112
STAROhio	(6,522,805)	6,522,805
GASB Statement 3	\$ 244,030	\$ 8,279,136

NOTE 6: **PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District's 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.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 6: **PROPERTY TAXES** (Continued)

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2001 on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which fiscal year 2001 taxes were collected are:

	<u>2000 Second Half Collections</u>		<u>2001 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 455,644,940	92.58%	\$ 476,070,320	92.55%
Public Utility	14,089,740	2.86%	14,115,260	2.75%
Tangible Personal Property	22,453,900	4.56%	24,184,950	4.70%
Total Assessed Value	<u>\$ 492,188,580</u>	<u>100.00%</u>	<u>\$ 514,370,530</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 77.30		\$ 77.30	

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001
 (CONTINUED)**

NOTE 6: **PROPERTY TAXES** (Continued)

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

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Kenston Local School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$1,548,400 and is recognized as revenue, \$1,400,000 was available to the general fund, and \$148,400 was available to the debt service fund.

NOTE 7: **FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001 follows:

	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Furniture and Equipment	\$ 478,225	\$ 0	\$ (882)	\$ 477,343
Less Accumulated Depreciation	(385,306)	(10,570)	882	(394,994)
Net Fixed Assets	\$ 92,919	\$ (10,570)	\$ 0	\$ 82,349

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 7: **FIXED ASSETS** (Continued)

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<u>Asset Category</u>	<u>Balance at 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/01</u>
Land and Improvements	\$ 521,964	\$ 202,597	\$ (5,848)	\$ 718,713
Building and Improvements	17,369,817	385,832	(21,892)	17,733,757
Furniture, Fixtures and Equipment	3,875,027	373,670	(178,914)	4,069,783
Vehicles	2,215,548	393,985	(261,338)	2,348,195
Textbooks	1,208,057	7,769	0	1,215,826
Construction in Progress	92,300	0	(92,300)	0
Total General Fixed Assets	\$ 25,282,713	\$ 1,363,853	\$ (560,292)	\$ 26,086,274

NOTE 8: **RISK MANAGEMENT**

A. Property and Liability

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. During the fiscal year 2001, the School District contracted with Crum and Forster Insurance for fleet and liability insurance, Travelers Insurance for boiler and machinery, and Crum and Forster Insurance for crime, property, and inland marine coverage. Coverages provided were as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Crum and Forster	Building and Contents (\$1,000 deductible)	\$ 41,552,323
Travelers Insurance	Boiler and Machinery (\$1,000 deductible)	30,000,000
Crum and Forster	Crime Insurance (\$1,000 deductible)	5,000
Nationwide Insurance	Automobile Liability (\$500 deductible)	1,000,000
Nationwide Insurance	Uninsured Motorists (\$500 deductible)	1,000,000
Nationwide Insurance	General Liability (per occurrence)	2,000,000
Nationwide Insurance	General Liability (total per year)	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001
 (CONTINUED)**

NOTE 8: **RISK MANAGEMENT** (Continued)

B. Worker's Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Insurance Benefits

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly payments are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$237,810 reported in the internal service fund at June 30, 2001 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses (GASB 30). Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning <u>of Year</u>	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$ 166,687	\$1,425,438	\$(1,420,023)	\$ 172,102
2001	\$ 172,102	\$1,661,496	\$(1,595,788)	\$ 237,810

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

A. **School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$491,766, \$447,655, and 415,773, respectively; 62 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$187,990, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and in the general long-term obligations account group.

B. **State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a stand-alone financial report. Copies of STRS Ohio's 2000 Comprehensive Annual Financial Report can be requested by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. **State Teachers Retirement System** (Continued)

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$1,549,884, \$1,453,144, and \$1,354,962, respectively; 80 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$312,259, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

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, 2001, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 10: **POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS) and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$498,177 for fiscal year 2001.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

NOTE 10: **POSTEMPLOYMENT BENEFITS** (Continued)

STRS pays health care benefits from the Health Care Reserve fund. At June 30, 2000 (the latest information available) the balance in the fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$396,238.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 11: **EMPLOYEE BENEFITS**

A. **Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001
 (CONTINUED)**

NOTE 12: **EMPLOYEE BENEFITS** (Continued)

A. **Compensated Absences** (Continued)

Vacation Leave

Only administrative and school support personnel accumulate annual vacation leave. Accumulated unused vacation time is paid upon termination of employment. School support personnel accumulate annual vacation leave as follows:

<u>Completed Service</u>	<u>Vacation Leave</u>
After 1 year	2 weeks
5 thru 9 years	3 weeks
10 thru 19 years	4 weeks
20 or more years	5 weeks

Administrative personnel accumulate 20 days vacation leave and the Superintendent and Treasurer accumulate 27 days vacation leave. As of June 30, 2001, the District recorded, as a fund liability, a vacation leave liability of \$41,187 and \$83,149 in the General Long-Term Obligation Account Group.

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 235 days. An employee is paid a severance benefit equal to 25 percent of the value of their accumulated sick leave, calculated at current wage rates, upon retirement with the balance being forfeited.

Employees meet the eligibility requirements for retirement with either: **a)** twenty-five years of service and age 55 or over, **b)** five years of service and age 60 or over, or **c)** any age with thirty years of service. As of June 30, 2001, the District recorded \$34,302 as a fund liability and \$1,573,439 in the general long-term obligations account group for sick pay-related severance benefits.

B. **Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Educational Employees Life Insurance Trust Company in the amount of \$25,000 for certified central office and administrators, \$15,000 for non-teaching employees working 6 or more hours per day, and \$10,000 for non-teaching employees working at least 4 hours but less than 6 hours per day.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 11: **EMPLOYEE BENEFITS** (Continued)

C. Severance Retirement

The School District's Board of Education adopted an early retirement incentive program to be effective June 26, 1998 through June 25, 1999. Participation was open to employees who were at least 55 years old and had at least 10 consecutive years of service with the Board. Participation is limited to a maximum of five percent of those certified employees who are members of the State Teachers Retirement System as of July 1, 1998. A certified employee who is eligible to participate in the plan during the period June 26, 1998 through June 25, 1999 must be currently employed by the Board, has attained the age of at least 50, notified the Board in writing between March 15 and April 15, 1998 of their intention to retire no later than June 25, 1999, agrees to retire and does in fact retire within 90 days after receipt of notice from STRS that service credit has been purchased by the Board, and retired no later than June 25, 1999.

The Board shall purchase, on behalf of an employee, one year of service credit from STRS. Any teacher who retires by August 1, 1998 will receive a severance pay incentive of 1-1/4 times, equal to his/her severance pay and will be payable July 5, 1999. Any teacher who retires by August 1, 1999 will receive a severance pay incentive of 1-1/4 times equal to his/her severance pay and will be payable July 5, 2000.

As of June 30, 2001, the School District recorded \$29,414 as compensated absences fund liability for those employees who retired during the 2000-2001 school year.

NOTE 12: **LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<u>Principal Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/01</u>
School Improvement Bonds 1992 - 4.9% to 6.5%	\$ 8,260,000	\$ 0	\$ (415,000)	\$ 7,845,000
General Obligation Bonds 1986 - 7.125%	1,845,000	0	(205,000)	1,640,000
Bus Bonds - 2001 - 5.20%	150,000	0	(73,000)	77,000
KES Septic System - 5.7%	0	135,000	0	135,000
Total Long-Term Bonds	<u>10,255,000</u>	<u>135,000</u>	<u>(693,000)</u>	<u>9,697,000</u>
Pension Obligation	198,427	224,815	(198,427)	224,815
Compensated Absences	1,589,263	67,325	0	1,656,588
Total General Long- Term Obligations	<u>\$ 12,042,690</u>	<u>\$ 427,140</u>	<u>\$ (891,427)</u>	<u>\$ 11,578,403</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 12: **LONG-TERM OBLIGATIONS** (Continued)

All bonds outstanding are general obligations of the District to which the full faith and credit of the School District is pledged for repayment. Accordingly, such unmatured obligations of the School District are accounted for in the general long-term obligation account group. Payments of principal and interest relating to the liabilities of the School Improvement and General Obligation Bonds are recorded as expenditures in the debt service fund. Payments of principal and interest relating to the liability of the Bus Bond is recorded as expenditures in the general fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The District's voted legal debt margin was \$36,596,348, with an unvoted debt margin of \$514,371 at June 30, 2001.

Principal and interest requirements to retire general obligation debt at June 30, 2001, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 805,500	\$ 578,077	\$ 1,383,577
2003	828,500	529,539	1,358,039
2004	1,033,500	475,382	1,508,882
2005	1,163,500	410,457	1,573,957
2006	1,298,500	334,129	1,632,629
2007	1,568,500	242,209	1,810,709
2008	1,743,500	136,270	1,879,770
2009	1,228,500	41,042	1,269,542
2010	13,500	1,154	14,654
2011	13,500	385	13,885
	<u>\$ 9,697,000</u>	<u>\$ 2,748,644</u>	<u>\$ 12,446,044</u>

NOTE 13: **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, kindergarten, and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 13: **SEGMENT INFORMATION FOR ENTERPRISE FUNDS** (Continued)

	<u>Food Service</u>	<u>Kindergarten Fund</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 514,475	\$ 133,500	\$ 115,301	\$ 763,276
Operating Expenses				
Before Depreciation	688,259	139,733	128,397	956,389
Depreciation Expense	10,570	0	0	10,570
Operating Income (Loss)	(184,354)	(6,233)	(13,096)	(203,683)
Operating Grants	49,568	0	0	49,568
Earnings on Investments	10,691	2,569	121	13,381
Donated Commodities	18,515	0	0	18,515
Net Income (Loss)	(105,580)	(3,664)	(12,975)	(122,219)
Contributed Capital	139,732	0	0	139,732
Net Working Capital	127,151	76,411	16,744	220,306
Total Assets	316,981	77,067	16,814	410,862
Total Equity	194,116	76,411	16,744	287,271

NOTE 14: **PUBLIC ENTITY RISK POOL**

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 15: **JOINTLY GOVERNED ORGANIZATIONS**

Auburn Career Center

The Auburn Career Center is a joint vocational school district which is a jointly governed board appointment organization among eleven school districts. Each participating school district appoints one member to the Auburn Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Auburn Career Center is limited to its representation on the Board. Continued existence of the Auburn Career Center is not dependent on the School District's continued participation. Financial information can be obtained from 8140 Auburn Road, Painesville, Ohio 44077.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 15: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8140 Auburn Road, Painesville, Ohio 44077.

Auburn-Bainbridge Recreation Board

The Auburn-Bainbridge Recreation Board is a jointly governed organization of the School District. The Board of Education appoints two members of the six member commission. The School District's Treasurer acts as the fiscal agent for the administrative payroll of the Board. The School District makes no financial contributions to the Board, but it does provide the use of its facilities and land. The School District's control is limited to its representation on the governing board. The Board's continued existence is not dependent on the School District's continued participation. The Board is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit of burden on the School District. Financial information on the Board can be obtained from Mary Ann Miller, 17425 Snyder Road, Chagrin Falls, Ohio 44023.

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven 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. In fiscal year 2001, the School District paid \$98,621 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 15: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corporation, a non-profit corporation with a self-appointed board issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating Company (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for their participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

East Shore Regional Transportation System

East Shore Regional Transportation System (ESRTS) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen (16) member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. ESRTA is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 16: **CONTINGENCIES**

A. **Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. **Litigation**

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

NOTE 17: **STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

1. A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
2. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 10, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 17: STATE SCHOOL FUNDING DECISION (Continued)

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 18: SET ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Amounts are also to be set aside if the School District's base amount used for the yearly set-aside calculation increases three percent or more from the prior year. This amount is to be included in the budget stabilization reserve.

The following cash basis information describes the changes in the amounts set aside for textbooks and instructional materials, capital improvements, and budget stabilization from the end of the prior year to the end of the current year.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Reserve</u>	<u>Totals</u>
Set-Aside Balance Carried Forward July 1, 2000	\$ 0	\$ 0	\$ 455,658	\$ 455,658
Current Year Set-Aside Requirement	551,161	551,161	0	1,102,322
Qualifying Expenditures	(806,232)	(716,344)	0	(1,522,576)
Total	<u>\$(255,071)</u>	<u>\$(165,183)</u>	<u>\$ 455,658</u>	<u>\$ 35,404</u>
Cash Balance Carried Forward to FY 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 455,658</u>	<u>\$ 455,658</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)**

NOTE 18: **SET ASIDE REQUIREMENTS** (Continued)

The School District decided to set aside an additional 1 percent for textbooks and capital improvements.

