



**Auditor of State
Betty Montgomery**

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

TABLE OF CONTENTS

Title	Page
Schedule of Federal Awards Receipts and Expenditures.....	1
Notes to the Schedule of Federal Awards Receipts and Expenditures	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	5
Schedule of Findings.....	7

This page intentionally left blank.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2005**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B Special Education Grants to States	6B-SF-2005	84.027	\$513,700	\$0	\$513,700	\$0
Total Title VI-B			<u>513,700</u>	<u>0</u>	<u>513,700</u>	<u>0</u>
Total Special Education Cluster			513,700	0	513,700	0
Title I Grants to Local Educational Services	C1-S1-2005	84.010	237,700	0	237,700	0
Title I Grants to Local Educational Services	C1-S1-2004	84.010	0	0	22,024	0
Total Title I			<u>237,700</u>	<u>0</u>	<u>259,724</u>	<u>0</u>
Title VI / Innovative Education Program Strategy	C2-S1-2005	84.298	12,603	0	12,603	0
Title VI / Innovative Education Program Strategy	C2-S1-2004	84.298	0	0	6,923	0
Total Title VI / Innovative Education Program Strategy			<u>12,603</u>	<u>0</u>	<u>19,526</u>	<u>0</u>
Safe and Drug Free Schools and Communities State Grants	DR-S1-2004	84.186	(300)	0	3,730	0
Safe and Drug Free Schools and Communities State Grants	DR-S1-2005	84.186	11,291	0	6,760	0
Total Drug Free Schools			<u>10,991</u>	<u>0</u>	<u>10,490</u>	<u>0</u>
Improving Teacher Quality State Grants (Title II, Part A)	TR-S1-2005	84.367	76,097	0	76,097	0
Improving Teacher Quality State Grants (Title II, Part A)	TR-S1-2004	83.367	0	0	3,186	0
Total Improving Teacher Quality			<u>76,097</u>	<u>0</u>	<u>79,283</u>	<u>0</u>
Technology Literacy Challenge Funds	TJ-S1-2005	84.318	6,319	0	6,319	0
Total Technology Literacy Challenge Funds			<u>6,319</u>	<u>0</u>	<u>6,319</u>	<u>0</u>
Total U.S. Department of Education			857,410	0	889,042	0
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	0	45,922	0	45,883
National School Lunch Program	LL-P4-2004	10.555	23,951	0	23,951	0
National School Lunch Program	LL-P4-2005	10.555	56,832	0	56,832	0
Total National School Lunch Program			<u>80,783</u>	<u>45,922</u>	<u>80,783</u>	<u>45,883</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>80,783</u>	<u>45,922</u>	<u>80,783</u>	<u>45,883</u>
Total Federal Financial Assistance			<u>\$938,193</u>	<u>\$45,922</u>	<u>\$969,825</u>	<u>\$45,883</u>

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with the State and local grant monies. It is assumed federal monies are expended first. At June 30, 2005, the District had no significant foods commodities in inventory.

NOTE C – FEDERAL TRANSFERS

The Ohio Department of Education (ODE) transferred federal monies from grant year 2004 to grant year 2005 for Safe and Drug Free Schools and Communities State Grant (CFDA #84.186). This transfer appears as a negative receipt in the 2004 grant year and a positive receipt in the 2005 grant year. This action by ODE allowed the District to extend the availability period for expenditure of this receipt.

CFDA - Catalog of Federal Domestic Assistance



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated December 16, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 16, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 16, 2005



Auditor of State Betty Montgomery

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

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

To the Board of Education:

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 apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 16, 2005. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 16, 2005

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS
--

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2005
(Continued)**

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

REPORTABLE CONDITION

Finding Number	2005-001
----------------	----------

PAYROLL PROCEDURES

All payroll policies should be documented and approved in order to avoid confusion and to ensure the practices are applied equally to all employees.

During the audit we noted several practices that were not formally documented or approved. They were performed based on precedent. This resulted in inconsistencies in application of these practices. These inconsistencies include the following:

- Various rates of pay to substitute teachers for "shadowing" another teacher;
- Payment of a bonus to substitute teachers for substituting 100 days or more; and
- Inconsistent pay to substitute teachers for in-service days.

We recommend payroll policies be formally documented and approved. If a deviation from the approved policy occurs it should be approved in writing by the Superintendent.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

KENSTON LOCAL SCHOOL DISTRICT

CHAGRIN FALLS, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**ISSUED BY: TREASURER'S OFFICE
LINDA HEIN, TREASURER**

**KENSTON LOCAL SCHOOL DISTRICT
CHAGRIN FALLS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

	<u>PAGE</u>
I. <u>Introductory Section</u>	
Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
GFOA Certificate of Achievement	xii
List of Principal Officials	xiii
Organizational Chart	xiv
II. <u>Financial Section</u>	
Independent Accountants' Report	1-2
Basic Financial Statements:	
Management's Discussion and Analysis	3-11
Statement of Net Assets	12
Statement of Activities	13
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	18-19
Statement of Fund Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Assets - Fiduciary Funds	23

**KENSTON LOCAL SCHOOL DISTRICT
CHAGRIN FALLS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>TABLE OF CONTENTS</u>		<u>PAGE</u>
II. <u>Financial Section</u> (Continued)		
Basic Financial Statements: (Continued)		
Notes to the Basic Financial Statements		24-62
Combining and Individual Fund Statements and Schedules:		
Description of Funds		64-66
Combining Balance Sheet - Nonmajor Governmental Funds		67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds		68
Combining Balance Sheet - Nonmajor Special Revenue Funds		69-73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds		74-78
Combining Balance Sheet - Nonmajor Capital Project Funds		79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Capital Project Funds		80
Combining Statement of Fund Net Assets - Nonmajor Enterprise Funds		81
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds		80
Combining Statement of Fund Cash Flows - Nonmajor Enterprise Funds		81
Combining Statement of Revenues, Expenses, and Changes in Changes in Net Assets - Nonmajor Enterprise Funds		82
Combining Statement of Cash Flows - Nonmajor Enterprise Funds		83
Combining Statement of Changes in Assets and Liabilities - All Agency Funds		84

**KENSTON LOCAL SCHOOL DISTRICT
CHAGRIN FALLS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

	<u>PAGE</u>
II. <u>Financial Section</u> (Continued)	
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual	
General Fund	86-89
Bond Retirement Fund	90
Building Improvement Fund	91-92
Private Purpose Trust Scholarship Fund	93
Public School Support Fund	94
District Managed Activity Fund	95
Auxiliary Services Fund	96
Disadvantaged Pupil Aid Program Fund	97
Professional Development Fund	98
Management Information Systems Fund	99
Entry Year Teachers Fund	100
Data Communication Fund	101
School Net Professional Development Fund	102
Interactive Video Distance Learning Fund	103
Ohio Reads Grant Fund	104
Summer School Intervention Fund	105
Miscellaneous State Grants Fund	106
Eisenhower Professional Development Fund	107
IDEA - Education of Handicapped Children Fund	108
Title I - Disadvantaged Children/Targeted Assistance Fund	109
Title V	110
Drug Free Schools Grant Fund	111
Telecommunications Act Fund	112
Improving Teacher Quality Fund	113
Miscellaneous Federal Grants Fund	114
Permanent Improvement Fund	115
School Net Plus Fund	116
Food Service Fund	117
Uniform School Supplies Fund	118
Kindergarten Fees Fund	119
Adult Education Fund	120
Employee Benefits Self-Insurance Fund	121
III. <u>Statistical Section</u>	
General Governmental Expenses/Expenditures by Function - Last Ten Fiscal Years	S2
General Governmental Revenues by Source - Last Ten Fiscal Years	S4

**KENSTON LOCAL SCHOOL DISTRICT
CHAGRIN FALLS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

	<u>PAGE</u>
III. <u>Statistical Section</u> (Continued)	
Property Tax Levies and Collections - Real and Tangible Personal Property Taxes - Last Ten Calendar Years	S6
Assessed and Estimated Actual Value of Taxable Property - Last Ten Calendar Years	S7
Property Tax Rates - Direct and Overlapping Governments - Last Ten Calendar Years	S8
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	S9
Computation of Legal Debt Margin	S10
Computation of Direct and Overlapping Debt - General Obligation Bonded Debt	S11
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Governmental Expenditures - Last Ten Fiscal Years	S12
Demographic Statistics - Last Ten Years	S13
Property Values, Bank Deposits, and Construction Last Ten Calendar Years	S14
Principal Taxpayers - Real Property Tax	S15
Tangible Personal Property Tax	S16
Public Utilities Tax	S17
Per Pupil Cost - Last Ten Fiscal Years	S18
Teacher Education and Experience	S19



KENSTON

S C H O O L S

December 16, 2005

Kenston Local Schools

17419 Snyder Road
Chagrin Falls, Ohio
44023-2730
Phone: (440) 543-9677
Fax: (440) 543-8634
www.kenstonlocal.com

Robert A. Lee, Ph.D.
Superintendent

Daniel J. Keenan, Jr.
Assistant Superintendent

Linda M. Hein
Treasurer

Board of Education Members Kenston Local School District

We are pleased to submit to you the seventh Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unqualified opinion from the Auditor of the State of Ohio conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

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

Profile of 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 Districts 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.

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 Authority, and the Ohio School Boards Association Workers Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the combined financial statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the basic 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. 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 Geauga Lake amusement park.

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.

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.

With the passage of the School District's 9.4 mill continuing operating levy in February 2005 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 2008-2009 school year.

An Ohio Supreme Court decision in December 2004 resulted in an order for a one-time payment of personal property taxes by the former Six Flags amusement park for the years between 1999 and 2004. The settlement is expected to be approximately \$2,000,000. Once the additional revenue is received, five-year projections indicate that the School District may extend the need for additional income until the 2009-2010 school year.

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 State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's 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 Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found sevenmajor areas warrant further attention, study, and development by the General Assembly.... including the State's reliance on local property tax funding, the State's 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 State's 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 20 details the latest ruling.

Major Initiatives

The School District is undergoing a significant facility construction project. A new high school facility is scheduled to be completed in June 2006. The present Kenston High School is being renovated for middle school students (grades 6 through 8). The Kenston Middle School will house grades 4 and 5. In September 2005, Timmons Elementary School completed a 4-classroom addition and will be the location for grades 1 through 3. Gardiner Elementary School will undergo renovations during the summer of 2006 and will house Pre-K and Kindergarten programs. The present Kenston Early Learning Center was already sold to Bainbridge Township, who will take over the building upon our exit.

Future Projects

In addition to the facility upgrades, all of the School District's buildings will be networked in accordance with the School District's technology plans. There will be hard-wire connections between buildings that are designed to enhance distinguished software applications.

The Kenston Board of Education is in the process of purchasing 37 acres of land adjacent to the new Kenston High School and Timmons Elementary School. This land agreement is expected to close in January 2006.

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 the close of the school year (June/July). The School District has complied with the requirements of this legislation.

House Bill 55, the academic accountability legislation passed in the summer of 2003, resulted in the extraction of data from the EMIS database and the publication of a School District "Report Card".

The School District continues to utilize federal grant monies to provide intervention opportunities for students and as a means to implement district-wide and building-focused staff development programs. Intervention and staff development programming are based on research-based practices that target improving student achievement. The School District's fifth consecutive designation as an "Excellent" district by the Ohio Department of Education enabled the securing of a waiver day granted by the State Department for the purpose of dedicating an entire day to high quality staff development. The day was utilized to focus on assessment and data practices on a district-wide level. Sustainability of this programming has been planned for by adding two additional training sessions that will apply these concepts to specific buildings.

The Kenston Early Learning Center and Gardiner Elementary continued their pursuits in the domain of literacy. Kindergarten teachers worked together to appropriately adjust pacing guides and to supplement them with common assessments in the form of rubrics. Gardiner Elementary capitalized on the staff development time to research the development approach to teaching spelling and formulate a plan on how to establish better consistency of use in the classrooms. Timmons Elementary, Kenston Middle School, and Kenston High School all utilized their time to review test data in various formats in order to plan instruction. One of the common strands between the three buildings was the review of the item analysis breakdown of student achievement tests. These efforts were all made as part of the School District's endless pursuit of improvement of academic achievement. As a result, Gardiner Elementary School achieved its highest scores ever in Grade 2 reading, math, science, and writing in the spring of 2005. Timmons Elementary School was recognized as a Hall of Fame School this fall - one of only nine in the entire state of Ohio, and has

achieved 94 percent passage or higher on all reading assessments in grade 3-5. Kenston Middle School recorded their highest scores ever in Grade 6 reading, science, Grade 7 reading, science, and social studies, Grade 8 writing, reading, math, social studies, and science this past spring. Kenston High School attained the highest reading score in the state of Ohio, 100 percent, as well as the highest on the Ohio Graduation Test in every subject area amongst school districts in Geauga County.

The Kenston Early Learning Center is now in its third year of a five-year grant which focuses on early literacy and family support. The Geauga County Educational Service Center is the fiscal agent for the fund. This program has resulted in increased involvement in reading development for numerous at-risk students. Work at the Early Learning Center has resulted in excellent grade 1 writing scores over the last three years (99 percent, 92 percent, and 97 percent).

Our personnel and programming are assessed annually and new plans are made for continued progress. Input from all stakeholders and data from student testing is used to make necessary improvements. This school year the School District is also developing an action plan to best utilize scheduling at Kenston High School. The objective of the committee is to develop a plan of action that can be put into place for the 2006-2007 school year.

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. Twelve advanced placement (AP) courses and 15 honors classes are available. The School District is accredited by 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.

Financial Management

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, certificates of deposit, Federal Home Loan bank note, and the State Treasury Asset Reserve of Ohio (STAROhio). The total amount of interest earned was \$867,096 for the year ended June 30, 2005, which was credited directly to the general fund, capital projects fund, debt service, food service, 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.

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 fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

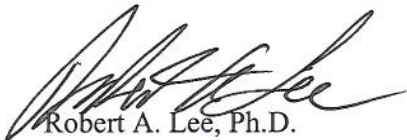
Special appreciation is expressed to James G. Zupka, CPA, Inc., for assistance in planning, designing and compiling this financial report.

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, 2004

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.