Amount Restricted for Budget Stabilization	\$ 455,658
Total Restricted Assets	<u>\$ 455,658</u>

Although the School District had qualifying expenditures during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES

KENSTON LOCAL SCHOOL DISTRICT

SUPPLEMENTAL DATA
GENERAL FUND

The General Fund is used to account for all activities of the District not included in other specified funds. This includes, but is not limited to, general instruction, pupil services, operation and maintenance of buildings and grounds, pupil transportation, and the administration of District functions.

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 15,475,831	\$ 15,475,831	\$ 0
Intergovernmental	6,298,379	6,309,964	11,585
Earnings on Investments	577,516	581,474	3,958
Tuition and Fees	66,241	51,729	(14,512)
Transportation Fees	105,000	58,901	(46,099)
Miscellaneous	75,000	58,696	(16,304)
Total Revenues	<u>22,597,967</u>	<u>22,536,595</u>	<u>(61,372)</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	7,796,758	7,747,695	49,063
Fringe Benefits	1,936,040	1,936,040	0
Purchased Services	263,948	224,329	39,619
Supplies and Materials	439,312	439,312	0
Capital Outlay - New	174,527	169,093	5,434
Capital Outlay - Replacement	22,698	22,403	295
Other	4,785	4,783	2
Total Regular Instruction	<u>10,638,068</u>	<u>10,543,655</u>	<u>94,413</u>
Special:			
Salaries and Wages	1,351,083	1,351,083	0
Fringe Benefits	270,732	270,732	0
Purchased Services	361,256	293,964	67,292
Supplies and Materials	14,405	8,253	6,152
Capital Outlay - New	16,000	4,788	11,212
Total Special Instruction	<u>2,013,476</u>	<u>1,928,820</u>	<u>84,656</u>
Vocational Education:			
Salaries and Wages	101,500	96,912	4,588
Fringe Benefits	23,820	21,822	1,998
Purchased Services	25,162	25,162	0
Supplies and Materials	100	0	100
Total Vocational Education	<u>150,582</u>	<u>143,896</u>	<u>6,686</u>
Other:			
Purchased Services	11,715	11,715	0
Total Other Instruction	<u>11,715</u>	<u>11,715</u>	<u>0</u>
Total Instruction	<u>12,813,841</u>	<u>12,628,086</u>	<u>185,755</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:			
Pupils:			
Salaries and Wages	\$ 853,289	\$ 825,595	\$ 27,694
Fringe Benefits	200,925	194,874	6,051
Purchased Services	329,269	264,828	64,441
Supplies and Materials	25,016	24,908	108
Capital Outlay - New	4,800	1,793	3,007
Other	495,971	495,971	0
Total Pupils	<u>1,909,270</u>	<u>1,807,969</u>	<u>101,301</u>
Instructional Staff:			
Salaries and Wages	387,615	385,354	2,261
Fringe Benefits	113,545	113,545	0
Purchased Services	61,916	57,185	4,731
Supplies and Materials	56,817	55,814	1,003
Capital Outlay - New	30,036	29,256	780
Capital Outlay - Replacement	13,604	13,604	0
Other	101	101	0
Total Instructional Staff	<u>663,634</u>	<u>654,859</u>	<u>8,775</u>
Board of Education:			
Salaries and Wages	9,600	9,600	0
Fringe Benefits	2,150	791	1,359
Purchased Services	35,500	35,500	0
Supplies and Materials	800	477	323
Other	5,374	4,949	425
Total Board of Education	<u>53,424</u>	<u>51,317</u>	<u>2,107</u>
Administration:			
Salaries and Wages	1,152,193	1,152,193	0
Fringe Benefits	439,259	430,419	8,840
Purchased Services	38,017	31,961	6,056
Supplies and Materials	40,188	33,466	6,722
Capital Outlay - New	29,635	24,812	4,823
Capital Outlay - Replacement	24,861	24,861	0
Other	15,569	15,569	0
Total Administration	<u>1,739,722</u>	<u>1,713,281</u>	<u>26,441</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:			
Fiscal Services:			
Salaries and Wages	\$ 220,900	\$ 219,848	\$ 1,052
Fringe Benefits	94,053	94,053	0
Purchased Services	24,803	22,395	2,408
Supplies and Materials	10,466	10,076	390
Capital Outlay - New	8,098	8,098	0
Capital Outlay - Replacement	13,050	12,874	176
Other	324,129	321,083	3,046
Total Fiscal Services	<u>695,499</u>	<u>688,427</u>	<u>7,072</u>
Business:			
Salaries and Wages	27,870	27,870	0
Fringe Benefits	5,431	5,431	0
Purchased Services	400	396	4
Total Business	<u>33,701</u>	<u>33,697</u>	<u>4</u>
Operation and Maintenance of Plant Services:			
Salaries and Wages	900,774	900,774	0
Fringe Benefits	279,901	279,901	0
Purchased Services	1,634,379	1,571,474	62,905
Supplies and Materials	99,206	99,206	0
Capital Outlay - New	7,001	6,330	671
Capital- Replacement	24,953	23,551	1,402
Dues & Fees	2,828	2,070	758
Total Operation and Maintenance of Plant Services	<u>2,949,042</u>	<u>2,883,306</u>	<u>65,736</u>
Pupil Transportation:			
Salaries and Wages	818,700	786,601	32,099
Fringe Benefits	290,500	275,429	15,071
Purchased Services	63,813	63,813	0
Supplies and Materials	227,602	227,602	0
Capital Outlay - New	8,669	8,669	0
Capital Outlay - Replacement	301,666	268,194	33,472
Total Pupil Transportation	<u>1,710,950</u>	<u>1,630,308</u>	<u>80,642</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:			
Central Services:			
Purchased Services	\$ 11,147	\$ 5,014	\$ 6,133
Other	6,259	6,259	0
Total Central Services	<u>17,406</u>	<u>11,273</u>	<u>6,133</u>
Total Support Services	<u>9,772,648</u>	<u>9,474,437</u>	<u>298,211</u>
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	25,511	25,511	0
Fringe Benefits	7,469	7,469	0
Purchased Services	51,516	44,050	7,466
Supplies and Materials	28,016	28,016	0
Capital Outlay	961	0	961
Total Community Services	<u>113,473</u>	<u>105,046</u>	<u>8,427</u>
Other:			
Salaries and Wages	2,650	2,640	10
Fringe Benefits	2,300	464	1,836
Total Other	<u>4,950</u>	<u>3,104</u>	<u>1,846</u>
Total Operation of Non-Instructional Services	<u>118,423</u>	<u>108,150</u>	<u>10,273</u>
Extracurricular Activities:			
Academic-Subject Oriented:			
Salaries and Wages	104,810	104,810	0
Fringe Benefits	16,560	15,877	683
Total Academic-Subject Oriented	<u>121,370</u>	<u>120,687</u>	<u>683</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Extracurricular Activities:			
Sports Oriented:			
Salaries and Wages	\$ 330,949	\$ 330,949	\$ 0
Fringe Benefits	49,750	47,826	1,924
Purchased Services	4,100	3,082	1,018
Total Sports Oriented	<u>384,799</u>	<u>381,857</u>	<u>2,942</u>
Total Extracurricular Activities	<u>506,169</u>	<u>502,544</u>	<u>3,625</u>
Capital Outlay:			
Other Facility Acquisition & Construc.			
Purchased Services	15,000	15,000	0
Total Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Debt Service:			
Principal Retirement	75,000	73,000	2,000
Interest and Fiscal Charges	12,312	12,312	0
Total Debt Service	<u>87,312</u>	<u>85,312</u>	<u>2,000</u>
Total Expenditures	<u>23,313,393</u>	<u>22,813,529</u>	<u>499,864</u>
Excess of Revenue Over (Under) Expenditures	<u>(715,426)</u>	<u>(276,934)</u>	<u>438,492</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Assets	2,000	875	(1,125)
Operating Transfers In	113,887	0	(113,887)
Operating Transfers Out	(236,408)	(124,985)	111,423
Advances In	11,000	10,982	(18)
Advances Out	(11,000)	(10,982)	18
Refund of Prior Year Expenditures	5,000	57,001	52,001
Total Other Financing Sources (Uses)	<u>(115,521)</u>	<u>(67,109)</u>	<u>48,412</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(830,947)</u>	<u>(344,043)</u>	<u>486,904</u>
Fund Balance at Beginning of Year	4,350,605	4,350,605	0
Prior Year Encumbrances Appropriated	833,801	833,801	0
Fund Balance at End of Year	<u>\$ 4,353,459</u>	<u>\$ 4,840,363</u>	<u>\$ 486,904</u>

KENSTON LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for revenues from specified sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's Special Revenue Funds follow:

Public School Support - this fund is used for the general support of the school building, staff, and students.

Student Activity - this fund accounts for revenues from athletic events and all costs (except supplemental coaching contracts) of the District's athletic program.

Data Communications - funds provided to account for money appropriated for Ohio Educational Computer Network Connections.

Auxiliary Services - this fund accounts for state funds for the purchase of science and math materials, as well as psychological and other supplemental services at the parochial schools within the District.

Disadvantaged Pupil Aid Program - this fund accounts for monies used for state defined disadvantaged programs such as drop-out, HeadStart, and reading recovery.

Teacher Development - the purpose of this fund is to provide assistance to school districts for the development of in-service programs.

Educational Management Information System - funds provided by the State of Ohio to be used solely for costs associated with the requirements of the education management information system required by Senate Bill 140.

School Net Professional Development - this fund was established to provide training for teachers to become practitioners. They will develop lesson labs related to proficiency outcomes.

Summer Intervention - funds used to account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

Ohio Reads Grant - this fund was established to provide funds to be utilized to improve reading skills for students in grades K-3. These funds will be used for salaries, benefits, supplies, and purchased services associated with this program.

Safe School Help Line - funds provided by the Ohio Department of Education to install phone help lines for student safety.

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

Education for Economic Security - this fund was established to improve the skills of teachers in instruction of mathematics and science. These federal funds are used for in-service training, instructional materials, and workshops.

Title VI-B - the purpose of this federal program is to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title I - the purpose of this federal program is to provide financial assistance to state and local education agencies to meet the special needs of educationally deprived children.

Title VI - this fund accounts for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

Drug-Free Schools Grant - this fund accounts for federal revenues to implement programs to educate and encourage students to live lives free of drug dependency.

FCC E Rate - this fund was established to provide districts a rebate on their telecommunication services. Money will be paid from the federal government directly to the provider, who will in turn reimburse the district. The funds will be used for future telecommunication services.

Learn and Serve Grant - the purpose of this program is to provide individual instruction to first and second grade students in the academic area of reading math with the assistance of a trained group of adult volunteers using appropriate service learning activities.

Classroom Reduction Grant - funds used 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 and be approved by the Auditor of State.

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2001**

	<u>Public School Support</u>	<u>Student Activity</u>	<u>Data Communications</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 43,535	\$ 61,773	\$ 12,000
Total Assets	<u>\$ 43,535</u> =====	<u>\$ 61,773</u> =====	<u>\$ 12,000</u> =====
<u>Liabilities</u>			
Accounts Payable	\$ 39	\$ 5,798	\$ 0
Accrued Wages and Benefits	275	0	0
Intergovernmental Payable	68	123	0
Total Liabilities	<u>382</u>	<u>5,921</u>	<u>0</u>
<u>Fund Equity</u>			
Fund Balance:			
Reserved for Encumbrances	3,166	25,313	0
Unreserved, Undesignated	39,987	30,539	12,000
Total Fund Equity	<u>43,153</u>	<u>55,852</u>	<u>12,000</u>
Total Liabilities and Fund Equity	<u>\$ 43,535</u> =====	<u>\$ 61,773</u> =====	<u>\$ 12,000</u> =====

<u>Auxiliary Services</u>	<u>Disadvantaged Pupil Aid Program</u>	<u>Teacher Development</u>	<u>Educational Management Information Systems</u>	<u>SchoolNet Professional Development</u>	<u>Summer Intervention</u>
\$ 19,119	\$ 20	\$ 8,352	\$ 10,559	\$ 2,983	\$ 4,852
\$ 19,119	\$ 20	\$ 8,352	\$ 10,559	\$ 2,983	\$ 4,852
0	0	0	0	0	0
0	0	0	908	0	0
0	0	383	577	432	0
0	0	383	1,485	432	0
9,120	0	0	0	0	0
9,999	20	7,969	9,074	2,551	4,852
19,119	20	7,969	9,074	2,551	4,852
\$ 19,119	\$ 20	\$ 8,352	\$ 10,559	\$ 2,983	\$ 4,852

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS (Continued)
 JUNE 30, 2001**

	<u>Ohio Reads Grant</u>	<u>Safe School Help line</u>	<u>Education for Economic Security</u>	<u>Title VI B</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 14,766	\$ 0	\$ 378	\$ 1,400
Total Assets	\$ 14,766	\$ 0	\$ 378	\$ 1,400
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	22	246
Total Liabilities	0	0	22	246
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Encumbrances	459	0	0	0
Unreserved, Undesignated	14,307	0	356	1,154
Total Fund Equity	14,766	0	356	1,154
Total Liabilities and Fund Equity	\$ 14,766	\$ 0	\$ 378	\$ 1,400

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Grant</u>	<u>FCC E Rate</u>	<u>Learn and Serve Grant</u>	<u>Classroom Reduction Grant</u>	<u>Totals</u>
\$ 104	\$ 6,100	\$ 644	\$ 23,983	\$ 0	\$ 0	\$ 210,568
\$ 104	\$ 6,100	\$ 644	\$ 23,983	\$ 0	\$ 0	\$ 210,568
=====	=====	=====	=====	=====	=====	=====
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,837
0	0	0	0	0	0	1,183
461	4	0	0	176	0	2,492
461	4	0	0	176	0	\$ 9,512
44	0	0	8,910	0	0	47,012
(401)	6,096	644	15,073	(176)	0	154,044
(357)	6,096	644	23,983	(176)	0	201,056
\$ 104	\$ 6,100	\$ 644	\$ 23,983	\$ 0	\$ 0	\$ 210,568
=====	=====	=====	=====	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Public School Support	Student Activity	Data Communications	Auxiliary Services
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 12,000	\$ 29,533
Earnings on Investments	0	0	0	616
Extracurricular Activities	220,288	158,511	0	0
Miscellaneous	29,104	4,806	0	0
Total Revenues	\$ 249,392	\$ 163,317	\$ 12,000	\$ 30,149
Expenditures				
Current:				
Instruction:				
Regular	\$ 0	\$ 0	\$ 0	\$ 0
Special	2,329	0	0	0
Support Services:				
Pupils	83,493	0	0	0
Instructional Staff	2,214	0	0	0
Administration	0	0	0	0
Fiscal Services	0	0	0	0
Operation and Maintenance of Plant Services	0	0	0	0
Operation of Non- Instructional Services:				
Community Service	0	0	0	54,296
Extracurricular Activities	163,346	243,167	0	0
Total Expenditures	251,382	243,167	0	54,296
Excess of Revenues Over (Under) Expenditures	(1,990)	(79,850)	12,000	(24,147)
Other Financing Sources				
Operating Transfers In	71	104,985	0	0
Total Other Financing Sources	71	104,985	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,919)	25,135	12,000	(24,147)
Fund Balances at Beginning of Year	45,072	30,717	0	43,266
Fund Balances at End of Year	\$ 43,153	\$ 55,852	\$ 12,000	\$ 19,119

<u>Disadvantaged Pupil Aid Program</u>	<u>Teacher Development</u>	<u>Educational Management Information Systems</u>	<u>SchoolNet Professional Development</u>	<u>Summer Intervention</u>	<u>Ohio Reads Grant</u>	<u>Safe School Help Line</u>
\$ 0	\$ 14,532	\$ 12,347	\$ 4,000	\$ 4,852	\$ 15,000	\$ 3,033
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 14,532</u>	<u>\$ 12,347</u>	<u>\$ 4,000</u>	<u>\$ 4,852</u>	<u>\$ 15,000</u>	<u>\$ 3,033</u>
\$ 0	\$ 0	\$ 0	\$ 5,169	\$ 0	\$ 15,234	\$ 3,033
0	3,645	0	0	0	0	0
0	0	0	0	0	0	0
0	8,184	0	0	0	0	0
0	0	26,465	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>11,829</u>	<u>26,465</u>	<u>5,169</u>	<u>0</u>	<u>15,234</u>	<u>3,033</u>
<u>0</u>	<u>2,703</u>	<u>(14,118)</u>	<u>(1,169)</u>	<u>4,852</u>	<u>(234)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	2,703	5,882	(1,169)	4,852	(234)	0
20	5,266	3,192	3,720	0	15,000	0
<u>\$ 20</u>	<u>\$ 7,969</u>	<u>\$ 9,074</u>	<u>\$ 2,551</u>	<u>\$ 4,852</u>	<u>\$ 14,766</u>	<u>\$ 0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Education for Economic Security	Title VI B	Title I	Title VI
Revenues				
Intergovernmental	\$ 7,983	\$ 150,930	\$ 96,963	\$ 26,049
Earnings on Investments	0	0	0	0
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	<u>7,983</u>	<u>150,930</u>	<u>96,963</u>	<u>26,049</u>
Expenditures				
Current:				
Instruction:				
Regular	9,264	0	0	0
Special	0	0	95,147	24,342
Support Services:				
Pupils	0	115,400	0	0
Instructional Staff	8,002	0	0	0
Administration	0	35,932	2,334	0
Fiscal Services	0	344	0	0
Operation and Maintenance of Plant Services	0	0	0	0
Operation of Non- Instructional Services:				
Community Service	165	0	0	283
Extracurricular Activities	0	0	0	0
Total Expenditures	<u>17,431</u>	<u>151,676</u>	<u>97,481</u>	<u>24,625</u>
Excess Revenues Over (Under) Expenditures)	<u>(9,448)</u>	<u>(746)</u>	<u>(518)</u>	<u>1,424</u>
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(9,448)</u>	<u>(746)</u>	<u>(518)</u>	<u>1,424</u>
Fund Balance at Beginning of Year	<u>9,804</u>	<u>1,900</u>	<u>161</u>	<u>4,672</u>
Fund Balance at End of Year	<u>\$ 356</u>	<u>\$ 1,154</u>	<u>\$ (357)</u>	<u>\$ 6,096</u>

<u>Drug Free Schools Grant</u>	<u>FCC E Rate</u>	<u>Learn and Serve Grant</u>	<u>Classroom Reduction Grant</u>	<u>Total</u>
\$ 12,624	\$ 14,969	\$ 0	\$ 30,616	\$ 435,431
0	0	0	0	616
0	0	0	0	378,799
0	0	0	0	33,910
<u>\$ 12,624</u>	<u>\$ 14,969</u>	<u>\$ 0</u>	<u>\$ 30,616</u>	<u>848,756</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,700
0	0	675	30,616	156,754
0	0	0	0	198,893
14,273	0	0	0	32,673
0	0	0	0	64,731
0	0	0	0	344
0	5,112	0	0	5,112
0	0	0	0	54,744
0	0	0	0	406,513
<u>14,273</u>	<u>5,112</u>	<u>675</u>	<u>30,616</u>	<u>952,464</u>
<u>(1,649)</u>	<u>9,857</u>	<u>(675)</u>	<u>0</u>	<u>(103,708)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125,056</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125,056</u>
(1,649)	9,857	(675)	0	21,348
2,293	14,126	499	0	179,708
<u>\$ 644</u>	<u>\$ 23,983</u>	<u>\$ (176)</u>	<u>\$ 0</u>	<u>\$ 201,056</u>
=====	=====	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PUBLIC SCHOOL SUPPORT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Extracurricular Activities	\$ 220,283	\$ 220,288	\$ 5
Miscellaneous	29,104	29,104	0
Total Revenues	<u>249,387</u>	<u>249,392</u>	<u>5</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	2,018	2,018	0
Fringe Benefits	307	307	0
Total Special Instruction	<u>2,325</u>	<u>2,325</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	1,502	1,502	0
Fringe Benefits	195	195	0
Purchased Services	43,219	43,219	0
Supplies and Materials	36,166	36,166	0
Capital Outlay	3,089	3,089	0
Other	1,521	1,521	0
Total Pupils	<u>85,692</u>	<u>85,692</u>	<u>0</u>
Instructional Staff:			
Purchased Services	350	350	0
Supplies and Materials	1,739	1,739	0
Capital Outlay	125	125	0
Total Instructional Staff	<u>2,214</u>	<u>2,214</u>	<u>0</u>
Total Support Services	<u>87,906</u>	<u>87,906</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PUBLIC SCHOOL SUPPORT SPECIAL REVENUE FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Extracurricular Activities:			
Co-Curricular Activities:			
Salaries and Wages	\$ 2,922	\$ 2,922	\$ 0
Fringe Benefits	493	493	0
Purchased Services	152,547	152,547	0
Supplies and Materials	8,232	8,232	0
Other	60	60	0
Total Co-Curricular Activities	<u>164,254</u>	<u>164,254</u>	<u>0</u>
Total Expenditures	<u>254,485</u>	<u>254,485</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,098)</u>	<u>(5,093)</u>	<u>5</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	<u>71</u>	<u>71</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>71</u>	<u>71</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,027)</u>	<u>(5,022)</u>	<u>5</u>
Fund Balance at Beginning of Year	34,591	34,591	0
Prior Year Encumbrances Appropriated	<u>10,800</u>	<u>10,800</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,364</u>	<u>\$ 40,369</u>	<u>\$ 5</u>
	=====	=====	=====

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STUDENT ACTIVITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Extracurricular Activities	\$ 158,511	\$ 158,511	\$ 0
Miscellaneous	4,806	4,806	0
Total Revenues	163,317	163,317	0
Expenditures			
Current:			
Extracurricular Activities:			
Academic-Subject Oriented Services:			
Salaries and Wages	4,462	4,462	0
Fringe Benefits	658	658	0
Purchased Services	585	585	0
Supplies and Materials	4,715	4,715	0
Capital Outlay	1,025	1,025	0
Other	585	585	0
Total Academic-Subject Oriented Services	12,030	12,030	0
Sports Oriented Activities:			
Salaries and Wages	34,339	34,339	0
Fringe Benefits	5,362	5,362	0
Purchased Services	82,085	82,085	0
Supplies and Materials	91,888	91,888	0
Capital Outlay	1,997	1,997	0
Other	39,246	39,246	0
Total Sports Oriented Activities	254,917	254,917	0
Co-Curricular Activities:			
Purchased Services	529	529	0
Total Co-Curricular Activities	529	529	0
Total Expenditures	267,476	267,476	0
Excess of Revenues Over (Under) Expenditures	(104,159)	(104,159)	0
Other Financing Sources (Uses)			
Operating Transfers In	104,985	104,985	0
Total Other Financing Sources (Uses)	104,985	104,985	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	826	826	0
Fund Balance at Beginning of Year	16,551	16,551	0
Prior Year Encumbrances Appropriated	17,281	17,281	0
Fund Balance at End of Year	\$ 34,658	\$ 34,658	\$ 0

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 DATA COMMUNICATION SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Budget Revised</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 12,000	\$ 12,000	\$ 0
Total Revenues	12,000	12,000	0
<u>Expenditures</u>	0	0	0
Excess of Revenue Over (Under) Expenditures	12,000	12,000	0
Fund Balance - beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance - End of Year	\$ 12,000	\$ 12,000	\$ 0

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
AUXILIARY SERVICES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 29,533	\$ 29,533	\$ 0
Earnings on Investments	616	616	0
Total Revenues	<u>30,149</u>	<u>30,149</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	19,856	19,856	0
Capital Outlay	44,909	44,909	0
Total Expenditures	<u>64,765</u>	<u>64,765</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(34,616)	(34,616)	0
Fund Balance at Beginning of Year	41,443	41,443	0
Prior Year Encumbrances Appropriated	3,171	3,171	0
Fund Balance at End of Year	<u>\$ 9,998</u>	<u>\$ 9,998</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 DISADVANTAGED PUPIL AID PROGRAM SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	20	20	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	\$ 20	\$ 20	\$ 0
	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TEACHER DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 14,532	\$ 14,532	\$ 0
Total Revenues	<u>14,532</u>	<u>14,532</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Special Instruction:			
Salaries and Wages	1,120	1,120	0
Fringe Benefits	167	167	0
Purchased Services	4,168	4,168	0
Total Special Instructional	<u>5,455</u>	<u>5,455</u>	<u>0</u>
Support Services:			
Instructional Staff:			
Salaries and Wages	7,095	7,095	0
Fringe Benefits	1,089	1,089	0
Total Instructional Staff	<u>8,184</u>	<u>8,184</u>	<u>0</u>
Total Expenditures	<u>13,639</u>	<u>13,639</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	893	893	0
Fund Balance at Beginning of Year	5,440	5,440	0
Prior Year Encumbrances Appropriated	<u>2,020</u>	<u>2,020</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,353</u>	<u>\$ 8,353</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EDUCATIONAL MANAGEMENT INFORMATION SYSTEMS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 12,347	\$ 12,347	\$ 0
Total Revenues	<u>12,347</u>	<u>12,347</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Support Services:			
Administration:			
Salaries and Wages	4,192	4,192	0
Fringe Benefits	719	719	0
Purchased Services	47,552	47,552	0
Supplies and Materials	189	189	0
Total Expenditures	<u>52,652</u>	<u>52,652</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(40,305)</u>	<u>(40,305)</u>	<u>0</u>
 <u>Other Financing Sources (Uses)</u>			
Operating Transfers In	20,000	20,000	0
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(20,305)</u>	<u>(20,305)</u>	<u>0</u>
Fund Balance at Beginning of Year	4,256	4,256	0
Prior Year Encumbrances Appropriated	26,607	26,607	0
Fund Balance at End of Year	<u>\$ 10,558</u> =====	<u>\$ 10,558</u> =====	<u>\$ 0</u> =====