Nancy L. Zielke

President

Jeffrey R. Emen

Executive Director

**KENSTON LOCAL SCHOOL DISTRICT
CHAGRIN FALLS, OHIO
PRINCIPAL OFFICIALS
JUNE 30, 2005**

BOARD OF EDUCATION

Ms. Joan Hamilton	President
Mr. Jerry Moreno	Vice-President
Mr. Ralph Hastings	Member
Mr. Robert Applebaum	Member
Mr. William Timmons	Member

Treasurer

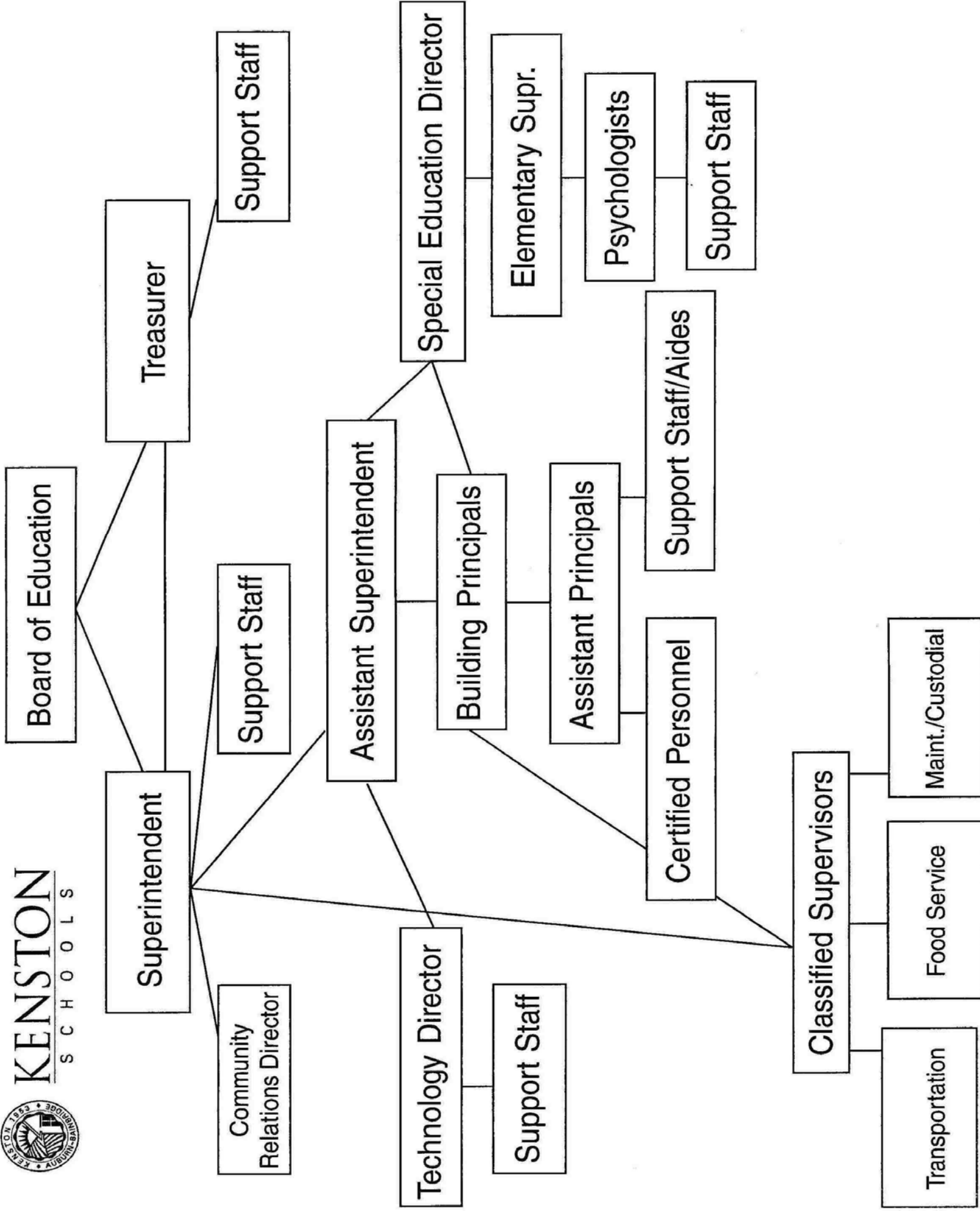
Ms. Linda M. Hein

Administration

Dr. Robert A. Lee	Superintendent
Dr. Daniel Keenan	Assistant Superintendent
Ms. Rita Pressman	Director, Special Education



KENSTON SCHOOLS



FINANCIAL SECTION



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund 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 our report dated December 16, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual non-major fund statement and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

December 16, 2005

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

The discussion and analysis of the Kenston Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- In total, net assets increased \$1,274,411. Net assets of governmental activities increased \$1,135,234, which represents a 10 percent increase from 2004. Net assets of business-type activities increased \$139,177 or 105 percent from 2004.
- General revenues accounted for \$31,716,589 in revenue or 90.3 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,404,962 or 9.7 percent of total revenues of \$35,121,551.
- Total assets of governmental activities increased by \$5,468,097 as taxes receivable increased by \$4,268,059, cash and investments decreased by \$13,515,451, and capital assets increased by \$14,768,543.
- The School District had \$32,741,457 in expenses related to governmental activities; only \$2,174,310 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$31,702,381 were adequate to provide for these programs.
- Among major funds, the general fund had \$26,746,180 in revenues and \$27,549,580 in expenditures. The general fund's fund balance declined to \$2,438,788 from \$3,359,111. The bond retirement fund increased its fund balance to \$3,773,298 from \$3,071,859. Building improvement capital project fund decreased its fund balance to \$27,099,500 from \$42,377,873.

Using this Comprehensive Annual Financial Report (CAFR)

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

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provides the next level of detail. For governmental funds, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in one column. In the case of the Kenston Local School District, the general fund is by far the most significant fund with the most activity. The building improvement fund is also significant due to construction of a new high school complex and major renovations.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets* and *all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's adult and community education programs, food service, kindergarten fees, and uniform school supplies are reported as business activities.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement fund, and the building improvement fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2005 compared to 2004:

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004**	2005	2004	2005	2004
Assets						
Current and Other Assets	\$60,738,420	\$ 70,038,866	\$ 316,830	\$ 203,233	\$ 61,055,250	\$ 70,242,099
Capital Assets	30,447,795	15,679,252	49,529	57,742	30,497,324	15,736,994
Total Assets	91,186,215	85,718,118	366,359	260,975	91,552,574	85,979,093
Liabilities						
Long-Term Liabilities	52,969,011	53,858,001	16,739	30,491	52,985,750	53,888,492
Other Liabilities	26,146,015	20,924,162	77,500	97,541	26,223,515	21,021,703
Total Liabilities	79,115,026	74,782,163	94,239	128,032	79,209,265	74,910,195
Net Assets						
Invested in Capital Assets						
Net of Debt	5,214,949	5,563,378	49,529	57,742	5,264,478	5,621,120
Restricted	5,165,911	3,231,875	0	0	5,165,911	3,231,875
Unrestricted (Deficit)	1,690,329	2,140,702	222,591	75,201	1,912,920	2,215,903
Total Net Assets	\$12,071,189	\$10,935,955	\$ 272,120	\$ 132,943	\$12,343,309	\$ 11,068,898

** Net Assets were restated

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

Total assets increased \$5,573,481. Equity in pooled cash and cash equivalents decreased \$13,412,749 due to expenses for construction projects. Taxes receivable increased \$4,268,059 due to new retail businesses in the School District. Capital assets increased \$14,760,330 due to construction of a new high school complex and other major improvements.

The net assets of the School District's business-type activities increased by \$139,177 or 105 percent. The large increase was due to an increase in fees, where feasible, and a reduction in salaries and other related expenses.

Table 2 shows the changes in net assets for fiscal year 2005 and 2004.

Table 2 - Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ 735,557	\$ 933,017	\$ 1,143,555	\$ 1,104,788	\$ 1,879,112	\$ 2,037,805
Operating Grants and Contributions	1,386,450	1,451,082	87,097	85,338	1,473,547	1,536,420
Capital Grants and Contributions	52,303	60,259	0	0	52,303	60,259
General Revenues:						
Property Taxes	23,810,405	22,278,691	0	0	23,810,405	22,278,691
Grants and Entitlements	6,990,425	7,002,579	0	0	6,990,425	7,002,579
Investment Earnings	852,888	(246,305)	14,208	2,228	867,096	(244,077)
Other	48,663	6,336	0	0	48,663	6,336
Loss on Sale of Capital Assets	0	(5,900)	0	(3,195)	0	(9,095)
Total Revenues	33,876,691	31,479,759	1,244,860	1,189,159	35,121,551	32,668,918
Program Expenses						
Instruction	17,368,492	15,792,309	0	0	17,368,492	15,792,309
Support Services:						
Pupil/Instructional Staff	3,008,262	2,893,806	0	0	3,008,262	2,893,806
Board of Education, Administration, Fiscal, and Business	3,608,475	3,515,978	0	0	3,608,475	3,515,978
Operation and Maintenance of Plant	3,115,372	3,251,788	0	0	3,115,372	3,251,788
Pupil Transportation	2,114,450	1,974,489	0	0	2,114,450	1,974,489
Central	4,439	117,910	0	0	4,439	117,910
Operation of Non-Instructional Services						
Extracurricular Activities	1,170,417	1,342,710	0	0	1,170,417	1,342,710
Interest and Fiscal Charges	2,245,781	2,408,185	0	0	2,245,781	2,408,185
Food Service	0	0	705,672	752,938	705,672	752,938
Uniform School Supplies	0	0	138,654	134,610	138,654	134,610
Kindergarten Fees	0	0	180,156	196,069	180,156	196,069
Adult Education	0	0	81,201	98,989	81,201	98,989
Total Program Expenses	32,741,457	31,381,902	1,105,683	1,182,606	33,847,140	32,564,508
Increase (Decrease) in Net Assets	<u>\$ 1,135,234</u>	<u>\$ 97,857</u>	<u>\$ 139,177</u>	<u>\$ 6,553</u>	<u>\$ 1,274,411</u>	<u>\$ 104,410</u>

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

Total revenues increased \$2,452,633. Property taxes increased \$1,531,714 due to new construction of the shopping area within District limits. Investment earnings increased \$1,111,173 due to bond issuance for construction of high school and other school improvements that are in process as of June 30, 2005.

Total expenses increased \$1,282,632. Instruction expenses increased \$1,576,183 due to an increase in staff and an increase in salaries and benefits. Extracurricular activities decreased \$172,293 due to a trip cancellation, the School District purchased less materials and supplies and there was less custodial usage.

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and its value was increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 70 percent of revenues for governmental activities for the District in fiscal year 2005.

Instruction comprises 53 percent of governmental program expenses. Interest expense and fiscal charges were 6.9 percent. Interest expense and fiscal charges were attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2005 and 2004. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3 - Governmental Activities

	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Instruction	\$ 17,368,492	\$ 15,792,309	\$ 15,952,147	\$ 14,835,503
Support Services:				
Pupil and Instructional Staff	3,008,262	2,893,806	2,977,646	2,853,912
Board of Education, Administration, Fiscal, and Business	3,608,475	3,515,978	3,583,369	3,502,570
Operation and Maintenance of Plant	3,115,372	3,251,788	3,115,372	3,251,788
Pupil Transportation	2,114,450	1,974,489	2,027,268	1,911,476
Central	4,439	117,910	4,439	117,910
Operation of Non-Instructional Service	105,769	84,727	83,850	42,846
Extracurricular Activities	1,170,417	1,342,710	577,275	684,491
Interest and Fiscal Charges	2,245,781	2,408,185	2,245,781	1,769,604
Other	0	0	0	(32,556)
Total Expenses	<u>\$ 32,741,457</u>	<u>\$ 31,381,902</u>	<u>\$ 30,567,147</u>	<u>\$ 28,937,544</u>

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

The dependence upon tax revenues for governmental activities is apparent. Over 91 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is over 93 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District's students.

Business-Type Activities

Business-type activities include adult/community education, the food service operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,244,860 and expenses of \$1,105,683 for fiscal year 2005. As discussed earlier, management continues to review these programs to ascertain if it would be feasible to increase or maintain fees to ensure that net assets do not decline in fiscal year 2006. The School District is also taking steps to reduce expenses. Business activities receive no support from tax revenues.

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32,693,337 and expenditures of \$48,212,588. The net change in fund balance for the year in the general fund experienced a decline of \$920,323 due to an increase in salaries, benefits, and personnel. In the building improvement fund, the net change in fund balance for the year decreased \$15,278,373 due to an increase of capital expenditures. The increase in the net change in fund balance for the bond retirement fund, in the amount of \$701,439, was due to a decrease in principal payments and an increase in tax collections.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was \$25,136,555, which was below original budget estimates of \$25,647,873. Of this \$511,318 difference, most was due to decreases in programs, intergovernmental, and property tax reimbursement estimates.

The original appropriations of \$28,901,794 were decreased to \$28,489,306, which includes prior year encumbrances. Regular instruction, pupil support services, and operation and maintenance of plant services proved to be lower than anticipated in the original budget.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the School District had \$30,497,324 invested in land, buildings, improvements, vehicles, equipment, and construction in progress, \$30,447,795 in governmental activities. Table 4 shows fiscal 2005 balances compared to 2004:

Table 4 - Capital Assets at June 30 (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 125,211	\$ 125,211	\$ 0	\$ 0	\$ 125,211	\$ 125,211
Construction in Progress	18,181,846	2,546,374	0	0	18,181,846	2,546,374
Land and Buildings/ Improvements	10,534,779	11,060,982	0	0	10,534,779	11,060,982
Furniture and Equipment	673,164	800,054	49,529	57,742	722,693	857,796
Vehicles	932,795	1,146,631	0	0	932,795	1,146,631
	<u>\$30,447,795</u>	<u>\$15,679,252</u>	<u>\$ 49,529</u>	<u>\$ 57,742</u>	<u>\$30,497,324</u>	<u>\$15,736,994</u>

The primary increase occurred in construction in progress, which includes construction projects for major renovations and the construction of a new high school complex.

For fiscal year 2003, a change in Ohio law allows school districts to take the student population times the prior year's base cost per pupil times 3 percent to determine the amount to set aside for textbooks and capital improvements. For fiscal year 2005, this amounted to \$450,854 for each set aside. For fiscal year 2005, the School District had qualifying disbursements or offsets exceeding these requirements.

As of June 30, 2005, the School District has contractual commitments for construction of a new high school complex and major renovations of other school buildings. The balance outstanding on these contracts is \$24,919,090.

See Note 10 for additional information on capital assets.

Debt

At June 30, 2005, the District had \$50,826,000 in bonds outstanding, \$993,500 due within one year. Table 5 summarizes bonds and notes outstanding.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

Table 5 - Outstanding Debt at Year End

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
1986 General Obligation Bonds	\$ 820,000	\$ 1,025,000
GES Septic System	81,000	94,500
2003 School Improvement Bonds	43,775,000	44,180,000
2003 School Improvement Refunding Bonds	<u>6,150,000</u>	<u>6,450,000</u>
Total Long-Term Bonds	<u>\$50,826,000</u>	<u>\$51,749,500</u>

The 1986 general obligation bonds were issued for improvements in most buildings and other improvements.

The GES septic system bonds were issued to undertake improvements of the School District's septic system.

The 2003 general obligation school improvement bonds were issued for the purpose of constructing, furnishing, and equipping a new high school, renovating, furnishing, and otherwise improving school facilities.

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding.

At June 30, 2005, the School District's overall voted legal debt margin was \$10,351,218 with an unvoted debt margin of \$637,821.

See Note 16 for additional information on long-term debt activity.

Current Issues

Kenston Local School District has been strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. Cost saving programs, new commercial development, and sound financial management will make it possible to extend the 1997 operating levy for seven years. With the proposal and passage of an additional operating levy and collection beginning January 2005, the School District will be able to continue its education programs.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2005
Unaudited

In March 2003, the Governor of the State announced reductions in K-1 funding to reduce an anticipated State budget deficit. The School District's financial challenge is to continue to comply with State and Federal mandates while funding is reduced. In order to make up for the lost revenue, the Board put on the ballot a levy in November 2004, which was defeated by the voters. The ultimate impact is on the School District residents, who contribute the majority of all funding to the School District.

Increased enrollment, unfunded mandates, and unstable state revenue will require management to plan carefully and prudently to provide the resources to meet student needs.

In conclusion, Kenston Local School District has committed itself to financial excellence for several years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1999.

The Board and staff are committed to continue providing a quality education to all Kenston students. As a result of this commitment, all of the School District's financial wherewithal will be needed to meet new and existing challenges as they present themselves.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Linda Hein, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at Ke_Hein@lgca.org.

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 35,877,449	\$ 280,847	\$ 36,158,296
Accrued Interest Receivable	5,414	0	5,414
Accounts Receivable	5,956	860	6,816
Intergovernmental Receivable	66,340	24,190	90,530
Materials and Supplies Inventory	100,208	10,933	111,141
Taxes Receivable	24,610,371	0	24,610,371
Deferred Charges	72,682	0	72,682
Nondepreciable Capital Assets	18,307,057	0	18,307,057
Depreciable Capital Assets, Net	<u>12,140,738</u>	<u>49,529</u>	<u>12,190,267</u>
Total Assets	<u>91,186,215</u>	<u>366,359</u>	<u>91,552,574</u>
<u>Liabilities</u>			
Accounts Payable	130,343	1,286	131,629
Contracts Payable	4,015,021	0	4,015,021
Accrued Wages	2,498,773	56,980	2,555,753
Intergovernmental Payable	802,457	19,234	821,691
Deferred Revenue	17,852,743	0	17,852,743
Accrued Interest Payable	177,218	0	177,218
Matured Compensated Absences Payable	30,421	0	30,421
Claims Payable	453,508	0	453,508
Deferred Credits	185,531	0	185,531
Long-Term Liabilities:			
Due Within One Year	1,712,413	13,371	1,725,784
Due In More Than One Year	<u>51,256,598</u>	<u>3,368</u>	<u>51,259,966</u>
Total Liabilities	<u>79,115,026</u>	<u>94,239</u>	<u>79,209,265</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	5,214,949	49,529	5,264,478
Restricted for:			
Capital Projects	1,320,815	0	1,320,815
Debt Service	3,803,581	0	3,803,581
Other Purposes	41,515	0	41,515
Unrestricted (Deficit)	<u>1,690,329</u>	<u>222,591</u>	<u>1,912,920</u>
Total Net Assets	<u>\$ 12,071,189</u>	<u>\$ 272,120</u>	<u>\$ 12,343,309</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 13,732,232	\$ 150,907	\$ 945,302	\$ 29,190	\$ (12,606,833)	\$ 0	\$ (12,606,833)
Special	3,383,565	0	290,946	0	(3,092,619)	0	(3,092,619)
Vocational	128,746	0	0	0	(128,746)	0	(128,746)
Other	123,949	0	0	0	(123,949)	0	(123,949)
Support Services:							
Pupils	2,022,918	3,017	11,399	0	(2,008,502)	0	(2,008,502)
Instructional Staff	985,344	800	15,400	0	(969,144)	0	(969,144)
Board of Education	90,079	0	0	0	(90,079)	0	(90,079)
Administration	2,578,660	25,106	0	0	(2,553,554)	0	(2,553,554)
Fiscal Services	899,719	0	0	0	(899,719)	0	(899,719)
Business	40,017	0	0	0	(40,017)	0	(40,017)
Operation and Maintenance							
of Plant Services	3,115,372	0	0	0	(3,115,372)	0	(3,115,372)
Pupil Transportation	2,114,450	64,367	0	22,815	(2,027,268)	0	(2,027,268)
Central	4,439	0	0	0	(4,439)	0	(4,439)
Operation of Non-Instructional Services							
Services	105,769	6,382	15,537	0	(83,850)	0	(83,850)
Extracurricular Activities	1,170,417	484,978	107,866	298	(577,275)	0	(577,275)
Interest and Fiscal Charges	2,245,781	0	0	0	(2,245,781)	0	(2,245,781)
Total Governmental Activities	32,741,457	735,557	1,386,450	52,303	(30,567,147)	0	(30,567,147)
Business-Type Activities							
Food Service	705,672	640,325	87,097	0	0	21,750	21,750
Uniform School Supplies	138,654	148,520	0	0	0	9,866	9,866
Kindergarten Fees	180,156	265,713	0	0	0	85,557	85,557
Adult Education	81,201	88,997	0	0	0	7,796	7,796
Total Business-Type Activities	1,105,683	1,143,555	87,097	0	0	124,969	124,969
Totals	\$ 33,847,140	\$ 1,879,112	\$ 1,473,547	\$ 52,303	(30,567,147)	124,969	(30,442,178)
General Revenues and Transfers							
Property Taxes Levied for:							
General Purposes					19,621,846	0	19,621,846
Debt Service					4,188,559	0	4,188,559
Grants and Entitlements not Restricted to Specific Programs							
					6,990,425	0	6,990,425
Investment Earnings					852,888	14,208	867,096
Miscellaneous					48,663	0	48,663
Total General Revenues and Transfers					31,702,381	14,208	31,716,589
Change in Net Assets					1,135,234	139,177	1,274,411
Net Assets Beginning of Year, as Restated					10,935,955	132,943	11,068,898
Net Assets End of Year					\$ 12,071,189	\$ 272,120	\$ 12,343,309

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005**

	General	Building Improvement	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,090,473	\$ 31,119,846	\$ 2,906,189	\$ 310,525	\$35,427,033
Receivables:					
Taxes	21,442,452	0	3,167,919	0	24,610,371
Accounts	345	0	0	5,611	5,956
Intergovernmental	66,340	0	0	0	66,340
Accrued Interest	5,414	0	0	0	5,414
Materials and Supplies Inventory	100,208	0	0	0	100,208
Total Assets	<u>\$22,705,232</u>	<u>\$ 31,119,846</u>	<u>\$ 6,074,108</u>	<u>\$ 316,136</u>	<u>\$60,215,322</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 119,981	\$ 5,325	\$ 0	\$ 5,037	\$ 130,343
Contracts Payable	0	4,015,021	0	0	4,015,021
Accrued Wages	2,498,773	0	0	0	2,498,773
Matured Compensated Absences Payable	30,421	0	0	0	30,421
Intergovernmental Payable	504,665	0	0	3,275	507,940
Deferred Revenue	17,112,604	0	2,300,810	0	19,413,414
Total Liabilities	<u>20,266,444</u>	<u>4,020,346</u>	<u>2,300,810</u>	<u>8,312</u>	<u>26,595,912</u>
Fund Balances					
Reserved for:					
Taxes	4,329,848	0	867,109	0	5,196,957
Encumbrances	902,749	21,135,210	0	65,600	22,103,559
Unreserved, Undesignated, Reported in:					
General Fund	(2,793,809)	0	0	0	(2,793,809)
Special Revenue Funds	0	0	0	219,226	219,226
Debt Service Funds	0	0	2,906,189	22,998	2,929,187
Capital Projects Funds	0	5,964,290	0	0	5,964,290
Total Fund Balances	<u>2,438,788</u>	<u>27,099,500</u>	<u>3,773,298</u>	<u>307,824</u>	<u>33,619,410</u>
Total Liabilities and Fund Balances	<u>\$22,705,232</u>	<u>\$31,119,846</u>	<u>\$ 6,074,108</u>	<u>\$ 316,136</u>	<u>\$60,215,322</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005**

Total Governmental Fund Balances		\$ 33,619,410
<i>Amounts Reported for Governmental Activities in the statement of net assets are different because:</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		30,447,795
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	<u>1,560,671</u>	
Total		1,560,671
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(3,092)
Bond premium on the refunding issuance in governmental activities is deferred and to be amortized over the life of the new issuance.		(185,531)
Loss on early retirement of bond in governmental activities is deferred and to be amortized over the remaining life of the refunded bond.		72,682
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(50,826,000)	
Compensated Absences	(2,143,011)	
Intergovernmental Payable	(294,517)	
Accrued Interest Payable	<u>(177,218)</u>	
Total		<u>(53,440,746)</u>
Net Assets of Governmental Activities		<u>\$ 12,071,189</u>

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General	Building Improvement	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 19,120,895	\$ 0	\$ 3,508,946	\$ 0	\$ 22,629,841
Intergovernmental	6,888,944	0	415,240	1,017,306	8,321,490
Tuition and Fees	103,131	0	0	0	103,131
Transportation Fees	64,367	0	0	0	64,367
Earnings on Investments	491,204	361,029	0	655	852,888
Extracurricular Activities	0	0	0	533,063	533,063
Miscellaneous	77,639	0	0	110,918	188,557
Total Revenues	<u>26,746,180</u>	<u>361,029</u>	<u>3,924,186</u>	<u>1,661,942</u>	<u>32,693,337</u>
Expenditures					
Current:					
Instruction:					
Regular	12,957,986	0	0	279,637	13,237,623
Special	3,060,935	0	0	336,594	3,397,529
Vocational	127,387	0	0	0	127,387
Other	117,889	0	0	0	117,889
Support Services:					
Pupils	1,716,331	0	0	278,989	1,995,320
Instructional Staff	831,100	0	0	95,965	927,065
Board of Education	90,027	28,413	0	0	118,440
Administration	2,332,966	42,983	0	197,615	2,573,564
Fiscal Services	829,812	0	57,215	522	887,549
Business	41,345	0	0	0	41,345
Operation and Maintenance of					
Plant Services	2,859,519	178,028	0	0	3,037,547
Pupil Transportation	1,883,218	0	0	582	1,883,800
Central	4,439	776,395	0	0	780,834
Operation of Non-Instructional Services:					
Community Services	75,126	0	0	12,923	88,049
Other	13,206	0	0	6,060	19,266
Extracurricular Activities	589,750	0	0	591,972	1,181,722
Capital Outlay	0	14,613,583	0	0	14,613,583
Debt Service:					
Principal Retirement	13,500	0	910,000	0	923,500
Interest and Fiscal Charges	5,044	0	2,255,532	0	2,260,576
Total Expenditures	<u>27,549,580</u>	<u>15,639,402</u>	<u>3,222,747</u>	<u>1,800,859</u>	<u>48,212,588</u>
Excess of Revenues Over (Under) Expenditures	<u>(803,400)</u>	<u>(15,278,373)</u>	<u>701,439</u>	<u>(138,917)</u>	<u>(15,519,251)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	62	0	0	0	62
Transfers In	0	0	0	116,985	116,985
Transfers Out	(116,985)	0	0	0	(116,985)
Total Other Financing Sources (Uses)	<u>(116,923)</u>	<u>0</u>	<u>0</u>	<u>116,985</u>	<u>62</u>
Net Change in Fund Balances	<u>(920,323)</u>	<u>(15,278,373)</u>	<u>701,439</u>	<u>(21,932)</u>	<u>(15,519,189)</u>
Fund Balances Beginning of Year, as Restated	<u>3,359,111</u>	<u>42,377,873</u>	<u>3,071,859</u>	<u>329,756</u>	<u>49,138,599</u>
Fund Balances End of Year	<u>\$ 2,438,788</u>	<u>\$ 27,099,500</u>	<u>\$ 3,773,298</u>	<u>\$ 307,824</u>	<u>\$ 33,619,410</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Net Change in Fund Balances - Total Governmental Funds \$(15,519,189)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Additions	\$ 15,824,543	
Current Year Depreciation	<u>(1,024,538)</u>	
Total		14,800,005

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the difference.

Gain (Loss) on Disposal of Capital Assets	<u>(31,462)</u>	
Total		(31,462)

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.

Taxes	<u>1,180,565</u>	
Total		1,180,565

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 923,500

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditures is reported when due. 12,965

Bond premium that increases liabilities in the statement of net assets are not reported in governmental funds. 7,421

Losses on early retirement of debt that increase long-term assets in the statement of net assets are not reported in governmental funds. (5,591)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Intergovernmental Payable	(28,536)	
Compensated Absences Payable	<u>(207,959)</u>	
Total		(236,495)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities 3,515

Change in Net Assets of Governmental Activities \$ 1,135,234

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$17,570,200	\$17,517,564	\$17,517,618	\$ 54
Intergovernmental	7,309,885	6,888,910	6,888,910	0
Tuition and Fees	108,646	103,131	103,131	0
Transportation Fees	67,809	64,367	64,367	0
Earnings on Investments	527,225	500,462	500,462	0
Miscellaneous	<u>64,108</u>	<u>62,121</u>	<u>60,854</u>	<u>(1,267)</u>
Total Revenues	<u>25,647,873</u>	<u>25,136,555</u>	<u>25,135,342</u>	<u>(1,213)</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	13,346,916	13,146,915	13,146,915	0
Special	3,321,957	3,321,957	3,321,957	0
Vocational	127,379	127,379	127,379	0
Other	117,890	117,890	117,890	0
Support Services:				
Pupils	1,876,431	1,823,944	1,823,944	0
Instructional Staff	898,858	898,858	898,858	0
Board of Education	106,193	106,193	106,193	0
Administration	2,429,467	2,369,467	2,369,467	0
Fiscal Services	852,547	852,547	852,547	0
Business	41,292	41,292	41,292	0
Operation and Maintenance of				
Plant Services	3,164,722	3,064,722	3,064,722	0
Pupil Transportation	1,883,665	1,883,665	1,883,883	(218)
Central	5,727	5,727	5,727	0
Operation of Non-Instructional Services:				
Community Services	107,164	107,164	107,164	0
Other	15,767	15,767	15,767	0
Extracurricular Activities:				
Academic-Subject Oriented	160,444	160,444	160,444	0
Sports-Oriented	426,831	426,831	426,831	0
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	<u>5,044</u>	<u>5,044</u>	<u>5,044</u>	<u>0</u>
Total Expenditures	<u>28,901,794</u>	<u>28,489,306</u>	<u>28,489,524</u>	<u>(218)</u>
Excess of Revenue Over (Under) Expenditures	<u>(3,253,921)</u>	<u>(3,352,751)</u>	<u>(3,354,182)</u>	<u>(1,431)</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Assets	52	52	52	0
Transfers Out	(116,985)	(116,985)	(116,985)	0
Refund of Prior Year Expenditures	<u>19,236</u>	<u>19,236</u>	<u>19,236</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(97,697)</u>	<u>(97,697)</u>	<u>(97,697)</u>	<u>0</u>
Net Change in Fund Balance	(3,351,618)	(3,450,448)	(3,451,879)	(1,431)
Fund Balance at Beginning of Year	2,197,994	2,197,994	2,197,994	0
Prior Year Encumbrances Appropriated	<u>1,321,627</u>	<u>1,321,627</u>	<u>1,321,627</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 168,003</u>	<u>\$ 69,173</u>	<u>\$ 67,742</u>	<u>\$ (1,431)</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005**

	Business-Type <u>Activities</u> Enterprise <u>Funds</u>	Governmental <u>Activities</u> Internal <u>Service Fund</u>
<u>Assets</u>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 280,847	\$ 450,416
Receivables:		
Accounts	860	0
Intergovernmental	24,190	0
Materials and Supplies Inventory	<u>10,933</u>	<u>0</u>
Total Current Assets	316,830	450,416
Capital Assets (Net of Depreciation)	<u>49,529</u>	<u>0</u>
Total Assets	<u>366,359</u>	<u>450,416</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	1,286	0
Accrued Wages	56,980	0
Intergovernmental Payable	19,234	0
Claims Payable	0	453,508
Compensated Absences Payable	<u>13,371</u>	<u>0</u>
Total Current Liabilities	90,871	453,508
Long-Term Liabilities:		
Compensated Absences Payable	<u>3,368</u>	<u>0</u>
Total Liabilities	<u>94,239</u>	<u>453,508</u>
<u>Net Assets</u>		
Invested in Capital Assets	49,529	0
Unrestricted	<u>222,591</u>	<u>(3,092)</u>
Total Net Assets	<u>\$ 272,120</u>	<u>\$ (3,092)</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-Type <u>Activities</u> Enterprise <u>Funds</u>	Governmental <u>Activities</u> Internal <u>Service Fund</u>
<u>Operating Revenues</u>		
Tuition	\$ 354,710	\$ 0
Food Services	619,745	0
Classroom Materials and Fees	148,520	0
Miscellaneous	<u>0</u>	<u>2,895,162</u>
Total Operating Revenues	<u>1,122,975</u>	<u>2,895,162</u>
<u>Operating Expenses</u>		
Salaries and Wages	420,512	0
Fringe Benefits	128,676	0
Claims	0	2,891,647
Purchased Services	385,576	0
Supplies and Materials	161,208	0
Depreciation	8,213	0
Other	<u>1,498</u>	<u>0</u>
Total Operating Expenses	<u>1,105,683</u>	<u>2,891,647</u>
Operating Income (Loss)	<u>17,292</u>	<u>3,515</u>
<u>Non-Operating Revenues</u>		
Earnings on Investments	14,208	0
Operating Grants	87,097	0
Donated Commodities	<u>20,580</u>	<u>0</u>
Total Non-Operating Revenues	<u>121,885</u>	<u>0</u>
Changes in Net Assets	139,177	3,515
Net Assets (Deficit) Beginning of Year	<u>132,943</u>	<u>(6,607)</u>
Net Assets End of Year	<u>\$ 272,120</u>	<u>\$ (3,092)</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 1,136,650	\$ 2,895,162
Cash Payments for Goods and Services	(546,487)	0
Cash Payments to Employees for Services	(450,394)	0
Cash Payments for Employee Benefits	(133,769)	0
Cash Payments for Other Operating Expenses	<u>(993)</u>	<u>(3,040,186)</u>
Net Cash Provided by (Used for) Operating Activities	<u>5,007</u>	<u>(145,024)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Operating Grants Received	<u>83,487</u>	<u>0</u>
Net Cash Provided by Noncapital Financing Activities	<u>83,487</u>	<u>0</u>
<u>Cash Flows Provided by Investing Activities</u>		
Earnings on Investments	<u>14,208</u>	<u>0</u>
Net Cash Provided by Investing Activities	<u>14,208</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	102,702	(145,024)
Cash and Cash Equivalents Beginning of Year	<u>178,145</u>	<u>595,440</u>
Cash and Cash Equivalents End of Year	<u>\$ 280,847</u>	<u>\$ 450,416</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>		
Operating Income (Loss)	<u>\$ 17,292</u>	<u>\$ 3,515</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	8,213	0
(Increase) Decrease in Assets:		
Accounts Receivable	13,675	0
Materials and Supplies Inventory	(380)	0
Increase (Decrease) in Liabilities:		
Accounts Payable	1,182	0
Accrued Salaries and Benefits Payable	(2,109)	0
Intergovernmental Payable	(19,114)	0
Compensated Absences Payable	(13,752)	0
Claims Payable	<u>0</u>	<u>(148,539)</u>
Total Adjustments	<u>(12,285)</u>	<u>(148,539)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 5,007</u>	<u>\$ (145,024)</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005**

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 49,361
Total Assets	<u>\$ 49,361</u>
<u>Liabilities</u>	
Due to Students	\$ 49,361
Total Liabilities	<u>\$ 49,361</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 183 non-certificated employees and 249 certificated full-time teaching personnel that provide services to 3,125 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 School District’s 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 the School District is able to significantly influence the programs or services performed or provided by the organization; or 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 reporting entity of the School District has no component units.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(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 Workers' Compensation Group Rating Plan. The organization is presented in Note 17 to the basic 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, the Ohio Schools' Council Association, and the East Shore Regional Transportation Authority. These organizations are presented in Note 18 to the basic 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 governmental activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the School District's accounting policies are described below.