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 SCHOOLNET PROFESSIONAL DEVELOPMENT SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 4,000	\$ 4,000	\$ 0
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	3,656	3,656	0
Fringe Benefits	539	539	0
Purchased Services	822	822	0
Total Regular Instruction	<u>5,017</u>	<u>5,017</u>	<u>0</u>
Total Expenditures	<u>5,017</u>	<u>5,017</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,017)</u>	<u>(1,017)</u>	<u>0</u>
 Fund Balance at Beginning of Year	 4,000	 4,000	 0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
 Fund Balance at End of Year	 \$ 2,983 =====	 \$ 2,983 =====	 \$ 0 =====

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 SUMMER INTERVENTION SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 4,852	\$ 4,852	\$ 0
Total Revenues	4,852	4,852	0
<u>Expenditures</u>			
	0	0	0
Excess of Revenue Over (Under) Expenditures	4,852	4,852	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance - End of Year	\$ 4,852	\$ 4,852	\$ 0

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
OHIO READS GRANT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 15,000	\$ 15,000	\$ 0
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Regular:			
Salaries and Wages	10,572	10,572	0
Fringe Benefits	1,890	1,890	0
Purchased Services	1,100	1,100	0
Supplies and Materials	2,132	2,132	0
Total Expenditures	<u>15,694</u>	<u>15,694</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(694)	(694)	0
Fund Balance at Beginning of Year	13,611	13,611	0
Prior Year Encumbrances Appropriated	<u>1,389</u>	<u>1,389</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,306</u>	<u>\$ 14,306</u>	<u>\$ 0</u>
	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 SAFE SCHOOL HELP LINE SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 3,033	\$ 3,033	\$ 0
Total Revenues	<u>3,033</u>	<u>3,033</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Regular Instruction:			
Purchased Services	3,033	3,033	0
Total Expenditures	<u>3,033</u>	<u>3,033</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EDUCATION FOR ECONOMIC SECURITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 7,983	\$ 7,983	\$ 0
Total Revenues	<u>7,983</u>	<u>7,983</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	3,652	3,652	0
Fringe Benefits	492	492	0
Purchased Services	668	668	0
Supplies and Materials	2,072	2,072	0
Capital Outlay	2,401	2,401	0
Total Instruction	<u>9,285</u>	<u>9,285</u>	<u>0</u>
Support Services:			
Instructional Staff:			
Salaries and Wages	3,297	3,297	0
Fringe Benefits	661	661	0
Purchased Services	1,025	1,025	0
Capital Outlay	3,000	3,000	0
Total Support Services	<u>7,983</u>	<u>7,983</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	165	165	0
Total Operation of Non-Instructional Services	<u>165</u>	<u>165</u>	<u>0</u>
Total Expenditures	<u>17,433</u>	<u>17,433</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(9,450)	(9,450)	0
Fund Balance at Beginning of Year	7,605	7,605	0
Prior Year Encumbrances Appropriated	2,223	2,223	0
Fund Balance at End of Year	<u>\$ 378</u>	<u>\$ 378</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE VI B SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 150,930	\$ 150,930	\$ 0
Total Revenues	<u>150,930</u>	<u>150,930</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Pupils:			
Salaries and Wages	13,381	13,381	0
Fringe Benefits	1,955	1,955	0
Purchased Services	99,987	99,987	0
Total Pupils	<u>115,323</u>	<u>115,323</u>	<u>0</u>
Administration:			
Salaries and Wages	29,682	29,682	0
Fringe Benefits	4,673	4,673	0
Purchased Services	1,410	1,410	0
Total Administration	<u>35,765</u>	<u>35,765</u>	<u>0</u>
Fiscal Services:			
Salaries and Wages	300	300	0
Fringe Benefits	42	42	0
Total Fiscal Services	<u>342</u>	<u>342</u>	<u>0</u>
Total Support Services	<u>151,430</u>	<u>151,430</u>	<u>0</u>
Total Expenditures	<u>151,430</u>	<u>151,430</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(500)	(500)	0
Fund Balance at Beginning of Year	1,000	1,000	0
Prior Year Encumbrances Appropriated	900	900	0
Fund Balance at End of Year	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 TITLE I SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 96,963	\$ 96,963	\$ 0
Total Revenues	<u>96,963</u>	<u>96,963</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special Instruction:			
Salaries and Wages	78,555	78,555	0
Fringe Benefits	15,284	15,284	0
Purchased Services	600	600	0
Supplies and Materials	302	302	0
Total Instruction	<u>94,741</u>	<u>94,741</u>	<u>0</u>
Support Services:			
Administration:			
Salaries and Wages	2,000	2,000	0
Fringe Benefits	322	322	0
Total Support Services	<u>2,322</u>	<u>2,322</u>	<u>0</u>
Total Expenditures	<u>97,063</u>	<u>97,063</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(100)	(100)	0
Fund Balance at Beginning of Year	160	160	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE VI SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 26,049	\$ 26,049	\$ 0
Total Revenues	<u>26,049</u>	<u>26,049</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special Instruction:			
Salaries and Wages	5,315	5,315	0
Fringe Benefits	703	703	0
Purchased Services	5,143	5,143	0
Supplies and Materials	13,185	13,185	0
Total Instruction	<u>24,346</u>	<u>24,346</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	283	283	0
Total Operation of Non-Instructional Services	<u>283</u>	<u>283</u>	<u>0</u>
Total Expenditures	<u>24,629</u>	<u>24,629</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	1,420	1,420	0
Other Financing Sources (Uses)			
Advances In	10,982	10,982	0
Advances Out	(10,982)	(10,982)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures			
Other Financing Uses	1,420	1,420	0
Fund Balance at Beginning of Year	4,044	4,044	0
Prior Year Encumbrances Appropriated	636	636	0
Fund Balance at End of Year	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DRUG FREE SCHOOLS GRANT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 12,624	\$ 12,624	\$ 0
Total Revenues	<u>12,624</u>	<u>12,624</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instructional Staff:			
Salaries and Wages	300	300	0
Fringe Benefits	13	13	0
Purchased Services	6,520	6,520	0
Supplies and Materials	7,440	7,440	0
Total Instructional Staff	<u>14,273</u>	<u>14,273</u>	<u>0</u>
Total Support Services	<u>14,273</u>	<u>14,273</u>	<u>0</u>
Total Expenditures	<u>14,273</u>	<u>14,273</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(1,649)	(1,649)	0
Fund Balance at Beginning of Year	963	963	0
Prior Year Encumbrances Appropriated	1,332	1,332	0
Fund Balance at End of Year	<u>\$ 646</u>	<u>\$ 646</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 FCC E RATE SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 14,969	\$ 14,969	\$ 0
Total Revenues	<u>14,969</u>	<u>14,969</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Operation and Maintenance of Plant Services:			
Purchased Services	1,200	1,200	0
Capital Outlay	12,822	12,822	0
Total Expenditures	<u>14,022</u>	<u>14,022</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	947	947	0
Fund Balance at Beginning of Year	4,319	4,319	0
Prior Year Encumbrances Appropriated	<u>9,807</u>	<u>9,807</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,073</u>	<u>\$ 15,073</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 LEARN AND SERVE GRANT SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	\$ 0	\$ 0	\$ 0
 <u>Expenditures</u>			
Current:			
Instruction:			
Special Instruction:			
Salaries and Wages	500	500	0
Total Instruction	<u>500</u>	<u>500</u>	<u>0</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(500)	(500)	0
 Fund Balance at Beginning of Year	500	500	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
 Fund Balance at End of Year	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 CLASSROOM REDUCTION GRANT SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 30,616	\$ 30,616	\$ 0
Total Revenues	<u>30,616</u>	<u>30,616</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Special Instruction:			
Salaries and Wages	30,616	30,616	0
Total Instruction	<u>30,616</u>	<u>30,616</u>	<u>0</u>
Total Expenditures	<u>30,616</u>	<u>30,616</u>	<u>0</u>
Excess Of Revenue Over (Under) Expenditures	0	0	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u> =====	<u>\$ 0</u> =====	<u>\$ 0</u> =====

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 435,431	\$ 435,431	\$ 0
Earnings on Investments	616	616	0
Extracurricular Activities	378,794	378,799	5
Miscellaneous	33,910	33,910	0
Total Revenues	<u>848,751</u>	<u>848,756</u>	<u>5</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	17,880	17,880	0
Fringe Benefits	2,921	2,921	0
Purchased Services	5,623	5,623	0
Supplies and Materials	4,204	4,204	0
Capital Outlay	2,401	2,401	0
Total Regular Instruction	<u>33,029</u>	<u>33,029</u>	<u>0</u>
Special:			
Salaries and Wages	118,124	118,124	0
Fringe Benefits	16,461	16,461	0
Purchased Services	9,911	9,911	0
Supplies and Materials	13,487	13,487	0
Total Special Instruction	<u>157,983</u>	<u>157,983</u>	<u>0</u>
Total Instruction	<u>191,012</u>	<u>191,012</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	14,883	14,883	0
Fringe Benefits	2,150	2,150	0
Purchased Services	143,206	143,206	0
Supplies and Materials	36,166	36,166	0
Capital Outlay	3,089	3,089	0
Other	1,521	1,521	0
Total Pupils	<u>201,015</u>	<u>201,015</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	10,692	10,692	0
Fringe Benefits	1,763	1,763	0
Purchased Services	7,895	7,895	0
Supplies and Materials	9,179	9,179	0
Other (Capital Outlay)	3,125	3,125	0
Total Instructional Staff	<u>32,654</u>	<u>32,654</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Administration:			
Salaries and Wages	\$ 35,874	\$ 35,874	\$ 0
Fringe Benefits	5,714	5,714	0
Purchased Services	48,962	48,962	0
Supplies and Materials	189	189	0
Total Administration	<u>90,739</u>	<u>90,739</u>	<u>0</u>
Fiscal Services:			
Salaries and Wages	300	300	0
Fringe Benefits	42	42	0
Total Fiscal Services	<u>342</u>	<u>342</u>	<u>0</u>
Operation & Maintenance of Plant Services:			
Purchased Services	1,200	1,200	0
Capital Outlay	12,822	12,822	0
Total Operation & Maintenance of Plant Services	<u>14,022</u>	<u>14,022</u>	<u>0</u>
Total Support Services	<u>338,772</u>	<u>338,772</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	20,304	20,304	0
Capital Outlay	44,909	44,909	0
Total Operation of Non-Instructional Services	<u>65,213</u>	<u>65,213</u>	<u>0</u>
Extracurricular Activities:			
Academic-Subject Oriented:			
Salaries and Wages	4,462	4,462	0
Fringe Benefits	658	658	0
Purchased Services	585	585	0
Supplies and Materials	4,715	4,715	0
Capital Outlay	1,025	1,025	0
Other	585	585	0
Total Academic-Subject Oriented	<u>12,030</u>	<u>12,030</u>	<u>0</u>
Sports-Oriented:			
Salaries and Wages	34,339	34,339	0
Fringe Benefits	5,362	5,362	0
Purchased Services	82,085	82,085	0
Supplies and Materials	91,888	91,888	0
Capital Outlay	1,997	1,997	0
Other	39,246	39,246	0
Total Sports-Oriented	<u>254,917</u>	<u>254,917</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Co-Curricular:			
Salaries and Wages	\$ 2,922	\$ 2,922	\$ 0
Fringe Benefits	493	493	0
Purchased Services	153,076	153,076	0
Supplies and Materials	8,232	8,232	0
Other	60	60	0
Total Co-Curricular	<u>164,783</u>	<u>164,783</u>	<u>0</u>
Total Extracurricular Activities	<u>431,730</u>	<u>431,730</u>	<u>0</u>
Total Expenditures	<u>1,026,727</u>	<u>1,026,727</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(177,976)</u>	<u>(177,971)</u>	<u>5</u>
<u>Other Financing Sources (Uses)</u>			
Advances In	10,982	10,982	0
Advances Out	(10,982)	(10,982)	0
Operating Transfers In	125,056	125,056	0
Total Other Financing Sources (Uses)	<u>125,056</u>	<u>125,056</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(52,920)	(52,915)	0
Fund Balance at Beginning of Year	138,503	138,503	0
Prior Year Encumbrances Appropriated	<u>76,166</u>	<u>76,166</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 161,749</u>	<u>\$ 161,754</u>	<u>\$ 5</u>

KENSTON LOCAL SCHOOL DISTRICT

DEBT SERVICE FUND

Bond Retirement Debt Service Fund - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Since there is only one debt service fund and the level of budgetary control is no greater than that presented in the combined financial statements, no additional financial statements are presented here.