A. **Basis of Presentation**

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)

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

A. **Basis of Presentation** (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The School District's only internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

B. **Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. 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. The various funds of the School District are grouped into the categories of governmental, proprietary, and fiduciary.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)

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

B. **Fund Accounting** (Continued)

Governmental Funds

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

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

Building Improvement Fund - the construction fund is used to account for the receipts and expenditures related to construction and renovation projects in the School District.

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

The other governmental funds of the School District account for grants, other resources, and capital projects of the School District whose uses are restricted to a particular purpose.

Proprietary Funds

The proprietary funds focus on the determination of operating income/loss, changes in net assets, financial position, and cash flows and are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds account for the financial transactions related to the food service operations. The purchase and sale of school supplies and educational opportunities are offered on a tuition basis to preschoolers, youth and adults living within the community. The School District has no major enterprise funds.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

B. Fund Accounting (Continued)

Internal Service Fund

The internal service fund accounts for the financial services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The only internal service fund of the School District accounts for a self-insurance program which provides medical, dental, and vision benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and unclaimed funds.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

Fund Financial Statements

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

C. **Measurement Focus** (Continued)

Fund Financial Statements (Continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

D. **Basis of Accounting**

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “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. For the School District, available means expected to be received within 60 days of fiscal year end.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

D. **Basis of Accounting** (Continued)

Revenues - Exchange and Non-exchange Transactions (Continued)

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

D. **Basis of Accounting** (Continued)

Expenditures/Expenses (Continued)

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.

E. **Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in the account or temporarily used to purchase short term investments. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

During fiscal year 2005, investments were limited to repurchase agreements, U.S. Treasury notes, Federal Home Loan Bank note, certificates of deposit, and STAROhio. Except 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 deposit, 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 guaranteed market price.

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 the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2005.

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 2005 amounted to \$491,204, which includes \$465,090 assigned from other School District funds.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

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

For presentation on the financial statements, 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 three months that are not purchased from the pool are reported as investments.

F. **Restricted Assets**

Assets are reported as restricted items when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation.

G. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2005 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. **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. Inventories of proprietary funds consists of donated food, purchased food, and school supplies held for resale, and are expensed when used.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

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

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; 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 capital assets utilized by proprietary funds are not capitalized. The School District does not possess any infrastructure.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business Type Activities <u>Estimated Lives</u>
Land Improvements	5-30 years	N/A
Buildings and Building Improvements	20-50 years	N/A
Furniture and Equipment	5-20 years	5-20 years
Vehicles	5-10 years	N/A
Textbooks	5 years	N/A

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

K. Compensated Absences

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

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from enterprise funds are reported on the enterprise funds financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

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

that they are due for payment during the current year. Bonds and long-term obligations are recognized as a liability on the governmental fund financial statements when due.

M. **Fund Balance Reserves and Designations**

The School District records reservations for portions of fund balance 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 balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies that previously were required to be set aside by State statute to protect against cyclical changes in revenue expenditures.

N. **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

O. **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, uniform school supplies, and charges for services for kindergarten and adult education. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

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

R. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 has been established by the Board of Education at the fund level. Any budgetary modifications are made by Board resolution.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

R. **Budgetary Data** (Continued)

Tax Budget (Continued)

all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the 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 as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2005.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary 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 legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

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

R. **Budgetary Data** (Continued)

Appropriations (Continued)

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. On fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations

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

NOTE 3: **CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES**

A. **Changes in Accounting Principles**

For fiscal year 2005, the School District has implemented GASB No. 40, *Deposit and Investment Risk Disclosures*, GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES
 (Continued)

A. Changes in Accounting Principles (Continued)

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

GASB Statement No. 39 further defines the guidelines of GASB Statement No. 14, *The Financial Reporting Entity*.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the School District; however, additional note disclosure can be found in Note 5. The implementation of GASB Statement No. 39 and GASB Technical Bulletin No. 2004-2 did not have an effect on the financial statements of the School District.

B. Restatement of Prior Year Net Assets and Fund Balances

Net assets of governmental activities were restated as follows:

	<u>Governmental Activities</u>
Net Assets, June 30, 2004	\$10,935,629
Restatement Adjustment:	
Private Purpose Trust Net Assets	<u>326</u>
Net Assets, June 30, 2004, as Restated	<u>\$10,935,955</u>

Governmental activities' net assets were restated due to reclassifying the Private Purpose Trust Fund from fiduciary funds to governmental activities for fiscal year 2005.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES
 (Continued)

B. Restatement of Prior Year Net Assets and Fund Balances (Continued)

Fund balances of governmental funds were restated as follows:

	General Fund	Building Improvement Fund	Bond Retirement Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Funds	Total Projects Governmental Funds
Fund Balances, June 30, 2004	\$ 3,359,111	\$ 42,377,873	\$ 3,071,859	\$ 296,954	\$ 32,476	\$ 49,138,273
Restatement Adjustment:						
Interactive Video Distance						
Learning Fund	0	0	0	3,568	(3,568)	0
Private Purpose Trust Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>326</u>	<u>0</u>	<u>326</u>
Fund Balances, June 30, 2004, as Restated	<u>\$ 3,359,111</u>	<u>\$ 42,377,873</u>	<u>\$ 3,071,859</u>	<u>\$ 300,848</u>	<u>\$ 28,908</u>	<u>\$ 49,138,599</u>

The governmental fund balance was restated due to reclassifying the Private Purpose Trust Fund from fiduciary funds to special revenue funds for fiscal year 2005. In addition, the Interactive Video Distance Learning Fund was reclassified from the capital projects fund to special revenue funds for fiscal year 2005.

NOTE 4: COMPLIANCE AND ACCOUNTABILITY

A. Legal Compliance

Appropriations Exceeding Expenditures

Section 5705.41 (B), Ohio Revised Code, states... “no subdivision shall make any expenditure of money unless it has been appropriated”. Section 5704.41 (D), Ohio Revised Code, states in part that.... “encumbrances should be charged against proper appropriations and actual disbursements plus outstanding encumbrances should not be greater than the total appropriations”. The following funds had expenditures in excess of appropriations:

	Final <u>Appropriations</u>	Actual <u>Expenditures</u>	<u>Variance</u>
<i>General Fund</i>	\$ 28,606,291	\$ 28,606,509	\$ (218)
<i>Capital Projects Fund</i>			
Building Improvement Fund	36,775,659	36,846,613	(70,954)

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 4: **COMPLIANCE AND ACCOUNTABILITY** (Continued)

B. Accountability

Fund balances at June 30, 2005 included the following individual fund deficits:

Fund	
Special Revenue:	
Entry Year Teachers	\$ 79
Ohio Reads Grant	299
Summer School Intervention	379
Title I - Disadvantaged Children Targeted Assistance	540
Title V	28
Improving Teacher Quality	176
Enterprise Fund:	
Adult Education	13,579
Internal Service Fund	3,092

The fund deficits in the special revenue funds and the internal service fund resulted from accrued liabilities. The general fund is liable for the deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

The enterprise fund had a deficit in net assets. Management is analyzing the operation to determine appropriate steps to alleviate the deficit.

NOTE 5: **BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances 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 - for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 5: BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

Net Change in Fund Balance - General Fund	
GAAP Basis	\$ (920,323)
Net Adjustments for Revenue Accruals	(1,591,612)
Net Adjustments for Expenditure Accruals	82,786
Adjustments for Encumbrances	<u>(1,022,730)</u>
Budget Basis	<u><u>\$ (3,451,879)</u></u>

NOTE 6: DEPOSITS AND INVESTMENTS

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

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

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

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

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;

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

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 direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds or other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load 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;
7. The State Treasurer's investment pool (STAROhio);
8. Bankers' acceptances and commercial paper, if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

The following disclosure is based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*.

Cash on Hand

At June 30, 2005, the School District had \$786 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".

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits

At June 30, 2005, the carrying amount of the School District's deposits was \$2,952,090, including \$302,011 in certificate of deposits) and the bank balance was \$3,353,414. \$300,000 of the School District's bank balance was covered by Federal Depository Insurance and \$3,053,414 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposit may not be returned. The School District's policy is to place deposits with major local banks approved by the School District's Board of Education. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the School District.

Investments

The School District has a formal investment policy. The School District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2005, fair value was \$64,576 above the School District's net cost for investments. At June 30, 2004, fair value was \$106,008 below net cost. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Although the securities were held by the pledging institution's trust department and all statutory requirements for the investments of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

Credit Risk

The credit risk of the School District's investments are in the table below. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Agency notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investment in U.S. Agency notes represents 92.3 percent of the School District's total investments. All other investments not specifically guaranteed by the U.S. government are less than 8 percent of the School District's total investments.

Cash and investments at year-end were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (*)</u>	<u>Investment Maturities (in Years)</u>	
			<u>< 1</u>	<u>1-2</u>
STAROhio	\$ 1,233,195	AAA	\$ 1,233,195	\$ 0
Repurchase Agreement	1,307,474	A-2	1,307,474	0
U.S. Agencies	30,692,055	AAA	30,692,055	0
Money Fund	22,057	AA-	22,057	0
Carrying Amount of Deposits	2,952,090		2,650,079	302,011
Petty Cash	786		786	0
Total	<u>\$ 36,207,657</u>		<u>\$35,905,646</u>	<u>\$ 302,011</u>

*Credit rating was obtained from Standard & Poor's for all investments.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 7: 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.

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are paid annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2005 are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 7: PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$4,329,848 in the general fund and \$867,109 in the debt service fund. The amount available as an advance at June 30, 2004 was \$2,726,571 in the general fund and \$544,795 in the debt service fund. The difference is in the timing and collection by the County Auditor and the new operating levy.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	<u>2004 Second Half Collections</u>		<u>2005 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 591,845,980	92.99%	\$ 604,100,380	94.72%
Public Utility	12,554,160	1.97%	12,273,360	1.92%
Tangible Personal Property	32,095,660	5.04%	21,447,590	3.36%
Total Assessed Value	<u>\$ 636,495,800</u>	<u>100.00%</u>	<u>\$ 637,821,330</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 79.80		\$ 79.80	

NOTE 8: RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts (student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. The School District had \$90,530 in intergovernmental receivables.

NOTE 9: CONTRACTUAL COMMITMENTS

As of June 30, 2005, Kenston Local School District had \$24,919,090 in contractual commitments for construction work on the new high school and other major renovations of existing school buildings.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 10: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	<u>Balance</u> <u>at 6/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/05</u>
<u>Governmental Activities</u>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 125,211	\$ 0	\$ 0	\$ 125,211
Construction in Progress	<u>2,546,374</u>	<u>15,635,472</u>	<u>0</u>	<u>18,181,846</u>
<i>Total Capital Assets, not being depreciated</i>	<u>2,671,585</u>	<u>15,635,472</u>	<u>0</u>	<u>18,307,057</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,049,577	2,589	(2,859)	1,049,307
Buildings and Improvements	17,901,300	40,657	(29,788)	17,912,169
Furniture and Equipment	3,447,740	112,600	(55,985)	3,504,355
Vehicles	<u>2,821,214</u>	<u>33,225</u>	<u>0</u>	<u>2,854,439</u>
<i>Total Capital Assets, being depreciated</i>	<u>25,219,831</u>	<u>189,071</u>	<u>(88,632)</u>	<u>25,320,270</u>
Less Accumulated Depreciation:				
Land Improvements	(718,316)	(67,532)	2,858	(782,990)
Buildings and Improvements	(7,171,579)	(472,624)	496	(7,643,707)
Furniture and Equipment	(2,647,686)	(237,321)	53,816	(2,831,191)
Vehicles	<u>(1,674,583)</u>	<u>(247,061)</u>	<u>0</u>	<u>(1,921,644)</u>
Total Accumulated Depreciation	<u>(12,212,164)</u>	<u>(1,024,538)</u>	<u>57,170</u>	<u>(13,179,532)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>13,007,667</u>	<u>(835,467)</u>	<u>(31,462)</u>	<u>12,140,738</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,679,252</u>	<u>\$ 14,800,005</u>	<u>\$ (31,462)</u>	<u>\$ 30,447,795</u>
<u>Business-Type Activities</u>				
Furniture and Equipment	\$ 428,573	\$ 0	\$ 0	\$ 428,573
Less Accumulated Depreciation	<u>(370,831)</u>	<u>(8,213)</u>	<u>0</u>	<u>(379,044)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 57,742</u>	<u>\$ (8,213)</u>	<u>\$ 0</u>	<u>\$ 49,529</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 414,753
Special		5,732
Support Services:		
Pupil		4,603
Instructional Staff		54,013
Administration		11,096
Fiscal		2,496
Operation and Maintenance of Plant		275,341
Pupil Transportation		238,437
Operation of Non-Instructional Services:		
Community Services		9,725
Extracurricular Activities:		
Sport Oriented Activities		6,844
School and Public Service Co-Curricular		1,498
Total Depreciation Expense		<u>\$ 1,024,538</u>

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 11: 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 2005, the School District contracted with The Netherlands Insurance Company for fleet, property, liability, commercial crime insurance, boiler and machinery, inland marine, and crime through the Ohio Schools' Council, and Traveler's Insurance for bonding of the Treasurer, the Board President, and the Superintendent.

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Midwestern Indemnity Co.	Building and Contents, Boiler and Machinery, Inland Marine, and Crime/Public Employee Dishonesty Bond	\$ 51,510,170
Midwestern Indemnity Co.	Commercial General Liability	1,000,000 2,000,000 in aggregate
Indiana Insurance Co.	Comprehensive Auto liability Uninsured motorists Medical payments Collision Other than collision	1,000,000 limit 50,000 5,000 Actual cash value Actual cash value
Midwestern Indemnity	Umbrella Form Each occurrence In aggregate	3,000,000 3,000,000
Traveler's Insurance	Bond - Treasurer	100,000
Traveler's Insurance	Bond - Board President and Superintendent	50,000 each
Midwestern Indemnity Co.	Commercial Crime Coverage	5,000
Midwestern Indemnity Co.	Employee Benefit Liability	1,000,000 each
	Lender's Errors and Omissions Liability	1,000,000 aggregate

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.

B. Workers' Compensation

For fiscal year 2005, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 11: **RISK MANAGEMENT** (Continued)

B. Workers' Compensation (Continued)

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. Each year the School District pays an enrollment fee to the Plan to cover costs of administering the program.

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 \$453,508 reported in the internal service fund at June 30, 2005 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 30 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 three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2003	\$ 342,938	\$ 1,752,506	\$ (1,604,404)	\$ 491,040
2004	\$ 491,040	\$ 1,894,117	\$ (1,783,110)	\$ 602,047
2005	\$ 602,047	\$ 2,891,647	\$ (3,040,186)	\$ 453,508

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 12: **DEFINED BENEFIT PENSION PLANS**

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 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, 2005, 2004, and 2003, were \$451,673, \$399,376, and \$338,774, respectively; 72.79 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. State Teachers Retirement System (Continued)

annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC plan and the DB plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members are required to contribute 10 percent of their annual covered salaries. The School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligation. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003, were \$1,838,709, \$1,691,542, and \$1,566,465, respectively; 81.78 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$11,389 made by the School District and \$26,612 made by the plan members.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 13: 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-certified 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 Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participate in the DB or Combined plans and their 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. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By 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, 2005, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$141,439 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004 (the latest information available), the balance in the fund was \$3.1 billion. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 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. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees who household income falls below the poverty level.