KENSTON LOCAL SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS

Capital Projects funds are used to account for the acquisition or construction of major capital facilities.

Permanent Improvement Fund - to account for all transactions related to the acquiring, constructing, or improving facilities.

Building Fund - to account for the receipts and expenditures related to all special bond funds in the district.

SchoolNet Plus - a fund to account for monies received by the State of Ohio for the purpose of purchasing computers for K-4 grades.

Interactive Video Distance Learning - a fund used to account for State money used to finance the interactive video distance learning project.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2001**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Interactive Video Distance Learning</u>	<u>Total</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 21,224	\$ 25,981	\$ 57,321	\$ 6,500	\$ 111,026
Total Assets	\$ 21,224	\$ 25,981	\$ 57,321	\$ 6,500	\$ 111,026
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 9,500	\$ 0	\$ 9,500
Intergovernmental Payable	0	0	9	0	9
Total Liabilities	0	0	9,509	0	9,509
<u>Fund Equity</u>					
Fund Balance:					
Reserved for Encumbrances	0	0	12,235	0	12,235
Unreserved, Undesignated	21,224	25,981	35,577	6,500	89,282
Total Fund Equity	21,224	25,981	47,812	6,500	101,517
Total Liabilities and Fund Equity	\$ 21,224	\$ 25,981	\$ 57,321	\$ 6,500	\$ 111,026

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Interactive Video Distance Learning</u>	<u>Total</u>
Revenues					
Intergovernmental	\$ 0	\$ 0	\$ 81,727	\$ 6,500	\$ 88,227
Earnings on Investments	0	7,046	0	0	7,046
Total Revenues	<u>0</u>	<u>7,046</u>	<u>81,727</u>	<u>6,500</u>	<u>95,273</u>
Expenditures					
Current:					
Instruction:					
Regular	0	0	45,299	0	45,299
Capital Outlay	68,618	196,199	0	0	264,817
Total Expenditures	<u>68,618</u>	<u>196,199</u>	<u>45,299</u>	<u>0</u>	<u>310,116</u>
Excess of Revenues Over (Under) Expenditures	<u>(68,618)</u>	<u>(189,153)</u>	<u>36,428</u>	<u>6,500</u>	<u>(214,843)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Bonds	0	135,000	0	0	135,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>135,000</u>	<u>0</u>	<u>0</u>	<u>135,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(68,618)</u>	<u>(54,153)</u>	<u>36,428</u>	<u>6,500</u>	<u>(79,843)</u>
Fund Balances at Beginning of Year	<u>89,842</u>	<u>80,134</u>	<u>11,384</u>	<u>0</u>	<u>181,360</u>
Fund Balances at End of Year	<u>\$ 21,224</u> =====	<u>\$ 25,981</u> =====	<u>\$ 47,812</u> =====	<u>\$ 6,500</u> =====	<u>\$ 101,517</u> =====

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET (NON-GAAP) AND ACTUAL -
 PERMANENT IMPROVEMENT CAPITAL PROJECT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures</u>			
Capital Outlay:			
Permanent Improvement Services	\$ 127,417	\$ 127,417	\$ 0
Total Expenditures	<u>127,417</u>	<u>127,417</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(127,417)	(127,417)	0
Fund Balance at Beginning of Year	23,969	23,969	0
Prior Year Encumbrances Appropriated	<u>124,671</u>	<u>124,671</u>	<u>0</u>
 Fund Balance at End of Year	 <u>\$ 21,223</u>	 <u>\$ 21,223</u>	 <u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP) AND ACTUAL -
BUILDING CAPITAL PROJECT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Earnings on Investments	\$ 7,046	\$ 7,046	\$ 0
Total Revenues	<u>7,046</u>	<u>7,046</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay:			
Building Improvement Services	229,700	229,700	0
Total Building Improvement Services	<u>229,700</u>	<u>229,700</u>	<u>0</u>
Total Expenditures	<u>229,700</u>	<u>229,700</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(222,654)</u>	<u>(222,654)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Bonds	135,000	135,000	0
Total Other Financing Sources (Uses)	<u>135,000</u>	<u>135,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(87,654)	(87,654)	0
Fund Balance at Beginning of Year	7,955	7,955	0
Prior Year Encumbrances Appropriated	<u>105,680</u>	<u>105,680</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,981</u>	<u>\$ 25,981</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOOLNET PLUS CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 81,727	\$ 81,727	\$ 0
Total Revenues	81,727	81,727	0
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries	1,552	1,552	0
Fringe Benefits	260	260	0
Purchased Services	5,920	5,920	0
Supplies and Materials	128	128	0
Capital Outlay - New	49,665	49,665	0
Total Regular Instruction	57,525	57,525	0
Total Instruction	57,525	57,525	0
Total Expenditures	57,525	57,525	0
Excess of Revenues Over (Under) Expenditures	24,202	24,202	0
Fund Balance at Beginning of Year	11,383	11,383	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	\$ 35,585	\$ 35,585	\$ 0
	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 INTERACTIVE VIDEO DISTANCE LEARNING CAPITAL PROJECTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 6,500	\$ 6,500	\$ 0
Total Revenues	<u>6,500</u>	<u>6,500</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	6,500	6,500	0
Beginning Fund Balance	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,500</u> =====	<u>\$ 6,500</u> =====	<u>\$ 0</u> =====

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	88,227	88,227	0
Earnings on Investments	\$ 7,046	\$ 7,046	\$ 0
Total Revenues	<u>95,273</u>	<u>95,273</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries	1,552	1,552	0
Fringe Benefits	260	260	0
Purchased Services	5,920	5,920	0
Supplies and Materials	128	128	0
Capital Outlay - New	49,665	49,665	0
Total Instruction	<u>57,525</u>	<u>57,525</u>	<u>0</u>
Capital Outlay:			
Building Improvement Services	229,700	229,700	0
Permanent Improvement Services	127,417	127,417	0
Total Capital Outlay	<u>357,117</u>	<u>357,117</u>	<u>0</u>
Total Expenditures	<u>414,642</u>	<u>414,642</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(319,369)</u>	<u>(319,369)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Bonds	135,000	135,000	0
Total Other Financing Sources (Uses)	<u>135,000</u>	<u>135,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(184,369)</u>	<u>(184,369)</u>	<u>0</u>
Fund Balance at Beginning of Year	43,307	43,307	0
Prior Year Encumbrances Appropriated	230,350	230,350	0
Fund Balance at End of Year	<u>\$ 89,288</u>	<u>\$ 89,288</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services is primarily or solely to the general public be financed or recovered primarily through user charges.

Food Service - this fund accounts for the provision of food service to the District.

Uniform School Supplies - this fund accounts for the purchase of necessary supplies, materials, or other school related items above these items provided for general instruction, paid for by students.

Kindergarten Fees - this fund accounts for services provided primarily to the general public for kindergarten services which are financed or recovered through user charges.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 2001**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 217,820	\$ 16,693	\$ 77,067	\$ 311,580
Accrued Interest	0	121	0	121
Materials and Supplies Inventory	16,812	0	0	16,812
Total Current Assets	<u>234,632</u>	<u>16,814</u>	<u>77,067</u>	<u>328,513</u>
Fixed Assets (Net of Depreciation)	<u>82,349</u>	<u>0</u>	<u>0</u>	<u>82,349</u>
Total Assets	<u>\$ 316,981</u>	<u>\$ 16,814</u>	<u>\$ 77,067</u>	<u>\$ 410,862</u>
<u>Liabilities</u>				
Accounts Payable	\$ 53,292	\$ 70	\$ 0	\$ 53,362
Accrued Wages and Benefits	40,126	0	0	40,126
Compensated Absences Payable	15,384	0	0	15,384
Intergovernmental Payable	14,063	0	656	14,719
Total Liabilities	<u>122,865</u>	<u>70</u>	<u>656</u>	<u>123,591</u>
<u>Fund Equity</u>				
Contributed Capital	139,732	0	0	139,732
Retained Earnings: Unreserved	54,384	16,744	76,411	147,539
Total Fund Equity	<u>194,116</u>	<u>16,744</u>	<u>76,411</u>	<u>287,271</u>
 Total Liabilities and Fund Equity	 <u>\$ 316,981</u>	 <u>\$ 16,814</u>	 <u>\$ 77,067</u>	 <u>\$ 410,862</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<u>Operating Revenues</u>				
Food Services	\$ 514,126	\$ 0	\$ 0	\$ 514,126
Extracurricular Activities	0	0	133,500	133,500
Classroom Materials and Fees	0	115,301	0	115,301
Miscellaneous	349	0	0	349
Total Operating Revenues	<u>514,475</u>	<u>115,301</u>	<u>133,500</u>	<u>763,276</u>
<u>Operating Expenses</u>				
Salaries and Wages	214,522	0	115,073	329,595
Fringe Benefits	64,330	0	23,660	87,990
Purchased Services	375,365	0	0	375,365
Materials and Supplies	32,818	128,397	1,000	162,215
Depreciation	10,570	0	0	10,570
Other	1,224	0	0	1,224
Total Operating Expenses	<u>698,829</u>	<u>128,397</u>	<u>139,733</u>	<u>966,959</u>
Operating Income (Loss)	<u>(184,354)</u>	<u>(13,096)</u>	<u>(6,233)</u>	<u>(203,683)</u>
<u>Non-Operating Revenue</u>				
Earnings on Investments	10,691	121	2,569	13,381
Operating Grants	49,568	0	0	49,568
Government Commodities	18,515	0	0	18,515
Total Non-Operating Revenues	<u>78,774</u>	<u>121</u>	<u>2,569</u>	<u>81,464</u>
Net Income (Loss)	<u>(105,580)</u>	<u>(12,975)</u>	<u>(3,664)</u>	<u>(122,219)</u>
Retained Earnings at Beginning of Year	159,964	29,719	80,075	269,758
Retained Earnings at End of Year	54,384	16,744	76,411	147,539
Contributed Capital at Beginning and End of Year	139,732	0	0	139,732
Retained Earnings and Contributed Capital at End of Year	<u>\$ 194,116</u>	<u>\$ 16,744</u>	<u>\$ 76,411</u>	<u>\$ 287,271</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Operations	\$ 526,400	\$ 115,630	\$ 133,500	\$ 775,530
Cash Payments to Employees for Services	(207,261)	0	(114,417)	(321,678)
Cash Payments for Employee Benefits	(62,549)	0	(23,660)	(86,209)
Cash Payments to Suppliers for Goods and Services	(346,299)	(128,327)	(1,000)	(475,626)
Cash Payments for Other Activities	(1,224)	0	0	(1,224)
Net Cash Provided by (Used for) Operating Activities	<u>(90,933)</u>	<u>(12,697)</u>	<u>(5,577)</u>	<u>(109,207)</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Operating Grants Received	<u>68,083</u>	<u>0</u>	<u>0</u>	<u>68,083</u>
Net Cash Provided by Noncapital Financing Activities	<u>68,083</u>	<u>0</u>	<u>0</u>	<u>68,083</u>
<u>Cash Flows from Investing Activities</u>				
Earnings on Investments	<u>10,691</u>	<u>0</u>	<u>2,569</u>	<u>13,260</u>
Net Cash Provided by Investing Activities	<u>10,691</u>	<u>0</u>	<u>2,569</u>	<u>13,260</u>
Net Increase in Cash and Cash Equivalents	(12,159)	(12,697)	(3,008)	(27,864)
Cash and Cash Equivalents at Beginning of Year	<u>229,979</u>	<u>29,390</u>	<u>80,075</u>	<u>339,444</u>
Cash and Cash Equivalents at End of Year	<u>\$ 217,820</u>	<u>\$ 16,693</u>	<u>\$ 77,067</u>	<u>\$ 311,580</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS
(Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<u>Reconciliation of Operating Income</u>				
<u>(Loss) to Net Cash Provided by</u>				
<u>(Used for) Operating Activities</u>				
Operating Income (Loss)	\$(184,354)	\$ (13,096)	\$ (6,233)	\$(203,683)
<u>Adjustments to Reconcile Operating</u>				
<u>Income (Loss) to Net Cash Provided</u>				
<u>by (Used for) Operating Activities</u>				
Depreciation Expense	10,570	0	0	10,570
(Increase) Decrease in Assets:				
Accounts Receivable	11,925	329	0	12,254
Inventory Held for Resale	22,028	0	0	22,028
Increase (Decrease) in Liabilities:				
Accounts Payable	39,856	70	0	39,926
Accrued Wages and Benefits	5,062	0	0	5,062
Compensated Absences Payable	2,141	0	0	2,141
Intergovernmental Payable	1,839	0	656	2,495
Total Adjustments	93,421	399	656	94,476
Net Cash Provided by (Used for)				
Operating Activities	\$ (90,933)	\$ (12,697)	\$ (5,577)	\$(109,207)

Schedule of Noncash Financing Activities

During the year, the Food Service Enterprise Fund received Donated Commodities of \$18,515.

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Food Service	\$ 514,126	\$ 514,126	\$ 0
Earnings on Investments	7,533	10,691	3,158
Operating Grants	68,083	68,083	0
Miscellaneous	12,270	12,274	4
Total Revenues	<u>602,012</u>	<u>605,174</u>	<u>3,162</u>
<u>Expenses</u>			
Salaries and Wages:			
Food Services	207,261	207,261	0
Total Salaries and Wages	<u>207,261</u>	<u>207,261</u>	<u>0</u>
Fringe Benefits:			
Food Services	62,549	62,549	0
Total Fringe Benefits	<u>62,549</u>	<u>62,549</u>	<u>0</u>
Purchased Services:			
Operation and Maintenance of Plant Services	10,662	10,662	0
Food Services	396,372	396,372	0
Total Purchased Services	<u>407,034</u>	<u>407,034</u>	<u>0</u>
Supplies and Materials:			
Food Services	10,790	10,790	0
Total Supplies and Materials	<u>10,790</u>	<u>10,790</u>	<u>0</u>
Other - Food Services	<u>1,224</u>	<u>1,224</u>	<u>0</u>
Total Expenses	<u>688,858</u>	<u>688,858</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(86,846)	(83,684)	3,162
Fund Equity at Beginning of Year	227,874	227,874	0
Prior Year Encumbrances Appropriated	<u>2,103</u>	<u>2,103</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 143,131</u>	<u>\$ 146,293</u>	<u>\$ 3,162</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
UNIFORM SCHOOL SUPPLIES ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Classroom Materials and Fees	\$ 115,630	\$ 115,630	\$ 0
Total Revenues	<u>115,630</u>	<u>115,630</u>	<u>0</u>
<u>Expenses</u>			
Supplies and Materials:			
Regular Instruction	130,960	130,960	0
Total Supplies and Materials	<u>130,960</u>	<u>130,960</u>	<u>0</u>
Total Expenses	<u>130,960</u>	<u>130,960</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(15,330)	(15,330)	0
Fund Equity at Beginning of Year	16,526	16,526	0
Prior Year Encumbrances Appropriated	<u>12,861</u>	<u>12,861</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 14,057</u>	<u>\$ 14,057</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
KINDERGARTEN FEES ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Extracurricular Activities	\$ 133,500	\$ 133,500	\$ 0
Earnings on Investments	11,500	2,569	(8,931)
Total Revenues	<u>145,000</u>	<u>136,069</u>	<u>(8,931)</u>
<u>Expenses</u>			
Salaries and Wages:			
Regular Instruction	101,685	101,685	0
Pupils - Support Service	9,150	9,150	0
Food Services	3,582	3,582	0
Total Salaries and Wages	<u>114,417</u>	<u>114,417</u>	<u>0</u>
Fringe Benefits:			
Regular Instruction	23,660	23,660	0
Total Fringe Benefits	<u>23,660</u>	<u>23,660</u>	<u>0</u>
Supplies and Materials:			
Regular Instruction	1,000	1,000	0
Total Supplies and Materials	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Expenses	<u>139,077</u>	<u>139,077</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Sources	5,923	(3,008)	(8,931)
Fund Equity at Beginning of Year	80,074	80,074	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	<u>\$ 85,997</u>	<u>\$ 77,066</u>	<u>\$ (8,931)</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Food Services	\$ 514,126	\$ 514,126	\$ 0
Extracurricular Activities	133,500	133,500	0
Classroom Materials and Fees	115,630	115,630	0
Earnings on Investments	19,033	13,260	(5,773)
Operating Grants	68,083	68,083	0
Miscellaneous	12,270	12,274	4
Total Revenues	<u>862,642</u>	<u>856,873</u>	<u>(5,769)</u>
Expenses			
Salaries and Wages:			
Food Services	210,843	210,843	0
Regular Instruction	101,685	101,685	0
Pupils Support Services	9,150	9,150	0
Total Salaries and Wages	<u>321,678</u>	<u>321,678</u>	<u>0</u>
Fringe Benefits:			
Food Services	62,549	62,549	0
Regular Instruction	23,660	23,660	0
Total Fringe Benefits	<u>86,209</u>	<u>86,209</u>	<u>0</u>
Purchased Services:			
Operation and Maintenance of Plant Services	10,662	10,662	0
Food Services	396,372	396,372	0
Total Purchased Services	<u>407,034</u>	<u>407,034</u>	<u>0</u>
Supplies and Materials:			
Regular Instruction	131,960	131,960	0
Food Services	10,790	10,790	0
Total Supplies and Materials	<u>142,750</u>	<u>142,750</u>	<u>0</u>
Other:			
Food Services	1,224	1,224	0
Total Expenses	<u>958,895</u>	<u>958,895</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(96,253)	(102,022)	(5,769)
Fund Equity at Beginning of Year	324,474	324,474	0
Prior Year Encumbrances Appropriated	14,964	14,964	0
Fund Equity at End of Year	<u>\$ 243,185</u>	<u>\$ 237,416</u>	<u>\$ (5,769)</u>

KENSTON LOCAL SCHOOL DISTRICT

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of services provided by one department to other departments of the government or to other districts on a cost reimbursement basis.

Special Rotary - this fund provides for the purchase of services and equipment by internal persons and organizations.

Rate Stabilization - this fund is to account for the receipt and expenditure of funds for medical and dental claims for employees.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2001**

	<u>Special Rotary</u>	<u>Rate Stabilization</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 686	\$ 992,616	\$ 993,302
Receivables:			
Intergovernmental	6,877	0	6,877
Total Assets	<u>\$ 7,563</u>	<u>\$ 992,616</u>	<u>\$1,000,179</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages and Benefits	\$ 9,944	\$ 0	\$ 9,944
Compensated Absences Payable	1,370	0	1,370
Claims Payable	0	237,810	237,810
Intergovernmental Payable	7,092	0	7,092
Total Liabilities	<u>18,406</u>	<u>237,810</u>	<u>256,216</u>
<u>Fund Equity</u>			
Retained Earnings:			
Unreserved	(10,843)	754,806	743,963
Total Fund Equity (Deficit)	<u>(10,843)</u>	<u>754,806</u>	<u>743,963</u>
Total Liabilities and Fund Equity	<u>\$ 7,563</u>	<u>\$ 992,616</u>	<u>\$1,000,179</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Special <u>Rotary</u>	Rate <u>Stabilization</u>	<u>Total</u>
<u>Operating Revenues</u>			
Classroom Materials and Fees	\$ 21,756	\$ 0	\$ 21,756
Charges for Services	68,537	1,501,417	1,569,954
Miscellaneous	6,877	0	6,877
Total Operating Revenues	<u>97,170</u>	<u>1,501,417</u>	<u>1,598,587</u>
<u>Operating Expenses</u>			
Salaries and Wages	52,283	0	52,283
Fringe Benefits	13,698	0	13,698
Purchased Services	20,601	0	20,601
Supplies and Materials	1,137	0	1,137
Claims	0	1,661,496	1,661,496
Total Operating Expenses	<u>87,719</u>	<u>1,661,496</u>	<u>1,749,215</u>
Operating Income (Loss)	<u>9,451</u>	<u>(160,079)</u>	<u>(150,628)</u>
<u>Operating Transfers</u>			
Operating Transfers Out	(71)	0	(71)
Total Operating Transfers	<u>(71)</u>	<u>0</u>	<u>(71)</u>
Net Income (Loss)	9,380	(160,079)	(150,699)
Retained Earnings (Deficit) at Beginning of Year	<u>(20,223)</u>	<u>914,885</u>	<u>894,662</u>
Retained Earnings (Deficit) at End of Year	<u>\$ (10,843)</u>	<u>\$ 754,806</u>	<u>\$ 743,963</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Special Rotary</u>	<u>Rate Stabilization</u>	<u>Total</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Operations	\$ 90,293	\$1,501,417	\$1,591,710
Cash Payments to Employees for Services	(54,012)	0	(54,012)
Cash Payments for Employee Benefits	(14,627)	(1,595,788)	(1,610,415)
Cash Payments to Suppliers for Goods and Services	(21,738)	0	(21,738)
Net Cash (Used for) Operating Activities	<u>(84)</u>	<u>(94,371)</u>	<u>(94,455)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers - Out	(71)	0	(71)
Net Cash Provided from (Used For) Noncapital Financing Activities	<u>(71)</u>	<u>0</u>	<u>(71)</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(155)</u>	<u>(94,371)</u>	<u>(94,526)</u>
Cash and Cash Equivalents at Beginning of Year	841	1,086,987	1,087,828
Cash and Cash Equivalents at End of Year	<u>\$ 686</u>	<u>\$ 992,616</u>	<u>\$ 993,302</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Operating Income (Loss)	<u>\$ 9,451</u>	<u>\$ (160,079)</u>	<u>\$ (150,628)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
(Increase) Decrease in Assets:			
Intergovernmental Receivables	(6,877)	0	(6,877)
Increase (Decrease) in Liabilities:			
Accrued Wages and Benefits	(3,059)	0	(3,059)
Accrued Compensation	1,370	0	1,370
Claims Payable	0	65,708	65,708
Intergovernmental Payable	(969)	0	(969)
Total Adjustments	<u>(9,535)</u>	<u>65,708</u>	<u>56,173</u>
Net Cash (Used for) Operating Activities	<u>\$ (84)</u>	<u>\$ (94,371)</u>	<u>\$ (94,455)</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SPECIAL ROTARY INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenue</u>			
Classroom Materials and Fees	\$ 21,756	\$ 21,756	\$ 0
Charges for Services	68,537	68,537	0
Total Revenues	<u>90,293</u>	<u>90,293</u>	<u>0</u>
<u>Expenses</u>			
Salaries and Wages:			
Community Services	54,012	54,012	0
Total Salaries and Wages	<u>54,012</u>	<u>54,012</u>	<u>0</u>
Fringe Benefits:			
Community Services	14,627	14,627	0
Total Fringe Benefits	<u>14,627</u>	<u>14,627</u>	<u>0</u>
Purchased Services:			
Extracurricular Activities	20,601	20,601	0
Total Purchased Services	<u>20,601</u>	<u>20,601</u>	<u>0</u>
Supplies and Materials:			
Extracurricular Activities	1,137	1,137	0
Total Supplies and Materials	<u>1,137</u>	<u>1,137</u>	<u>0</u>
Total Expenses	<u>90,377</u>	<u>90,377</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(84)	(84)	0
<u>Other Financing Sources (Uses)</u>			
Transfers Out	(71)	(71)	0
Total Other Financing Sources (Uses)	<u>(71)</u>	<u>(71)</u>	<u>0</u>
Excess Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(155)	(155)	0
Fund Equity at Beginning of Year	841	841	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	<u>\$ 686</u>	<u>\$ 686</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 RATE STABILIZATION INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenue</u>			
Charges for Services	\$1,489,658	\$1,501,417	\$ 11,759
Total Revenues	<u>1,489,658</u>	<u>1,501,417</u>	<u>11,759</u>
<u>Expenses</u>			
Claims:			
Health Services	1,595,788	1,595,788	0
Total Claims	<u>1,595,788</u>	<u>1,595,788</u>	<u>0</u>
Total Expenses	<u>1,595,788</u>	<u>1,595,788</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(106,130)	(94,371)	11,759
Fund Equity at Beginning of Year	1,086,987	1,086,987	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 980,857</u>	<u>\$ 992,616</u>	<u>\$ 11,759</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Classroom Materials and Fees	\$ 21,756	\$ 21,756	\$ 0
Charges for Services	1,558,195	1,569,954	11,759
Total Revenues	<u>1,579,951</u>	<u>1,591,710</u>	<u>11,759</u>
Expenses			
Salaries and Wages:			
Community Services	54,012	54,012	0
Total Salaries and Wages	<u>54,012</u>	<u>54,012</u>	<u>0</u>
Fringe Benefits:			
Community Service	14,627	14,627	0
Total Fringe Benefits	<u>14,627</u>	<u>14,627</u>	<u>0</u>
Purchased Services:			
Extracurricular Activities	20,601	20,601	0
Total Purchased Services	<u>20,601</u>	<u>20,601</u>	<u>0</u>
Supplies and Materials:			
Extracurricular Activities	1,137	1,137	0
Total Supplies and Materials	<u>1,137</u>	<u>1,137</u>	<u>0</u>
Claims:			
Health Services	1,595,788	1,595,788	0
Total Claims	<u>1,595,788</u>	<u>1,595,788</u>	<u>0</u>
Total Expenses	<u>1,686,165</u>	<u>1,686,165</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(106,214)	(94,455)	11,759
Other Financing Sources (Uses)			
Operating Transfers Out	(71)	(71)	0
Total Other Financing Sources (Uses)	<u>(71)</u>	<u>(71)</u>	<u>0</u>
Excess Revenue and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(106,285)	(94,526)	11,759
Fund Equity at Beginning of Year	1,087,828	1,087,828	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$ 981,543</u></u>	<u><u>\$ 993,302</u></u>	<u><u>\$ 11,759</u></u>

KENSTON LOCAL SCHOOL DISTRICT

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets when a governmental unit is functioning either as a trustee or an agent for another party. Because the governmental unit is functioning in a fiduciary capacity, the authority to employ, dispose of, or otherwise use the assets is determined not by a legislative body or oversight board but by the public laws and private agreements that create the trustee or agency relationship.