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay has been established as \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the fiscal year, the School District paid \$218,006 to fund health care benefits, including the surcharge.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE 13: **POSTEMPLOYMENT BENEFITS** (Continued)

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, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 14: **EMPLOYEE BENEFITS**

A. **Compensated Absences**

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

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 30 days vacation leave.

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 275 days. An employee is paid a severance benefit equal to 25 percent of the value of their accumulated sick leave not to exceed 58.75 days, 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, 2005, the School District recorded \$2,005,516 as a liability for sick pay-related severance benefits.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 14: **EMPLOYEE BENEFITS** (Continued)

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.

NOTE 15: **INTERFUND TRANSFERS**

As of June 30, 2005, interfund transfers were as follows:

<u>Transfer To</u>	<u>Transfer from General Fund</u>
Nonmajor Governmental Funds:	
District Managed Student Activity	\$ 96,985
Management Information Systems	<u>20,000</u>
Total Transfers	<u>\$ 116,985</u>

The general fund transfers to nonmajor governmental funds were made to provide additional resources for current operations. On the government-wide financial statements, these transfers were eliminated since they were within the governmental activities.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 16: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2005 were as follows:

	Principal Outstanding <u>06/30/04</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>06/30/05</u>	Amounts Due in One Year
<u>Governmental Activities</u>					
\$3,075,000 General Obligation					
Bonds 1986 - 7.125%, due 2008	\$ 1,025,000	\$ 0	\$ 205,000	\$ 820,000	\$ 205,000
\$135,000 GES Septic System -					
5.7%, due 2010	94,500	0	13,500	81,000	13,500
\$45,000,000 School Improvement					
Bonds 2003 - 2%, due 2029	44,180,000	0	405,000	43,775,000	460,000
\$6,725,000 School Improvement					
Refunding Bonds 2003 - 2%, due 2017	<u>6,450,000</u>	<u>0</u>	<u>300,000</u>	<u>6,150,000</u>	<u>315,000</u>
Total Long-Term Bonds	<u>51,749,500</u>	<u>0</u>	<u>923,500</u>	<u>50,826,000</u>	<u>993,500</u>
<u>Other General Long-Term Obligations</u>					
Compensated Absences	<u>2,108,501</u>	<u>718,913</u>	<u>684,403</u>	<u>2,143,011</u>	<u>718,913</u>
Total Governmental Long-Term Liabilities	<u>\$53,858,001</u>	<u>\$ 718,913</u>	<u>\$ 1,607,903</u>	<u>\$ 52,969,011</u>	<u>\$ 1,712,413</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 30,491</u>	<u>\$ 13,371</u>	<u>\$ 27,123</u>	<u>\$ 16,739</u>	<u>\$ 13,371</u>
Total Business-Type Activities	<u>\$ 30,491</u>	<u>\$ 13,371</u>	<u>\$ 27,123</u>	<u>\$ 16,739</u>	<u>\$ 13,371</u>

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the School District's government-wide financial statements. As of June 30, 2005, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,965,000.

The 1986 general obligation bonds were issued for improvements in most buildings and other improvements.

The GES septic system bonds were issued to undertake improvements of the School District's septic system.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (CONTINUED)**

NOTE 16: **LONG-TERM OBLIGATIONS** (Continued)

On May 1, 2003, the School District issued \$45,000,000 in General Obligation School Improvement Bonds, series 2003, bearing interest rates ranging from 2.0 percent to 5 percent, with a maturity date of December 1, 2029. The bonds are being issued for the purpose of constructing, furnishing, and equipping a new high school; renovating, rehabilitation, adding to, furnishing, equipping, and otherwise improving school facilities; and acquiring and improving their sites. The principal of the bond was used to retire the School District's \$31,000,000 School Improvement Notes, series 2002, issued on December 18, 2002, and which matured on May 31, 2003, and its \$14,000,000 School Improvement Notes, series 2003, issued on January 16, 2003, and which also matured on May 21, 2003.

Payments of principal and interest relating to the liabilities of the School Improvement and general obligation bonds will be made from the debt service fund and will be repaid from property taxes. Payments of principal and interest relating to the liability of the GES Septic System will be made from the general fund.

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

The School District's voted legal debt margin was \$10,351,218 with an unvoted debt margin of \$637,821 at June 30, 2005.

Principal and interest requirements to retire general obligation debt at June 30, 2005 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 993,500	\$ 2,230,949	\$ 3,224,449
2007	1,168,500	2,197,367	3,365,867
2008	1,253,500	2,153,306	3,406,806
2009	1,353,500	2,103,250	3,456,750
2010	1,358,500	2,048,944	3,407,444
2011-2015	8,588,500	9,841,714	18,430,214
2016-2020	11,525,000	7,126,378	18,651,378
2021-2025	10,850,000	4,544,600	15,394,600
2026-2030	<u>13,735,000</u>	<u>1,607,012</u>	<u>15,342,012</u>
	<u>\$ 50,826,000</u>	<u>\$ 33,853,520</u>	<u>\$ 84,679,520</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 17: **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 18: **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. The Auburn Career Center receives 1.5 mills of the School District's property tax, which is paid to the Auburn Career Center directly by Geauga County. No other contribution by the School District is required. 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.

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 School District contributed \$90,893 to LGCA during fiscal year 2005. 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 8221 Auburn Road, Painesville, Ohio 44077.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

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 Doug Halfacre, 17425 Snyder Road, Chagrin Falls, Ohio 44023.

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two 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 2005, the School District paid \$507,343 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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-appointing 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.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

Ohio Schools' Council Association (Continued)

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 Authority

East Shore Regional Transportation Authority (ESRTA) 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. The School District contributed \$220 to ESRTA during fiscal year 2005. 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.

NOTE 19: **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, 2005.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 19: **CONTINGENCIES** (Continued)

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 20: **STATE SCHOOL FUNDING DECISION**

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

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

NOTE 21: **SET-ASIDE REQUIREMENTS**

Set-Aside Calculations

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 the end of the fiscal year 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. In prior years, the School District was also required to set aside money for budget stabilization. During 2005, the School District utilized the budget stabilization to meet payroll expenditures.

The following cash basis information describes the changes in the year end set-aside amounts for textbooks and capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(CONTINUED)**

NOTE 21: **SET-ASIDE REQUIREMENTS** (Continued)

Set-Aside Calculations (Continued)

	Budget Stabilization <u>Reserve</u>	Textbooks Instructional <u>Reserve</u>	Capital Improvements <u>Reserve</u>
Set-Aside Reserve Balance as of June 30, 2004	\$ 103,108	\$ (1,151,295)	\$ 0
Current Year Set-Aside Requirements	0	450,854	450,854
Qualifying Disbursements	0	(781,570)	(11,958,739)
Reduction in Required Set-Aside	<u>(103,108)</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ (1,482,011)</u>	<u>\$ (11,507,885)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ 0</u>	<u>\$ (1,482,011)</u>	<u>\$ 0</u>
Set-Aside Reserve Balance as of June 30, 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirements for future years. Although the School District had qualifying disbursements during the year that reduced the capital improvements set-aside amount below zero, these extra amounts may not be used to reduce the set-aside requirement in future fiscal years.

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds

The 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 expenditures for specific purposes. A description of the School District's nonmajor special revenue funds follow:

Private Purpose Trust Scholarship - This fund accounts for scholarships provided to students.

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

District Managed Student Activity - This fund is used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund includes all athletic programs, except supplemental coaching contacts, and accounts for revenues and costs of the School District's athletic programs.

Auxiliary Services - This fund accounts for monies which provide services and materials to pupils attending non-public schools within the School District.

Disadvantaged Pupil Aid Program - This fund is used to account for monies which are provided for the improvement of the educational and cultural status of disadvantaged pupils such as HeadStart, Reading Recovery, and intervention programs.

Professional Development - This fund is used to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs.

Management Information Systems - This fund is used to account for revenue 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.

Entry Year Teachers - This fund is used to implement entry-year programs pursuant to Division (T) of Section 3317.024 of the Ohio Revised Code.

Data Communication - This fund is used to account for money appropriated for Ohio Educational Computer Network Connections.

School Net Professional Development - This fund was established to provide training for teachers to become practitioners. This fund is provided to account for a limited number of professional development subsidy grants.

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

Ohio Reads Grant - This fund was established to provide funds to improve reading outcomes, especially on the fourth grade reading proficiency test, and for volunteer coordinators in public school buildings, for education service centers for costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds
(Continued)

Summer School Intervention - This fund accounts for summer intervention services satisfying criteria defined in Division (E) of Section 2318.608 of the Ohio Revised Code.

Miscellaneous State Grants - This fund is used to account for various monies received from state agencies which are not classified elsewhere. A separate special cost center must be used for each grant and approved by the Auditor of State.

Eisenhower Professional Development - This fund is used for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

IDEA - Education of Handicapped Children - 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 - Disadvantaged Children/Targeted Assistance - This fund is used to provide financial assistance to state and local educational agencies to meet the special needs of educationally deprived children.

Title V - This fund is used to consolidate various programs into a single authorization of grants to states for the same purposes set forth in the provisions of law as specified in the authorization section, to be used in accordance with the educational needs and priorities of the state and local agencies.

Drug Free Schools Grant - This fund provides funds to local educational agencies and consortia of these agencies to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools, and to engage in development, training, technical assistance, and coordination activities.

Telecommunications Act - This fund is used to account for a federal grant which is paid directly to the telecommunications services provided.

Improving Teacher Quality - This fund is used to account for monies to hire additional classroom teachers in grades 1 through 3 so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants - This fund is used to account for various monies received through state agencies from the Federal government or directly from the Federal government. This program is to provide individual instructions to first and second grade students in the academic area of reading and math, with the assistance of a trained group of adult volunteers using appropriate service training activities.

(Continued)

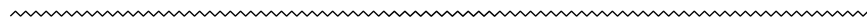
KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Capital Projects Funds

Capital Projects funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects funds:

Permanent Improvement - This fund is used to account for all transactions relating to the acquiring, constructing, or improving facilities.

School Net Plus - This fund is used to account for monies received by the State of Ohio for the purpose of purchasing computers for K-4 grades.



Nonmajor Enterprise Funds

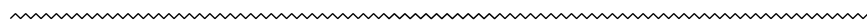
Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily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

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

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

Kindergarten Fees - This fund accounts for services provided for kindergarten services which are financed or recovered through user charges.

Adult Education - This fund is provided to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries, and textbooks.



**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 287,527	\$ 22,998	\$ 310,525
Receivables:			
Accounts	<u>5,611</u>	<u>0</u>	<u>5,611</u>
Total Assets	<u>\$ 293,138</u>	<u>\$ 22,998</u>	<u>\$ 316,136</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 5,037	\$ 0	\$ 5,037
Intergovernmental Payable	<u>3,275</u>	<u>0</u>	<u>3,275</u>
Total Liabilities	<u>8,312</u>	<u>0</u>	<u>8,312</u>
<u>Fund Balances</u>			
Reserved for:			
Encumbrances	65,600	0	65,600
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	219,226	0	219,226
Capital Projects Funds	<u>0</u>	<u>22,998</u>	<u>22,998</u>
Total Fund Balances	<u>284,826</u>	<u>22,998</u>	<u>307,824</u>
Total Liabilities and Fund Balances	<u>\$ 293,138</u>	<u>\$ 22,998</u>	<u>\$ 316,136</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 988,116	\$ 29,190	\$ 1,017,306
Earnings on Investments	655	0	655
Extracurricular Activities	533,063	0	533,063
Miscellaneous	110,918	0	110,918
Total Revenues	<u>1,632,752</u>	<u>29,190</u>	<u>1,661,942</u>
Expenditures			
Current:			
Instruction:			
Regular	244,537	35,100	279,637
Special	336,594	0	336,594
Support Services:			
Pupils	278,989	0	278,989
Instructional Staff	95,965	0	95,965
Administrative	197,615	0	197,615
Fiscal Services	522	0	522
Pupil Transportation	582	0	582
Operation of Non-Instructional Services:			
Community Services	12,923	0	12,923
Other	6,060	0	6,060
Extracurricular Activities	591,972	0	591,972
Total Expenditures	<u>1,765,759</u>	<u>35,100</u>	<u>1,800,859</u>
Excess of Revenues Over (Under) Expenditures	<u>(133,007)</u>	<u>(5,910)</u>	<u>(138,917)</u>
Other Financing Sources (Uses)			
Transfers In	116,985	0	116,985
Total Other Financing Sources (Uses)	<u>116,985</u>	<u>0</u>	<u>116,985</u>
Net Change in Fund Balances	(16,022)	(5,910)	(21,932)
Fund Balances Beginning of Year, as Restated	<u>300,848</u>	<u>28,908</u>	<u>329,756</u>
Fund Balances End of Year	<u>\$ 284,826</u>	<u>\$ 22,998</u>	<u>\$ 307,824</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005**

	<u>Private Purpose Trust Scholarship</u>	<u>Public School Support</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Disadvantaged Pupil Aid Program</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 169	\$ 87,430	\$ 153,973	\$ 14,597	\$ 20
Receivables:					
Accounts	<u>0</u>	<u>298</u>	<u>5,313</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 169</u>	<u>\$ 87,728</u>	<u>\$ 159,286</u>	<u>\$ 14,597</u>	<u>\$ 20</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 1,584	\$ 2,701	\$ 752	\$ 0
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>11</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>1,584</u>	<u>2,712</u>	<u>752</u>	<u>0</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	0	1,593	45,890	13,586	0
Unreserved, Undesignated (Deficit)	<u>169</u>	<u>84,551</u>	<u>110,684</u>	<u>259</u>	<u>20</u>
Total Fund Balances (Deficits)	<u>169</u>	<u>86,144</u>	<u>156,574</u>	<u>13,845</u>	<u>20</u>
Total Liabilities and Fund Balances	<u>\$ 169</u>	<u>\$ 87,728</u>	<u>\$ 159,286</u>	<u>\$ 14,597</u>	<u>\$ 20</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 JUNE 30, 2005**

	<u>Professional Development</u>	<u>Management Information Systems</u>	<u>Entry Year Teachers</u>	<u>Data Communication</u>	<u>School Net Professional Development</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 156	\$ 16,666	\$ 0	\$ 0	\$ 4,156
Receivables:					
Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 156</u>	<u>\$ 16,666</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,156</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	<u>0</u>	<u>237</u>	<u>79</u>	<u>0</u>	<u>465</u>
Total Liabilities	<u>0</u>	<u>237</u>	<u>79</u>	<u>0</u>	<u>465</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	0	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>156</u>	<u>16,429</u>	<u>(79)</u>	<u>0</u>	<u>3,691</u>
Total Fund Balances (Deficits)	<u>156</u>	<u>16,429</u>	<u>(79)</u>	<u>0</u>	<u>3,691</u>
Total Liabilities and Fund Balances	<u>\$ 156</u>	<u>\$ 16,666</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,156</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2005**

	<u>Interactive Video Distance Learning</u>	<u>Ohio Reads Grant</u>	<u>Summer School Intervention</u>	<u>Miscellaneous State Grants</u>	<u>Eisenhower Professional Development</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21
Receivables:					
Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	<u>0</u>	<u>299</u>	<u>379</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>299</u>	<u>379</u>	<u>0</u>	<u>0</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	0	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>0</u>	<u>(299)</u>	<u>(379)</u>	<u>0</u>	<u>21</u>
Total Fund Balances (Deficits)	<u>0</u>	<u>(299)</u>	<u>(379)</u>	<u>0</u>	<u>21</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2005**

	IDEA - Education of Handicapped Children	Title I - Disadvantaged Children/ Targeted Activities	Title V	Drug Free Schools Grant	Tele- communications Act
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,994	\$ 61	\$ 0	\$ 4,532	\$ 3,678
Receivables:					
Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 1,994</u>	<u>\$ 61</u>	<u>\$ 0</u>	<u>\$ 4,532</u>	<u>\$ 3,678</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	<u>921</u>	<u>601</u>	<u>28</u>	<u>5</u>	<u>0</u>
Total Liabilities	<u>921</u>	<u>601</u>	<u>28</u>	<u>5</u>	<u>0</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	0	0	0	4,531	0
Unreserved, Undesignated (Deficit)	<u>1,073</u>	<u>(540)</u>	<u>(28)</u>	<u>(4)</u>	<u>3,678</u>
Total Fund Balances (Deficits)	<u>1,073</u>	<u>(540)</u>	<u>(28)</u>	<u>4,527</u>	<u>3,678</u>
Total Liabilities and Fund Balances	<u>\$ 1,994</u>	<u>\$ 61</u>	<u>\$ 0</u>	<u>\$ 4,532</u>	<u>\$ 3,678</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 JUNE 30, 2005**

	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 74	\$ 0	\$ 287,527
Receivables:			
Accounts	<u>0</u>	<u>0</u>	<u>5,611</u>
Total Assets	<u><u>\$ 74</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 293,138</u></u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 0	\$ 5,037
Intergovernmental Payable	<u>250</u>	<u>0</u>	<u>3,275</u>
Total Liabilities	<u>250</u>	<u>0</u>	<u>8,312</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	0	0	65,600
Unreserved, Undesignated (Deficit)	<u>(176)</u>	<u>0</u>	<u>219,226</u>
Total Fund Balances (Deficits)	<u>(176)</u>	<u>0</u>	<u>284,826</u>
Total Liabilities and Fund Balances	<u><u>\$ 74</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 293,138</u></u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Private Purpose Trust Scholarship	Public School Support	District Managed Student Activity	Auxiliary Services	Disadvantaged Pupil Aid Program
Revenues					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 15,537	\$ 0
Earnings on Investments	0	0	0	655	0
Extracurricular Activities	0	272,720	260,343	0	0
Miscellaneous	0	24,786	86,132	0	0
Total Revenues	<u>0</u>	<u>297,506</u>	<u>346,475</u>	<u>16,192</u>	<u>0</u>
Expenditures					
Current:					
Instruction:					
Regular	0	0	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupils	0	80,761	0	0	0
Instructional Staff	157	296	0	0	0
Administration	0	0	0	0	0
Fiscal Services	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	12,822	0
Other	0	5,087	973	0	0
Extracurricular Activities	0	203,138	388,834	0	0
Total Expenditures	<u>157</u>	<u>289,282</u>	<u>389,807</u>	<u>12,822</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(157)</u>	<u>8,224</u>	<u>(43,332)</u>	<u>3,370</u>	<u>0</u>
Other Financing Sources (Uses)					
Transfers In	0	0	96,985	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>96,985</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(157)	8,224	53,653	3,370	0
Fund Balances (Deficits) Beginning of Year, as Restated	<u>326</u>	<u>77,920</u>	<u>102,921</u>	<u>10,475</u>	<u>20</u>
Fund Balances (Deficits) End of Year	<u>\$ 169</u>	<u>\$ 86,144</u>	<u>\$ 156,574</u>	<u>\$ 13,845</u>	<u>\$ 20</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Professional Development	Management Information Systems	Entry Year Teachers	Data Communication	School Net Professional Development
Revenues					
Intergovernmental	\$ 0	\$ 10,246	\$ 15,400	\$ 15,000	\$ 4,140
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>10,246</u>	<u>15,400</u>	<u>15,000</u>	<u>4,140</u>
Expenditures					
Current:					
Instruction:					
Regular	0	0	0	15,000	2,212
Special	0	0	0	0	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	15,429	0	0
Administration	0	28,505	0	0	0
Fiscal Services	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Other	0	0	0	0	0
Extracurricular Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>28,505</u>	<u>15,429</u>	<u>15,000</u>	<u>2,212</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(18,259)</u>	<u>(29)</u>	<u>0</u>	<u>1,928</u>
Other Financing Sources (Uses)					
Transfers In	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	1,741	(29)	0	1,928
Fund Balances (Deficits) Beginning of Year, as Restated	<u>156</u>	<u>14,688</u>	<u>(50)</u>	<u>0</u>	<u>1,763</u>
Fund Balances (Deficits) End of Year	<u>\$ 156</u>	<u>\$ 16,429</u>	<u>\$ (79)</u>	<u>\$ 0</u>	<u>\$ 3,691</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Interactive Video Distance Learning	Ohio Reads Grant	Summer School Intervention	Miscellaneous State Grants	Eisenhower Professional Development
Revenues					
Intergovernmental	\$ 0	\$ 12,893	\$ 54,363	\$ 3,127	\$ 0
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>12,893</u>	<u>54,363</u>	<u>3,127</u>	<u>0</u>
Expenditures					
Current:					
Instruction:					
Regular	0	9,775	106,506	0	0
Special	0	2,000	0	0	0
Support Services:					
Pupils	0	0	0	3,127	0
Instructional Staff	3,568	0	0	0	0
Administration	0	5,109	0	0	0
Fiscal Services	0	0	0	0	0
Pupil Transportation	0	582	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Other	0	0	0	0	0
Extracurricular Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>3,568</u>	<u>17,466</u>	<u>106,506</u>	<u>3,127</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,568)</u>	<u>(4,573)</u>	<u>(52,143)</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)					
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(3,568)	(4,573)	(52,143)	0	0
Fund Balances (Deficits) Beginning of Year, as Restated					
	<u>3,568</u>	<u>4,274</u>	<u>51,764</u>	<u>0</u>	<u>21</u>
Fund Balances (Deficits) End of Year	<u>\$ 0</u>	<u>\$ (299)</u>	<u>\$ (379)</u>	<u>\$ 0</u>	<u>\$ 21</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	IDEA - Education of Handicapped Children	Title I - Disadvantaged Children/ Targeted Assistance	Title V	Drug Free Schools Grant	Tele- communications Act
Revenues					
Intergovernmental	\$ 513,700	\$ 237,700	\$ 12,603	\$ 10,991	\$ 0
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	<u>513,700</u>	<u>237,700</u>	<u>12,603</u>	<u>10,991</u>	<u>0</u>
Expenditures					
Current:					
Instruction:					
Regular	0	10,797	13,526	1,299	0
Special	90,586	244,008	0	0	0
Support Services:					
Pupils	195,101	0	0	0	0
Instructional Staff	66,504	823	0	9,188	0
Administration	161,686	2,315	0	0	0
Fiscal Services	522	0	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	101	0	0
Other	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	<u>514,399</u>	<u>257,943</u>	<u>13,627</u>	<u>10,487</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(699)</u>	<u>(20,243)</u>	<u>(1,024)</u>	<u>504</u>	<u>0</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(699)	(20,243)	(1,024)	504	0
Fund Balances (Deficits) Beginning of Year, as Restated	<u>1,772</u>	<u>19,703</u>	<u>996</u>	<u>4,023</u>	<u>3,678</u>
Fund Balances (Deficits) End of Year	<u>\$ 1,073</u>	<u>\$ (540)</u>	<u>\$ (28)</u>	<u>\$ 4,527</u>	<u>\$ 3,678</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues			
Intergovernmental	\$ 76,097	\$ 6,319	\$ 988,116
Earnings on Investments	0	0	655
Extracurricular Activities	0	0	533,063
Miscellaneous	0	0	110,918
Total Revenues	<u>76,097</u>	<u>6,319</u>	<u>1,632,752</u>
Expenditures			
Current:			
Instruction:			
Regular	79,118	6,304	244,537
Special	0	0	336,594
Support Services:			
Pupils	0	0	278,989
Instructional Staff	0	0	95,965
Administration	0	0	197,615
Fiscal Services	0	0	522
Pupil Transportation	0	0	582
Operation of Non-Instructional Services:			
Community Services	0	0	12,923
Other	0	0	6,060
Extracurricular Activities	0	0	591,972
Total Expenditures	<u>79,118</u>	<u>6,304</u>	<u>1,765,759</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,021)</u>	<u>15</u>	<u>(133,007)</u>
Other Financing Sources (Uses)			
Transfers In	0	0	116,985
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>116,985</u>
Net Change in Fund Balances	(3,021)	15	(16,022)
Fund Balances (Deficits) Beginning of Year, as Restated	<u>2,845</u>	<u>(15)</u>	<u>300,848</u>
Fund Balances (Deficits) End of Year	<u>\$ (176)</u>	<u>\$ 0</u>	<u>\$ 284,826</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2005**

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Total Nonmajor Capital Project Funds</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 21,224	\$ 1,774	\$ 22,998
Total Assets	<u>\$ 21,224</u>	<u>\$ 1,774</u>	<u>\$ 22,998</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Total Liabilities	\$ 0	\$ 0	\$ 0
<u>Fund Balances</u>			
Unreserved, Undesignated	21,224	1,774	22,998
Total Fund Balances	<u>21,224</u>	<u>1,774</u>	<u>22,998</u>
Total Liabilities and Fund Balances	<u>\$ 21,224</u>	<u>\$ 1,774</u>	<u>\$ 22,998</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE -
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues</u>			
Intergovernmental	\$ 0	\$ 29,190	\$ 29,190
Total Revenues	<u>0</u>	<u>29,190</u>	<u>29,190</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	0	35,100	35,100
Total Instruction	<u>0</u>	<u>35,100</u>	<u>35,100</u>
Total Expenditures	<u>0</u>	<u>35,100</u>	<u>35,100</u>
Net Change in Fund Balances	0	(5,910)	(5,910)
 Fund Balances Beginning of Year	 <u>21,224</u>	 <u>7,684</u>	 <u>28,908</u>
 Fund Balances End of Year	 <u>\$ 21,224</u>	 <u>\$ 1,774</u>	 <u>\$ 22,998</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>Assets</u>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 70,729	\$ 31,954	\$ 176,918	\$ 1,246	\$ 280,847
Accounts Receivable	0	860	0	0	860
Intergovernmental Receivable	24,190	0	0	0	24,190
Materials and Supplies Inventory	<u>10,933</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,933</u>
Total Current Assets	105,852	32,814	176,918	1,246	316,830
Capital Assets (Net of Depreciation)	<u>49,529</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,529</u>
Total Assets	<u>155,381</u>	<u>32,814</u>	<u>176,918</u>	<u>1,246</u>	<u>366,359</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	505	781	0	0	1,286
Accrued Wages	44,793	0	0	12,187	56,980
Intergovernmental Payable	15,628	0	968	2,638	19,234
Compensated Absences Payable	<u>13,371</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,371</u>
Total Current Liabilities	<u>74,297</u>	<u>781</u>	<u>968</u>	<u>14,825</u>	<u>90,871</u>
Long-Term Liabilities:					
Compensated Absences Payable	<u>3,368</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,368</u>
Total Liabilities	<u>77,665</u>	<u>781</u>	<u>968</u>	<u>14,825</u>	<u>94,239</u>
<u>Net Assets</u>					
Invested in Capital Assets	49,529	0	0	0	49,529
Unrestricted (Deficit)	<u>28,187</u>	<u>32,033</u>	<u>175,950</u>	<u>(13,579)</u>	<u>222,591</u>
Total Net Assets (Deficit)	<u>\$ 77,716</u>	<u>\$ 32,033</u>	<u>\$ 175,950</u>	<u>\$ (13,579)</u>	<u>\$ 272,120</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Food Service	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<u>Operating Revenues</u>					
Tuition	\$ 0	\$ 0	\$ 265,713	\$ 88,997	\$ 354,710
Food Services	619,745	0	0	0	619,745
Classroom Materials and Fees	<u>0</u>	<u>148,520</u>	<u>0</u>	<u>0</u>	<u>148,520</u>
Total Operating Revenues	<u>619,745</u>	<u>148,520</u>	<u>265,713</u>	<u>88,997</u>	<u>1,122,975</u>
<u>Operating Expenses</u>					
Salaries and Wages	212,314	0	144,476	63,722	420,512
Fringe Benefits	76,577	0	34,620	17,479	128,676
Purchased Services	385,576	0	0	0	385,576
Supplies and Materials	21,494	138,654	1,060	0	161,208
Depreciation	8,213	0	0	0	8,213
Other	<u>1,498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,498</u>
Total Operating Expenses	<u>705,672</u>	<u>138,654</u>	<u>180,156</u>	<u>81,201</u>	<u>1,105,683</u>
Operating Income (Loss)	<u>(85,927)</u>	<u>9,866</u>	<u>85,557</u>	<u>7,796</u>	<u>17,292</u>
<u>Non-Operating Revenues</u>					
Earnings on Investments	10,456	0	3,752	0	14,208
Operating Grants	87,097	0	0	0	87,097
Donated Commodities	<u>20,580</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,580</u>
Total Non-Operating Revenues	<u>118,133</u>	<u>0</u>	<u>3,752</u>	<u>0</u>	<u>121,885</u>
Changes in Net Assets	32,206	9,866	89,309	7,796	139,177
Net Assets (Deficits) Beginning of Year	<u>45,510</u>	<u>22,167</u>	<u>86,641</u>	<u>(21,375)</u>	<u>132,943</u>
Net Assets (Deficits) End of Year	<u>\$ 77,716</u>	<u>\$ 32,033</u>	<u>\$ 175,950</u>	<u>\$ (13,579)</u>	<u>\$ 272,120</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Food Service	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$ 633,875	\$ 148,065	\$ 265,713	\$ 88,997	\$ 1,136,650
Cash Payments for Goods and Services	(407,450)	(137,977)	(1,060)	0	(546,487)
Cash Payments to Employees for Services	(224,333)	0	(160,195)	(65,866)	(450,394)
Cash Payments for Employee Benefits	(76,603)	0	(34,620)	(22,546)	(133,769)
Cash Payments for Other Operating Expenses	(993)	0	0	0	(993)
Net Cash Provided by (Used for) Operating Activities	<u>(75,504)</u>	<u>10,088</u>	<u>69,838</u>	<u>585</u>	<u>5,007</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Operating Grants Received	83,487	0	0	0	83,487
Net Cash Provided by Noncapital Financing Activities	<u>83,487</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83,487</u>
<u>Cash Flows Provided by Investing Activities</u>					
Earnings on Investments	10,456	0	3,752	0	14,208
Net Cash Provided by Investing Activities	<u>10,456</u>	<u>0</u>	<u>3,752</u>	<u>0</u>	<u>14,208</u>
Net Increase (Decrease) in Cash and Cash Equivalents	18,439	10,088	73,590	585	102,702
Cash and Cash Equivalents Beginning of Year	52,290	21,866	103,328	661	178,145
Cash and Cash Equivalents End of Year	<u>\$ 70,729</u>	<u>\$ 31,954</u>	<u>\$ 176,918</u>	<u>\$ 1,246</u>	<u>\$ 280,847</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income (Loss)	\$ (85,927)	\$ 9,866	\$ 85,557	\$ 7,796	\$ 17,292
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	8,213	0	0	0	8,213
(Increase) Decrease in Assets:					
Accounts Receivable	14,130	(455)	0	0	13,675
Materials and Supplies Inventory	(380)	0	0	0	(380)
Increase (Decrease) in Liabilities:					
Accounts Payable	505	677	0	0	1,182
Accrued Salaries and Benefits Payable	(206)	0	0	(1,903)	(2,109)
Intergovernmental Payable	(13,551)	0	(255)	(5,308)	(19,114)
Comprehensive Absences Payable	1,712	0	(15,464)	0	(13,752)
Total Adjustments	<u>10,423</u>	<u>222</u>	<u>(15,719)</u>	<u>(7,211)</u>	<u>(12,285)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (75,504)</u>	<u>\$ 10,088</u>	<u>\$ 69,838</u>	<u>\$ 585</u>	<u>\$ 5,007</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/05</u>
<i>Student Activities</i>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 65,750	\$ 62,740	\$ 84,305	\$ 44,185
Total Assets	<u>\$ 65,750</u>	<u>\$ 62,740</u>	<u>\$ 84,305</u>	<u>\$ 44,185</u>
<u>Liabilities</u>				
Due to Students	\$ 65,750	\$ 0	\$ 21,565	\$ 44,185
Total Liabilities	<u>\$ 65,750</u>	<u>\$ 0</u>	<u>\$ 21,565</u>	<u>\$ 44,185</u>
<i>Unclaimed Funds</i>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,153	\$ 23	\$ 0	\$ 5,176
Total Assets	<u>\$ 5,153</u>	<u>\$ 23</u>	<u>\$ 0</u>	<u>\$ 5,176</u>
<u>Liabilities</u>				
Due to Students	\$ 5,153	\$ 23	\$ 0	\$ 5,176
Total Liabilities	<u>\$ 5,153</u>	<u>\$ 23</u>	<u>\$ 0</u>	<u>\$ 5,176</u>
<i>Total Agency Funds</i>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 70,903	\$ 62,763	\$ 84,305	\$ 49,361
Total Assets	<u>\$ 70,903</u>	<u>\$ 62,763</u>	<u>\$ 84,305</u>	<u>\$ 49,361</u>
<u>Liabilities</u>				
Due to Students	\$ 70,903	\$ 23	\$ 21,565	\$ 49,361
Total Liabilities	<u>\$ 70,903</u>	<u>\$ 23</u>	<u>\$ 21,565</u>	<u>\$ 49,361</u>