Expendable Trust Fund

Scholarship - this fund is used to account for assets held by a governmental unit in a trustee capacity as an agent for individuals, private organizations or other governmental units with specific trust agreements as to how the fund will be disbursed.

Agency Fund

Student Activities - this fund accounts for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL EXPENDABLE TRUST AND AGENCY FUNDS
JUNE 30, 2001**

	Expendable Trust	Agency Fund	Totals
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 7,337	\$ 52,292	\$ 59,629
Total Assets	\$ 7,337	\$ 52,292	\$ 59,629
<u>Liabilities</u>			
Intergovernmental Payable	\$ 695	\$ 0	\$ 695
Accounts Payable	0	3,537	3,537
Due to Students	0	48,755	48,755
Total Liabilities	695	52,292	52,987
<u>Fund Equity</u>			
Fund Balance:			
Unreserved, Undesignated	6,642	0	6,642
Total Fund Equity	6,642	0	6,642
Total Liabilities and Fund Equity	\$ 7,337	\$ 52,292	\$ 59,629

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	5,400	5,400	0
Fringe Benefits	180	180	0
Purchased Services	450	450	0
Supplies and Materials	1,135	1,135	0
Total Special Instruction	<u>7,165</u>	<u>7,165</u>	<u>0</u>
Adult/Continuing:			
Supplies and Materials	229	229	0
Total Adult/Continuing	<u>229</u>	<u>229</u>	<u>0</u>
Total Expenditures	<u>7,394</u>	<u>7,394</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(194)	(194)	0
Fund Balance at Beginning of Year	5,583	5,583	0
Prior Year Encumbrances Appropriated	1,948	1,948	0
Fund Balance at End of Year	<u>\$ 7,337</u>	<u>\$ 7,337</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Balance</u> <u>6/30/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/01</u>
<u>Student Activities</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 52,558	\$ 52,292	\$ 52,558	\$ 52,292
Total Assets	<u>\$ 52,558</u>	<u>\$ 52,292</u>	<u>\$ 52,558</u>	<u>\$ 52,292</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 3,537	\$ 0	\$ 3,537
Due to Students	52,558	52,292	56,095	48,755
Total Liabilities	<u>\$ 52,558</u>	<u>\$ 55,829</u>	<u>\$ 56,095</u>	<u>\$ 52,292</u>

KENSTON LOCAL SCHOOL DISTRICT

GENERAL FIXED ASSETS ACCOUNT GROUP

This group of accounts is used to account for all sites, buildings, equipment, and vehicles not used in the operation of the Proprietary Funds.

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND TYPE
JUNE 30, 2001**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment and Furniture</u>	<u>Vehicles</u>	<u>Textbooks and Library Books</u>
Instruction	\$ 18,568,955	\$ 359,899	\$ 14,779,678	\$ 3,048,778	\$ 0	\$ 380,600
Support Services:						
Pupils	54,731	0	0	54,731	0	0
Instructional Staff	1,149,774	0	0	314,548	0	835,226
Administration	251,695	0	0	251,695	0	0
Fiscal Services	57,431	0	0	52,188	5,243	0
Operation and Maintenance						
of Plant Services	3,168,272	179,964	2,805,837	155,545	26,926	0
Pupil Transportation	2,528,059	16,487	118,358	77,188	2,316,026	0
Community Service	49,609	0	0	49,609	0	0
Extracurricular Activities	257,748	162,363	29,884	65,501	0	0
Total General Fixed Assets	<u><u>\$ 26,086,274</u></u>	<u><u>\$ 718,713</u></u>	<u><u>\$ 17,733,757</u></u>	<u><u>\$ 4,069,783</u></u>	<u><u>\$ 2,348,195</u></u>	<u><u>\$ 1,215,826</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>Function</u>	<u>General Fixed Assets June 30, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>General Fixed Assets June 30, 2001</u>
Instruction	\$ 18,328,185	\$ 315,693	\$ 74,923	\$ 18,568,955
Support Services:				
Pupils	53,923	2,307	1,499	54,731
Instructional Staff	1,203,821	17,484	71,531	1,149,774
Administration	253,306	12,821	14,432	251,695
Fiscal Services	45,983	11,448	0	57,431
Operation and Maintenance of Plant Services	2,687,923	584,552	104,203	3,168,272
Pupil Transportation	2,419,526	399,847	291,314	2,528,059
Community Service	32,928	16,681	0	49,609
Extracurricular Activities	257,118	3,020	2,390	257,748
 Total General Fixed Assets	 \$ 25,282,713	 \$ 1,363,853	 \$ 560,292	 \$ 26,086,274

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
AS OF JUNE 30, 2001**

General Fixed Assets:	
Land	\$ 718,713
Buildings	17,733,757
Furniture and Equipment	4,069,783
Vehicles	2,348,195
Library Books and Textbooks	1,215,826
Total General Fixed Assets	\$ 26,086,274
	=====
Investments in General Fixed Assets from Acquisitions/Adjustments during Fiscal Year 2001:	
General Fund	\$ 1,210,837
Capital Projects Fund	133,316
Special Revenue Funds	19,700
	1,363,853
Acquisitions Prior to June 30, 2000	25,282,713
Less Removals	(560,292)
	24,722,421
Total Investment in General Fixed Assets	\$ 26,086,274
	=====

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STATISTICAL SECTION

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**KENSTON LOCAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS AND SIMILAR TRUST FUNDS - EXPENDITURES
AND OTHER FINANCING USES - BY FUNCTION
LAST TEN FISCAL YEARS (1)**

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Instruction	\$ 12,684,248	\$ 11,954,759	\$ 10,933,134	\$ 10,107,942
Support Services:				
Pupils	1,897,728	1,489,893	1,385,391	1,080,123
Instructional Staff	646,176	602,019	499,461	491,593
Board of Education	50,264	45,253	51,168	86,954
Administration	1,766,554	1,610,499	1,663,846	1,668,841
Fiscal Services	625,157	665,350	526,810	535,009
Business	36,360	27,230	4,120	19,764
Operation and Maintenance				
of Plant Services	2,795,893	2,536,633	2,777,194	2,364,180
Pupil Transportation	1,576,874	1,798,964	1,635,150	1,517,630
Central Services	6,114	214	16,567	5,963
Operation of Non-Instructional Service	117,822	78,769	110,240	38,714
Extracurricular Activities	910,173	815,105	745,079	669,812
Capital Outlay	264,817	10,076	25,470	7,844
Debt Service	1,309,610	1,183,097	1,142,745	1,102,505
Expenditures and Other Financing Uses	124,985	518,203	718,936	161,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 24,812,775	\$ 23,336,064	\$ 22,235,311	\$ 19,858,061
	=====	=====	=====	=====

Source: School District financial records
(1) 1995 through 2001 reported on GAAP basis;
all other years reported on cash basis.

<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
\$ 9,165,701	\$ 9,059,381	\$ 8,586,641	\$ 7,658,877	\$ 7,182,609	\$ 6,721,012
943,761	905,171	844,833	770,298	714,928	681,557
442,676	463,251	486,421	374,385	423,469	381,629
54,478	36,139	31,409	12,720	11,861	9,975
1,582,327	1,476,847	1,335,338	1,297,796	1,206,039	1,156,296
522,248	510,021	461,653	430,364	411,586	407,551
20,244	20,022	17,858	3,347	3,199	3,060
2,084,213	2,088,556	1,867,879	1,598,712	1,426,340	1,403,690
1,302,733	1,282,466	1,048,672	1,010,924	1,032,660	909,795
15,552	6,631	93,163	277,516	221,212	21,422
45,742	35,639	6,319	3,673	1,704	7,694
601,129	591,295	564,401	417,972	423,722	338,554
410,185	12,226	1,373,524	6,083,141	405,639	25,968
1,464,468	1,417,434	1,362,022	1,426,421	11,069,151	553,038
457,376	183,503	141,145	105,135	209,106	43,670
<u>\$ 19,112,833</u>	<u>\$ 18,088,582</u>	<u>\$ 18,221,278</u>	<u>\$ 21,471,281</u>	<u>\$ 24,743,225</u>	<u>\$ 12,664,911</u>
=====	=====	=====	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS AND SIMILAR TRUST FUNDS -
REVENUES AND OTHER FINANCING SOURCES - BY SOURCE
LAST TEN FISCAL YEARS (1)**

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Taxes	\$16,847,665	\$15,681,365	\$15,445,587	\$14,458,297
Intergovernmental	7,023,636	6,295,936	5,887,747	5,275,059
Earnings on Investments	590,946	505,688	428,571	336,990
Tuition and Fees	35,788	48,743	54,837	28,550
Extracurricular Activities	378,799	291,850	297,299	246,473
Transportation Fees	58,901	100,894	84,174	60,612
Revenues and Other Financing Sources	407,046	657,410	852,633	375,112
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$25,342,781	\$23,581,886	\$23,050,848	\$20,781,093
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Source: School District financial records

(1) 1995 through 2001 reported on GAAP basis; all others reported on cash basis

<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
\$ 14,151,774	\$ 11,804,545	\$ 11,338,081	\$ 10,911,595	\$ 10,355,577	\$ 9,960,689
4,449,720	4,422,995	4,231,908	3,967,469	3,899,498	3,688,737
343,871	435,570	426,721	491,409	644,962	258,991
31,409	50,088	64,651	31,140	27,867	20,812
254,072	263,331	208,545	200,143	197,933	128,376
47,809	0	0	55,461	113,130	109,517
<u>933,625</u>	<u>245,791</u>	<u>251,163</u>	<u>504,811</u>	<u>20,505,644</u>	<u>103,868</u>
<u>\$ 20,212,280</u>	<u>\$ 17,222,320</u>	<u>\$ 16,521,069</u>	<u>\$ 16,162,028</u>	<u>\$ 35,744,611</u>	<u>\$ 14,270,990</u>
=====	=====	=====	=====	=====	=====

**KENSTON LOCAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
REAL AND TANGIBLE PERSONAL PROPERTY TAXES (1)
LAST EIGHT CALENDAR YEARS**

<u>Collection Year (2)</u>	<u>Current Levy</u>	<u>Delinquent Levy (3)</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collected as a Percent of Current Levy</u>
2000	\$ 18,545,717	\$ 963,103	\$ 19,508,822	\$ 18,100,770	97.60	\$ 468,346	\$18,569,116	100.13%
1999	17,657,705	878,479	18,536,184	17,198,680	97.40	425,477	17,624,157	99.81%
1998	17,436,307	871,850	18,308,157	17,076,424	97.94	401,725	17,478,149	100.24%
1997	13,569,182	733,031	14,302,213	13,303,360	98.04	324,418	13,627,778	100.43%
1996	13,367,115	639,188	14,006,303	13,030,963	97.49	250,315	13,281,278	99.36%
1995	12,801,162	681,026	13,482,188	12,555,965	98.08	307,512	12,863,477	100.49%
1994	12,433,241	594,638	13,027,879	12,134,927	97.60	261,403	12,396,330	99.70%
1993	11,862,582	630,372	12,492,954	11,522,378	97.13	305,708	11,828,086	99.71%

Source: Geauga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information. Information prior to 1993 is not available.

- (1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) Represents the collection year. The 2001 information can not be presented because all collections have not been made by June 30.
- (3) This amount can not be calculated, based on other information in this statistical table, because of retroactive additions and reductions which are brought on in one lump sum.