*Individual Fund Schedules of
Revenues, Expenditures/Expenses, and
Changes in Fund Balances -
Budget (Non-GAAP Basis) and Actual*

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$17,570,200	\$17,517,564	\$17,517,618	\$ 54
Intergovernmental	7,309,885	6,888,910	6,888,910	0
Tuition	108,646	103,131	103,131	0
Transportation Fees	67,809	64,367	64,367	0
Earnings on Investment	527,225	500,462	500,462	0
Miscellaneous	<u>64,108</u>	<u>62,121</u>	<u>60,854</u>	<u>(1,267)</u>
Total Revenues	<u>25,647,873</u>	<u>25,136,555</u>	<u>25,135,342</u>	<u>(1,213)</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	9,485,585	9,285,585	9,285,585	0
Fringe Benefits	2,777,930	2,777,929	2,777,929	0
Purchased Services	245,539	245,539	245,539	0
Supplies and Materials	612,025	612,025	612,025	0
Capital Outlay - New	196,141	196,141	196,141	0
Capital Outlay - Replacement	28,271	28,271	28,271	0
Other	<u>1,425</u>	<u>1,425</u>	<u>1,425</u>	<u>0</u>
Total Regular Instruction	<u>13,346,916</u>	<u>13,146,915</u>	<u>13,146,915</u>	<u>0</u>
Special Instruction:				
Salaries and Wages	1,974,878	1,974,878	1,974,878	0
Fringe Benefits	360,399	360,399	360,399	0
Purchased Services	982,293	982,293	982,293	0
Supplies and Materials	659	659	659	0
Capital Outlay - New	<u>3,728</u>	<u>3,728</u>	<u>3,728</u>	<u>0</u>
Total Special Instruction	<u>3,321,957</u>	<u>3,321,957</u>	<u>3,321,957</u>	<u>0</u>
Vocational Education:				
Salaries and Wages	54,589	54,589	54,589	0
Fringe Benefits	9,465	9,465	9,465	0
Purchased Services	63,325	63,325	63,325	0
Supplies and Materials	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Vocational Education	<u>127,379</u>	<u>127,379</u>	<u>127,379</u>	<u>0</u>
Other:				
Purchased Services	<u>117,890</u>	<u>117,890</u>	<u>117,890</u>	<u>0</u>
Total Other Instruction	<u>117,890</u>	<u>117,890</u>	<u>117,890</u>	<u>0</u>
Total Instruction	<u>16,914,142</u>	<u>16,714,141</u>	<u>16,714,141</u>	<u>0</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Support Services:				
Pupils:				
Salaries and Wages	1,122,443	1,069,956	1,069,956	0
Fringe Benefits	268,924	268,924	268,924	0
Purchased Services	263,452	263,452	263,452	0
Supplies and Materials	21,337	21,337	21,337	0
Capital Outlay - New	2,120	2,120	2,120	0
Other	<u>198,155</u>	<u>198,155</u>	<u>198,155</u>	<u>0</u>
Total Pupils	<u>1,876,431</u>	<u>1,823,944</u>	<u>1,823,944</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	491,041	491,041	491,041	0
Fringe Benefits	251,545	251,545	251,545	0
Purchased Services	50,530	50,530	50,530	0
Supplies and Materials	71,503	71,503	71,503	0
Capital Outlay - New	29,209	29,209	29,209	0
Capital Outlay - Replacement	4,357	4,357	4,357	0
Other	<u>673</u>	<u>673</u>	<u>673</u>	<u>0</u>
Total Instructional Staff	<u>898,858</u>	<u>898,858</u>	<u>898,858</u>	<u>0</u>
Board of Education:				
Salaries and Wages	10,255	10,255	10,255	0
Fringe Benefits	2,640	2,640	2,640	0
Purchased Services	84,542	84,542	84,542	0
Supplies and Materials	522	522	522	0
Other	<u>8,234</u>	<u>8,234</u>	<u>8,234</u>	<u>0</u>
Total Board of Education	<u>106,193</u>	<u>106,193</u>	<u>106,193</u>	<u>0</u>
Administration:				
Salaries and Wages	1,541,650	1,481,650	1,481,650	0
Fringe Benefits	752,626	752,626	752,626	0
Purchased Services	36,569	36,569	36,569	0
Supplies and Materials	31,654	31,654	31,654	0
Capital Outlay - New	9,628	9,628	9,628	0
Capital Outlay - Replacement	4,675	4,675	4,675	0
Other	<u>52,665</u>	<u>52,665</u>	<u>52,665</u>	<u>0</u>
Total Administration	<u>2,429,467</u>	<u>2,369,467</u>	<u>2,369,467</u>	<u>0</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Fiscal Services:				
Salaries and Wages	284,552	284,552	284,552	0
Fringe Benefits	143,022	143,022	143,022	0
Purchased Services	14,364	14,364	14,364	0
Supplies and Materials	6,024	6,024	6,024	0
Capital Outlay - New	300	300	300	0
Other	<u>404,285</u>	<u>404,285</u>	<u>404,285</u>	<u>0</u>
Total Fiscal Services	<u>852,547</u>	<u>852,547</u>	<u>852,547</u>	<u>0</u>
Business:				
Salaries and Wages	33,823	33,823	33,823	0
Fringe Benefits	7,033	7,033	7,033	0
Purchased Services	<u>436</u>	<u>436</u>	<u>436</u>	<u>0</u>
Total Business	<u>41,292</u>	<u>41,292</u>	<u>41,292</u>	<u>0</u>
Operation and Maintenance of Plant Services:				
Salaries and Wages	1,166,717	1,116,717	1,116,717	0
Fringe Benefits	407,237	407,237	407,237	0
Purchased Services	1,438,182	1,388,182	1,388,182	0
Supplies and Materials	95,765	95,765	95,765	0
Capital Outlay - New	3,152	3,152	3,152	0
Capital - Replacement	52,508	52,508	52,508	0
Dues and Fees	<u>1,161</u>	<u>1,161</u>	<u>1,161</u>	<u>0</u>
Total Operation and Maintenance of Plant Services	<u>3,164,722</u>	<u>3,064,722</u>	<u>3,064,722</u>	<u>0</u>
Pupil Transportation:				
Salaries and Wages	1,008,377	1,008,377	1,008,377	0
Fringe Benefits	465,846	465,846	465,846	0
Purchased Services	89,489	89,489	89,489	0
Supplies and Materials	293,402	293,402	293,620	(218)
Capital Outlay - New	2,840	2,840	2,840	0
Capital Outlay - Replacement	<u>23,711</u>	<u>23,711</u>	<u>23,711</u>	<u>0</u>
Total Pupil Transportation	<u>1,883,665</u>	<u>1,883,665</u>	<u>1,883,883</u>	<u>(218)</u>
Central Services:				
Purchased Services	2,777	2,777	2,777	0
Other	<u>2,950</u>	<u>2,950</u>	<u>2,950</u>	<u>0</u>
Total Central Services	<u>5,727</u>	<u>5,727</u>	<u>5,727</u>	<u>0</u>
Total Support Services	<u>11,258,902</u>	<u>11,046,415</u>	<u>11,046,633</u>	<u>(218)</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	31,414	31,414	31,414	0
Fringe Benefits	9,708	9,708	9,708	0
Purchased Services	56,344	56,344	56,344	0
Supplies and Materials	9,462	9,462	9,462	0
Capital Outlay - Replacement	236	236	236	0
Total Community Services	<u>107,164</u>	<u>107,164</u>	<u>107,164</u>	<u>0</u>
Other:				
Salaries and Wages	13,332	13,332	13,332	0
Fringe Benefits	2,435	2,435	2,435	0
Total Other	<u>15,767</u>	<u>15,767</u>	<u>15,767</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>122,931</u>	<u>122,931</u>	<u>122,931</u>	<u>0</u>
Extracurricular Activities:				
Academic-Subject Oriented:				
Salaries and Wages	139,606	139,606	139,606	0
Fringe Benefits	20,838	20,838	20,838	0
Total Academic-Subject Oriented	<u>160,444</u>	<u>160,444</u>	<u>160,444</u>	<u>0</u>
Sports Oriented:				
Salaries and Wages	363,355	363,355	363,355	0
Fringe Benefits	62,576	62,576	62,576	0
Purchased Services	900	900	900	0
Total Sports-Oriented	<u>426,831</u>	<u>426,831</u>	<u>426,831</u>	<u>0</u>
Total Extracurricular Activities	<u>587,275</u>	<u>587,275</u>	<u>587,275</u>	<u>0</u>
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	5,044	5,044	5,044	0
Total Debt Service	<u>18,544</u>	<u>18,544</u>	<u>18,544</u>	<u>0</u>
Total Expenditures	<u>28,901,794</u>	<u>28,489,306</u>	<u>28,489,524</u>	<u>(218)</u>
Excess of Revenue Over (Under) Expenditures	<u>(3,253,921)</u>	<u>(3,352,751)</u>	<u>(3,354,182)</u>	<u>(1,431)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	52	52	52	0
Transfers Out	(116,985)	(116,985)	(116,985)	0
Refund of Prior Year Expenditures	19,236	19,236	19,236	0
Total Other Financing Sources (Uses)	<u>(97,697)</u>	<u>(97,697)</u>	<u>(97,697)</u>	<u>0</u>
Net Change in Fund Balance	<u>(3,351,618)</u>	<u>(3,450,448)</u>	<u>(3,451,879)</u>	<u>(1,431)</u>
Fund Balance at Beginning of Year	2,197,994	2,197,994	2,197,994	0
Prior Year Encumbrances Appropriated	<u>1,321,627</u>	<u>1,321,627</u>	<u>1,321,627</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 168,003</u>	<u>\$ 69,173</u>	<u>\$ 67,742</u>	<u>\$ (1,431)</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL
BOND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 415,241	\$ 415,241	\$ 0
Taxes	3,186,631	3,186,631	0
Earnings on Investments	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>3,601,872</u>	<u>3,601,872</u>	<u>0</u>
<u>Expenditures</u>			
Fiscal Services:			
Other Expense	<u>57,215</u>	<u>57,215</u>	<u>0</u>
Total Fiscal Services	<u>57,215</u>	<u>57,215</u>	<u>0</u>
Debt Service:			
Principal Retirement	910,000	910,000	0
Interest and Fiscal Charges	<u>2,255,532</u>	<u>2,255,532</u>	<u>0</u>
Total Debt Service	<u>3,165,532</u>	<u>3,165,532</u>	<u>0</u>
Total Expenditures	<u>3,222,747</u>	<u>3,222,747</u>	<u>0</u>
Net Change in Fund Balances	379,125	379,125	0
Fund Balances Beginning of Year	2,527,064	2,527,064	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances End of Year	<u>\$ 2,906,189</u>	<u>\$ 2,906,189</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
BUILDING IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Earnings on Investments	\$ 189,702	\$ 190,445	\$ 743
Total Revenues	<u>189,702</u>	<u>190,445</u>	<u>743</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Capital Outlay	<u>776,879</u>	<u>776,879</u>	<u>0</u>
Total Regular Instruction	<u>776,879</u>	<u>776,879</u>	<u>0</u>
Total Instruction	<u>776,879</u>	<u>776,879</u>	<u>0</u>
Support Services:			
Operation and Maintenance of Plant Services:			
Purchased Services	<u>308,936</u>	<u>308,936</u>	<u>0</u>
Total Operation and Maintenance of Plant Services	<u>308,936</u>	<u>308,936</u>	<u>0</u>
Administration:			
Other	<u>42,983</u>	<u>42,983</u>	<u>0</u>
Total Administration	<u>42,983</u>	<u>42,983</u>	<u>0</u>
Business:			
Purchased Services	<u>197</u>	<u>197</u>	<u>0</u>
Total Business	<u>197</u>	<u>197</u>	<u>0</u>
Central:			
Purchased Services	<u>1,824,130</u>	<u>1,824,130</u>	<u>0</u>
Total Central	<u>1,824,130</u>	<u>1,824,130</u>	<u>0</u>
Board of Education:			
Purchased Services	<u>28,413</u>	<u>28,413</u>	<u>0</u>
Total Board of Education	<u>28,413</u>	<u>28,413</u>	<u>0</u>
Total Support Services	<u>2,204,659</u>	<u>2,204,659</u>	<u>0</u>
Architecture and Engineering Services:			
Purchased Services	<u>691,497</u>	<u>691,497</u>	<u>0</u>
Total Architecture and Engineering Services	<u>691,497</u>	<u>691,497</u>	<u>0</u>
Educational Specifications Development Services:			
Purchased Services	<u>18,559</u>	<u>18,559</u>	<u>0</u>
Total Educational Specifications and Development Services	<u>18,559</u>	<u>18,559</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
BUILDING IMPROVEMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
Building Acquisition and Construction:			
Capital Outlay	<u>32,090,898</u>	<u>32,135,534</u>	<u>(44,636)</u>
Total Building Acquisition and Construction	<u>32,090,898</u>	<u>32,135,534</u>	<u>(44,636)</u>
Building Improvement Services:			
Capital Outlay	<u>838,259</u>	<u>864,577</u>	<u>(26,318)</u>
Total Building Improvement Services	<u>838,269</u>	<u>864,577</u>	<u>(26,318)</u>
Other Facilities Acquisition and Construction Services:			
Purchased Services	151,408	151,408	0
Capital Outlay	<u>3,500</u>	<u>3,500</u>	<u>0</u>
Total Other Facilities Acquisition and Construction Services	<u>154,908</u>	<u>154,908</u>	<u>0</u>
Total Expenditures	<u>36,775,659</u>	<u>36,846,613</u>	<u>(70,954)</u>
Net Change in Fund Balances	<u>(36,585,957)</u>	<u>(36,656,168)</u>	<u>(70,211)</u>
Fund Balance at Beginning of Year	39,924,287	39,924,287	0
Prior Year Encumbrances Appropriated	<u>2,631,595</u>	<u>2,631,595</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,969,925</u>	<u>\$ 5,899,714</u>	<u>\$ (70,211)</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PRIVATE PURPOSE TRUST SCHOLARSHIP FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
Total Revenues	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>			
Current:			
Support Services:			
Instructional Staff:			
Supplies and Materials	107	107	0
Capital Outlay	<u>50</u>	<u>50</u>	<u>0</u>
Total Instructional Staff	<u>157</u>	<u>157</u>	<u>0</u>
Total Support Services	<u>157</u>	<u>157</u>	<u>0</u>
Total Expenditures	<u>157</u>	<u>157</u>	<u>0</u>
Net Change in Fund Balances	(157)	(157)	0
Fund Balance - Beginning of Year	326	326	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 169</u>	<u>\$ 169</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Extracurricular Activities	\$ 272,421	\$ 272,421	\$ 0
Miscellaneous	<u>17,437</u>	<u>17,437</u>	<u>0</u>
Total Revenues	<u>289,858</u>	<u>289,858</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Pupils:			
Purchased Services	18,506	18,506	0
Supplies and Materials	58,316	58,316	0
Capital Outlay	3,581	3,581	0
Other	<u>4,200</u>	<u>4,200</u>	<u>0</u>
Total Pupils	<u>84,603</u>	<u>84,603</u>	<u>0</u>
Instructional Staff:			
Supplies and Materials	<u>296</u>	<u>296</u>	<u>0</u>
Total Instructional Staff	<u>296</u>	<u>296</u>	<u>0</u>
Total Support Services	<u>84,899</u>	<u>84,899</u>	<u>0</u>
Extracurricular Activities:			
Co-Curricular Activities			
Purchased Services	194,482	194,482	0
Supplies and Materials	<u>8,656</u>	<u>8,656</u>	<u>0</u>
Total Co-Curricular Activities	<u>203,138</u>	<u>203,138</u>	<u>0</u>
Total Extracurricular Activities	<u>203,138</u>	<u>203,138</u>	<u>0</u>
Total Expenditures	<u>288,037</u>	<u>288,037</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>1,821</u>	<u>1,821</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Expenses	7,350	7,350	0
Refund of Prior Year Receipts	<u>(4,075)</u>	<u>(4,075)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>3,275</u>	<u>3,275</u>	<u>0</u>
Net Change in Fund Balance	5,096	5,096	0
Fund Balance at Beginning of Year	75,388	75,388	0
Prior Year Encumbrances Appropriated	<u>3,770</u>	<u>3,770</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 84,254</u>	<u>\$ 84,254</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DISTRICT MANAGED STUDENT ACTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$ 257,753	\$ 257,753	\$ 0
Miscellaneous	<u>60,004</u>	<u>60,004</u>	<u>0</u>
Total Revenues	<u>317,757</u>	<u>317,757</u>	<u>0</u>
Expenditures			
Current:			
Extracurricular Activities:			
Academic Subject Oriented Activities:			
Purchased Services	3,388	3,388	0
Supplies and Materials	9,328	9,328	0
Capital Outlay	13,291	13,291	0
Other	<u>2,188</u>	<u>2,188</u>	<u>0</u>
Total Academic Subject Oriented Activities	<u>28,195</u>	<u>28,195</u>	<u>0</u>
Sport Oriented Activities:			
Salaries and Wages	3,385	3,385	0
Fringe Benefits	619	619	0
Purchased Services	149,224	149,224	0
Supplies and Materials	161,660	161,660	0
Capital Outlay	15,998	15,998	0