**KENSTON LOCAL SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN CALENDAR YEARS**

Tax Year	Real Property		Public Utility Personal Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Actual Value	
2000	\$476,070,320	\$1,360,200,914	\$ 14,115,260	\$ 16,040,068	\$ 24,184,950	\$ 96,739,800	\$514,370,530	\$1,472,980,782	35%
1999	455,644,940	1,301,842,686	14,089,740	16,011,068	22,453,900	89,815,600	492,188,580	1,407,669,354	35%
1998	389,537,360	1,112,963,885	15,580,050	17,704,602	22,608,970	90,435,880	427,726,380	1,221,104,367	35%
1997	370,408,460	1,058,309,886	16,013,730	18,197,420	20,352,290	81,409,160	406,774,480	1,157,916,466	35%
1996	351,104,830	1,003,156,667	16,827,440	19,122,091	18,218,900	72,875,600	386,151,170	1,095,154,358	35%
1995	324,208,710	926,310,600	17,123,130	19,458,102	15,826,110	63,304,440	357,157,950	1,009,073,142	35%
1994	307,323,700	878,067,714	17,151,580	19,490,432	15,855,950	63,423,800	340,331,230	960,981,946	35%
1993	296,668,420	847,624,057	16,051,460	18,240,295	14,371,230	57,484,920	327,091,110	923,349,272	35%
1992	239,515,650	684,330,429	15,921,050	18,092,102	15,134,980	60,539,920	270,571,680	762,962,451	35%
1991	230,968,710	659,910,600	16,036,010	18,222,739	14,958,000	59,832,000	261,962,720	737,965,339	35%

Source: Geauga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

**KENSTON LOCAL SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 ASSESSED VALUATION)
LAST TEN CALENDAR YEARS**

<u>Tax Year</u>	<u>School Levy</u>	<u>County Levy</u>	<u>Township Levy</u>	<u>Total Levy</u>	<u>Debt Service Included in Total Levy</u>		
					<u>School</u>	<u>County</u>	<u>Total</u>
2000	77.30	14.40	22.50	114.20	3.20	.30	3.50
1999	77.30	13.65	22.50	113.45	3.20	.30	3.50
1998	77.30	13.45	21.50	112.25	3.20	.30	3.50
1997	78.30	13.45	21.50	113.25	3.20	.30	3.50
1996	70.40	13.45	21.50	105.35	3.20	.30	3.50
1995	71.40	13.85	21.60	106.85	4.20	.30	4.50
1994	71.50	11.85	20.10	103.45	4.30	.30	4.60
1993	71.50	11.85	20.10	103.45	4.30	.30	4.60
1992	71.90	11.20	20.10	103.20	4.70	.30	5.00
1991	69.60	11.20	20.10	100.90	2.40	.30	2.70

Source: Geauga County Auditor - Data is presented on a calendar year basis consistent with the County Auditor's method of maintaining the information.

**KENSTON LOCAL SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross General Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Ratio of Debt To Assessed Value</u>	<u>Per Capita</u>
2000/2001	\$ 9,697,000	\$1,409,206	\$ 8,287,794	\$ 514,370,530	90,875	1.61%	\$ 107
1999/2000	10,255,000	1,039,861	9,215,139	492,188,580	87,913	1.87%	117
1998/1999	10,789,000	714,056	10,074,944	427,726,380	87,913	2.35%	124
1997/1998	11,250,000	659,429	10,590,571	406,774,480	86,054	2.60%	131
1996/1997	11,645,000	421,674	11,223,326	386,151,170	86,054	2.91%	138
1995/1996	12,020,000	629,662	11,390,338	357,157,950	84,260	3.19%	140
1994/1995	12,650,000	578,664	12,071,336	340,331,230	83,400	3.55%	149
1993/1994	13,190,000	530,657	12,659,343	327,091,110	83,241	3.87%	156
1992/1993	13,470,000	333,701	13,136,299	270,571,680	82,094	4.86%	162
1991/1992	3,776,000	456,823	3,319,177	261,962,720	82,094	1.27%	41

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2001**

Assessed Valuation	\$ 514,370,530
	=====
Bonded Debt Limit - 9% of Assessed Value (1)	\$ 46,293,348
Amount of Debt Applicable to Debt Limit:	
Bonded Debt	9,697,000

Voted Debt Margin	\$ 36,596,348
	=====
Bonded Debt Limit - .1% of Assessed Value (1)	\$ 514,371
Amount of Debt Applicable	0

Unvoted Debt Margin	\$ 514,371
	=====

(1) Bond Law by Ohio Revised Code sets a limit of 9% for voted debt margin and .1% for unvoted debt. All District debt subject to the allowable margin is voted.

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDED DEBT
AS OF DECEMBER 31, 2000**

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District(1)</u>	<u>Applicable to School District</u>
<u>Direct</u>			
Kenston Local School	\$ 9,697,000	100.00%	\$ 9,697,000
Total Direct	9,697,000		9,697,000
 <u>Overlapping</u>			
Geauga County	540,067	22.03%	118,977
Total Overlapping	540,067		118,977
 Grand Total	\$ 10,237,067		\$ 9,815,977

Source: Geauga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision by the total assessed valuation, which includes all overlapping valuation. The valuations were used for the 2000 collection year.

KENSTON LOCAL SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GOVERNMENTAL AND SIMILAR TRUST FUND EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental And Similar Trust Expenditures(1)</u>	<u>Ratio of Debt Service To Governmental & Similar Trust (Percentage)</u>
2000/2001	\$ 620,000	\$ 604,298	\$ 1,224,298	\$ 24,812,775	4.93%
1999/2000	465,000	637,522	1,102,522	23,336,064	4.72%
1998/1999	395,000	666,705	1,061,705	22,235,311	4.77%
1997/1998	330,000	691,439	1,021,439	19,858,061	5.14%
1996/1997	725,000	739,468	1,464,468	19,112,833	7.66%
1995/1996	630,000	786,259	1,416,259	18,088,582	7.83%
1994/1995	540,000	822,022	1,362,022	18,221,278	7.47%
1993/1994	280,000	1,146,421	1,426,421	21,471,281	6.64%
1992/1993	280,000	654,684	934,684	24,743,225	3.78%
1991/1992	280,000	273,038	553,038	12,664,911	4.37%

Source: School District financial records

(1) Includes other financing uses. 1995-2001 on an accrual basis.

**KENSTON LOCAL SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Geauga County Population</u>	(1) <u>Bainbridge Township Population</u>	(1) <u>Auburn Township Population</u>	<u>School Enrollment</u>	<u>Geauga County Unemployment Rate</u>
2001	90,895	10,916	5,158	3,084	3.0%
2000	87,913	9,694	3,298	3,058	2.8%
1999	87,913	9,694	3,298	3,056	3.0%
1998	86,054	9,694	3,298	3,027	3.5%
1997	86,054	9,694	3,298	2,928	3.6%
1996	84,260	9,694	3,298	2,790	3.8%
1995	83,400	9,694	3,298	2,601	3.8%
1994	83,241	9,694	3,298	2,522	5.1%
1993	82,094	9,694	3,298	2,445	5.8%
1992	82,094	9,694	3,298	2,346	5.4%

Source: Information in this table was provided by the Geauga County Planning Commission and the Kenston Local School District.

(1) Population data for 1992-2000 is assumed to be the same as that of the 1990 census. 2001 population data is from the 2000 census.

**KENSTON LOCAL SCHOOL DISTRICT
PROPERTY VALUES, BANK DEPOSITS, AND CONSTRUCTION
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Assessed Value Real Personal Property (Amounts in 000's)(2)</u>	<u>Bank Deposits (Amounts in 000's)(1)</u>	<u>Permits Issued Geauga County</u>	<u>Bainbridge Township</u>	<u>Auburn Township</u>
2000	\$ 492,189	\$ 222,518	\$199,824,566	\$ 50,251,392	\$ 3,775,290
1999	427,726	249,478	65,015,002	14,946,383	7,521,396
1998	406,774	243,704	47,503,140	25,313,695	9,588,896
1997	386,151	222,203	38,142,850	16,750,001	13,713,085
1996	357,157	202,741	41,162,110	19,513,510	18,600,297
1995	340,331	194,409	35,438,050	20,825,030	14,453,711
1994	327,091	178,559	28,009,880	17,286,643	9,751,000
1993	270,571	176,125	23,820,980	14,083,500	9,873,380
1992	261,963	145,373	N/A	13,120,000	6,778,113
1991	250,839	101,040	N/A	11,429,000	6,013,800
1990	208,106	88,358	N/A	11,130,700	6,224,752

Sources: (1) Federal Reserve Bank of Cleveland
(2) Geauga County Auditor's Office (the values listed pertain to the year of collection)

**KENSTON LOCAL SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS
 REAL PROPERTY TAX
 DECEMBER 31, 2000**

<u>Name of Taxpayer</u>	<u>General Value</u>	<u>Percentage of Total Real Property Assessed Value</u>
Funtime, Inc.	\$ 6,452,220	1.36%
422 Company LTD.	2,525,740	.53%
Tanglewood Square	2,407,790	.51%
Capco Enterprises	1,610,000	.34%
General Signal Corporation	1,221,710	.26%
University Hospitals	1,015,810	.21%
Tanglewood Associates	929,770	.20%
Bainbridge Associates, Ltd.	901,260	.19%
Key Trust Company	857,070	.18%
K-Mart Corporation	840,000	.16%
	<hr/>	<hr/>
Total	\$ 18,761,370	3.94%
	<hr/> <hr/>	<hr/> <hr/>

Source: Geauga County Auditor
 (1) Assessed values are for 2001 collection year

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2000**

Name of Taxpayer	Assessed Value (1)	Percent of Total Tangible Assessed Value
Funtime, Inc.	\$ 11,338,380	46.88%
General Signal Corporation	1,648,250	6.82%
Duramax, Inc.	1,552,310	6.42%
Riser Foods Company	1,171,560	4.84%
Mar Bal, Inc.	624,130	2.58%
K-Mart Corporation	497,350	2.06%
Speed Selector, Inc.	424,370	1.75%
B.F. Goodrich Co.	417,720	1.73%
Nalco Diversified Tech.	399,040	1.65%
ETNA Products	397,890	1.64%
Total	\$ 18,471,000	76.37%

Source: Geauga County Auditor
(1) Assessed values are for 2001 collection year

**KENSTON LOCAL SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS
 PUBLIC UTILITIES TAX
 DECEMBER 31, 2000**

Name of Taxpayer	Assessed Value (1)	Percent of Total Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$ 8,155,530	57.78%
Western Reserve Telephone Company	3,441,960	24.38%
East Ohio Gas Company	1,518,130	10.76%
Total	\$ 13,115,620	92.92%

Source: Geauga County Auditor
 (1) Assessed values are for 2001 collection year

**KENSTON LOCAL SCHOOL DISTRICT
TEN LARGEST EMPLOYERS
DECEMBER 31, 2000**

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Kenston Board of Education	Education	395
Johnsonite	Vinyl and rubber products	250
Stock Equipment Company	Coal feed systems	200
Milbar Company	Small hand tools	160
Mar-Bal, Inc.	Thermoset molding materials	150
Custom Materials, Inc.	Electrical insulation fabricating	77
BF Goodrich Products Business	Industrial inks	60
Environmental Growth Chambers	Environmental and plant growth chambers	50
Speed Selector, Inc.	Variable speed pulleys and belts	42
Schneider Saddlery Co., Inc.	Leather saddles and harnesses	40

Source: 2001 Harris Ohio Industry Directory in cooperation with the Ohio Department of Development

**KENSTON LOCAL SCHOOL DISTRICT
PER PUPIL COST
LAST TEN FISCAL YEARS (1)**

<u>Fiscal Year</u>	<u>Governmental & Similar Trust Fund Expenditures (1)</u>	<u>Average Student Enrollment</u>	<u>Per Pupil Cost</u>
2000/2001(2)	\$ 24,812,775	3,084	\$ 8,046
1999/2001(2)	23,336,064	3,058	7,631
1998/1999(2)	22,235,311	3,056	7,276
1997/1998(2)	19,858,061	3,027	6,560
1996/1997(2)	19,112,833	2,928	6,528
1995/1996(2)	18,088,582	2,790	6,483
1994/1995(2)	18,221,278	2,601	7,005
1993/1994	21,471,281	2,522	8,514
1992/1993	24,743,225	2,445	10,120
1991/1992	12,664,911	2,346	5,398

Source: School District Financial Records

(1) Includes other financing uses

(2) 1995 through 2001 on modified accrual basis.



STATE OF OHIO
OFFICE OF THE AUDITOR

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KENSTON LOCAL SCHOOL DISTRICT

GEAUGA 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 10, 2002**