Other	<u>50,988</u>	<u>50,988</u>	<u>0</u>
Total Sport Oriented Activities	<u>381,874</u>	<u>381,874</u>	<u>0</u>
Co-Curricular Activities:			
Purchased Services	21,354	21,354	0
Supplies and Materials	424	424	0
Capital Outlay	6,335	6,335	0
Other	<u>107</u>	<u>107</u>	<u>0</u>
Total Co-Curricular Activities	<u>28,220</u>	<u>28,220</u>	<u>0</u>
Total Extracurricular Activities	<u>438,289</u>	<u>438,289</u>	<u>0</u>
Total Expenditures	<u>438,289</u>	<u>438,289</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(120,532)</u>	<u>(120,532)</u>	<u>0</u>
Other Financing Sources (Uses)			
Refund of Prior Year Receipts	(973)	(973)	0
Transfers In	<u>96,985</u>	<u>96,985</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>96,012</u>	<u>96,012</u>	<u>0</u>
Net Change in Fund Balance	(24,520)	(24,520)	0
Fund Balance at Beginning of Year	87,028	87,028	0
Prior Year Encumbrances Appropriated	<u>42,874</u>	<u>42,874</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 105,382</u>	<u>\$ 105,382</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 15,537	\$ 15,537	\$ 0
Earnings on Investments	<u>396</u>	<u>655</u>	<u>259</u>
Total Revenues	<u>15,933</u>	<u>16,192</u>	<u>259</u>
<u>Expenditures</u>			
Current:			
Community Services:			
Operation of Non-Instructional Services:			
Supplies and Materials	18,119	18,119	0
Capital Outlay	<u>8,288</u>	<u>8,288</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>26,407</u>	<u>26,407</u>	<u>0</u>
Total Community Services	<u>26,407</u>	<u>26,407</u>	<u>0</u>
Total Expenditures	<u>26,407</u>	<u>26,407</u>	<u>0</u>
Net Change in Fund Balance	(10,474)	(10,215)	259
Fund Balance at Beginning of Year	6	6	0
Prior Year Encumbrances Appropriated	<u>10,468</u>	<u>10,468</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 259</u>	<u>\$ 259</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 DISADVANTAGED PUPIL AID PROGRAM FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
Total Revenues	\$ 0	\$ 0	\$ 0
Total Expenditures	0	0	0
Net Change in Fund Balances	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	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 PROFESSIONAL DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive <u>(Negative)</u>
Total Revenues	\$ 0	\$ 0	\$ 0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balance at Beginning of Year	156	156	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 156</u>	<u>\$ 156</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 10,246	\$ 10,246	\$ 0
Total Revenues	<u>10,246</u>	<u>10,246</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Administration:			
Salaries and Wages	8,433	8,433	0
Fringe Benefits	1,181	1,181	0
Purchased Services	19,714	19,714	0
Total Administration	<u>29,328</u>	<u>29,328</u>	<u>0</u>
Total Support Services	<u>29,328</u>	<u>29,328</u>	<u>0</u>
Total Expenditures	<u>29,328</u>	<u>29,328</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(19,082)</u>	<u>(19,082)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Fund Balances	918	918	0
Fund Balance at Beginning of Year	15,748	15,748	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,666</u>	<u>\$ 16,666</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 ENTRY YEAR TEACHERS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 15,400	\$ 15,400	\$ 0
Total Revenues	<u>15,400</u>	<u>15,400</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	13,051	13,051	0
Fringe Benefits	<u>2,349</u>	<u>2,349</u>	<u>0</u>
Total Instructional Staff	<u>15,400</u>	<u>15,400</u>	<u>0</u>
Total Support Services	<u>15,400</u>	<u>15,400</u>	<u>0</u>
Total Expenditures	<u>15,400</u>	<u>15,400</u>	<u>0</u>
Net Change in Fund Balances	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 -
DATA COMMUNICATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<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:			
Instruction:			
Regular Instruction:			
Purchased Services	15,000	15,000	0
Total Regular Instruction	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Instruction	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Net Change in Fund Balances	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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOOL NET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 4,140	\$ 4,140	\$ 0
Total Revenues	<u>4,140</u>	<u>4,140</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Salaries and Wages	1,524	1,524	0
Fringe Benefits	<u>232</u>	<u>232</u>	<u>0</u>
Total Regular Instruction	<u>1,756</u>	<u>1,756</u>	<u>0</u>
Total Instruction	<u>1,756</u>	<u>1,756</u>	<u>0</u>
Total Expenditures	<u>1,756</u>	<u>1,756</u>	<u>0</u>
Net Change in Fund Balances	2,384	2,384	0
Fund Balance - Beginning of Year	1,772	1,772	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 4,156</u>	<u>\$ 4,156</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
INTERACTIVE VIDEO DISTANCE LEARNING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
Total Revenues	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	<u>3,593</u>	<u>3,593</u>	<u>0</u>
Total Instructional Staff	<u>3,593</u>	<u>3,593</u>	<u>0</u>
Total Support Services	<u>3,593</u>	<u>3,593</u>	<u>0</u>
Total Expenditures	<u>3,593</u>	<u>3,593</u>	<u>0</u>
Net Change in Fund Balances	(3,593)	(3,593)	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>3,593</u>	<u>3,593</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 -
OHIO READS GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 12,894	\$ 12,894	\$ 0
Total Revenues	<u>12,894</u>	<u>12,894</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Salaries and Wages	3,158	3,158	0
Fringe Benefits	1,439	1,439	0
Supplies and Materials	2,783	2,783	0
Purchased Services	<u>2,550</u>	<u>2,550</u>	<u>0</u>
Total Regular Instruction	<u>9,930</u>	<u>9,930</u>	<u>0</u>
Special Instruction:			
Purchased Services	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Special Instruction	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Instruction	<u>11,930</u>	<u>11,930</u>	<u>0</u>
Support Services:			
Administration:			
Salaries and Wages	4,518	4,518	0
Fringe Benefits	771	771	0
Total Administration	<u>5,289</u>	<u>5,289</u>	<u>0</u>
Pupil Transportation:			
Salaries and Wages	500	500	0
Fringe Benefits	83	83	0
Total Pupil Transportation	<u>583</u>	<u>583</u>	<u>0</u>
Total Support Services	<u>5,872</u>	<u>5,872</u>	<u>0</u>
Total Expenditures	<u>17,802</u>	<u>17,802</u>	<u>0</u>
Net Change in Fund Balances	(4,908)	(4,908)	0
Fund Balance at Beginning of Year	4,908	4,908	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 -
SUMMER SCHOOL INTERVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 100,781	\$ 100,781	\$ 0
Total Revenues	<u>100,781</u>	<u>100,781</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Salaries and Wages	86,343	86,343	0
Fringe Benefits	13,701	13,701	0
Supplies and Materials	<u>7,077</u>	<u>7,077</u>	<u>0</u>
Total Regular Instruction	<u>107,121</u>	<u>107,121</u>	<u>0</u>
Total Instruction	<u>107,121</u>	<u>107,121</u>	<u>0</u>
Total Expenditures	<u>107,121</u>	<u>107,121</u>	<u>0</u>
Net Change in Fund Balances	(6,340)	(6,340)	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>6,340</u>	<u>6,340</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 MISCELLANEOUS STATE GRANTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 3,127	\$ 3,127	\$ 0
Total Revenues	<u>3,127</u>	<u>3,127</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Pupils:			
Purchased Services	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Total Pupils	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Total Support Services	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Total Expenditures	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Net Change in Fund Balances	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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EISENHOWER PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 9,328	\$ 0	\$ (9,328)
Total Revenues	<u>9,328</u>	<u>0</u>	<u>(9,328)</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special Instruction:			
Purchased Services	9,349	0	9,349
Total Special Instruction	<u>9,349</u>	<u>0</u>	<u>9,349</u>
Total Instruction	<u>9,349</u>	<u>0</u>	<u>9,349</u>
Total Expenditures	<u>9,349</u>	<u>0</u>	<u>9,349</u>
Net Change in Fund Balances	(21)	0	21
Fund Balance at Beginning of Year	21	21	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 21</u></u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
IDEA - EDUCATION OF HANDICAPPED CHILDREN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 513,700	\$ 513,700	\$ 0
Total Revenues	<u>513,700</u>	<u>513,700</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special Instruction:			
Salaries and Wages	61,471	61,471	0
Fringe Benefits	28,925	28,925	0
Total Special Instruction	<u>90,396</u>	<u>90,396</u>	<u>0</u>
Total Instruction	<u>90,396</u>	<u>90,396</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	31,475	31,475	0
Fringe Benefits	12,628	12,628	0
Purchased Services	151,181	151,181	0
Total Pupils	<u>195,284</u>	<u>195,284</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	33,682	33,682	0
Fringe Benefits	32,618	32,618	0
Total Instructional Staff	<u>66,300</u>	<u>66,300</u>	<u>0</u>
Administration:			
Salaries and Wages	115,798	115,798	0
Fringe Benefits	45,400	45,400	0
Total Administration	<u>161,198</u>	<u>161,198</u>	<u>0</u>
Total Support Services	<u>422,782</u>	<u>422,782</u>	<u>0</u>
Fiscal Services:			
Salaries and Wages	410	410	0
Fringe Benefits	112	112	0
Total Fiscal Services	<u>522</u>	<u>522</u>	<u>0</u>
Total Expenditures	<u>513,700</u>	<u>513,700</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balance - Beginning of Year	1,995	1,995	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 1,995</u>	<u>\$ 1,995</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 - DISADVANTAGED CHILDREN/TARGETED ASSISTANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 237,700	\$ 237,700	\$ 0
Total Revenues	<u>237,700</u>	<u>237,700</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Salaries and Wages	10,926	10,926	0
Fringe Benefits	1,681	1,681	0
Supplies and Materials	121	121	0
Total Regular Instruction	<u>12,728</u>	<u>12,728</u>	<u>0</u>
Special Instruction:			
Salaries and Wages	160,312	160,312	0
Fringe Benefits	27,545	27,545	0
Purchased Services	33,965	33,965	0
Supplies and Materials	22,013	22,013	0
Total Special Instruction	<u>243,835</u>	<u>243,835</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	660	660	0
Fringe Benefits	170	170	0
Total Instructional Staff	<u>830</u>	<u>830</u>	<u>0</u>
Total Instruction	<u>257,393</u>	<u>257,393</u>	<u>0</u>
Support Services:			
Administration:			
Salaries and Wages	2,000	2,000	0
Fringe Benefits	332	332	0
Total Administration	<u>2,332</u>	<u>2,332</u>	<u>0</u>
Total Expenditures	<u>259,725</u>	<u>259,725</u>	<u>0</u>
Net Change in Fund Balances	(22,025)	(22,025)	0
Fund Balance - Beginning of Year	14,737	14,737	0
Prior Year Encumbrances Appropriated	<u>7,348</u>	<u>7,348</u>	<u>0</u>
Fund Balance - 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 V
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 12,603	\$ 12,603	\$ 0
Total Revenues	<u>12,603</u>	<u>12,603</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Salaries and Wages	4,620	4,620	0
Fringe Benefits	758	758	0
Supplies and Materials	493	493	0
Purchased Services	<u>13,555</u>	<u>13,555</u>	<u>0</u>
Total Regular Instruction	<u>19,426</u>	<u>19,426</u>	<u>0</u>
Total Instruction	<u>19,426</u>	<u>19,426</u>	<u>0</u>
Non-Instructional Services:			
Community Services:			
Supplies and Materials	<u>101</u>	<u>101</u>	<u>0</u>
Total Non-Instructional Services	<u>101</u>	<u>101</u>	<u>0</u>
Total Expenditures	<u>19,527</u>	<u>19,527</u>	<u>0</u>
Net Change in Fund Balances	(6,924)	(6,924)	0
Fund Balance at Beginning of Year	997	997	0
Prior Year Encumbrances Appropriated	<u>5,927</u>	<u>5,927</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 -
DRUG FREE SCHOOLS GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 10,991	\$ 10,991	\$ 0
Total Revenues	<u>10,991</u>	<u>10,991</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Supplies and Materials	450	450	0
Purchased Services	999	999	0
Total Regular Instruction	<u>1,449</u>	<u>1,449</u>	<u>0</u>
Total Instruction	<u>1,449</u>	<u>1,449</u>	<u>0</u>
Support Services:			
Instructional Staff:			
Salaries and Wages	1,240	1,240	0
Fringe Benefits	500	500	0
Supplies and Materials	6,678	6,678	0
Purchased Services	1,894	1,894	0
Capital Outlay	<u>3,261</u>	<u>3,261</u>	<u>0</u>
Total Instructional Staff	<u>13,573</u>	<u>13,573</u>	<u>0</u>
Total Support Services	<u>13,573</u>	<u>13,573</u>	<u>0</u>
Total Expenditures	<u>15,022</u>	<u>15,022</u>	<u>0</u>
Net Change in Fund Balances	(4,031)	(4,031)	0
Fund Balance at Beginning of Year	301	301	0
Prior Year Encumbrances Appropriated	<u>3,730</u>	<u>3,730</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 -
TELECOMMUNICATIONS ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
Total Revenues	\$ 0	\$ 0	\$ 0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balance - Beginning of Year	3,678	3,678	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 3,678</u>	<u>\$ 3,678</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 IMPROVING TEACHER QUALITY FUND
 OR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 76,097	\$ 76,097	\$ 0
Total Revenues	<u>76,097</u>	<u>76,097</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Salaries and Wages	64,044	64,044	0
Fringe Benefits	10,679	10,679	0
Supplies and Materials	3,185	3,185	0
Purchased Services	1,375	1,375	0
Total Regular Instruction	<u>79,283</u>	<u>79,283</u>	<u>0</u>
Total Instruction	<u>79,283</u>	<u>79,283</u>	<u>0</u>
Total Expenditures	<u>79,283</u>	<u>79,283</u>	<u>0</u>
Net Change in Fund Balance	(3,186)	(3,186)	0
Fund Balance - Beginning of Year	75	75	0
Prior Year Encumbrances Appropriated	<u>3,186</u>	<u>3,186</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 MISCELLANEOUS FEDERAL GRANTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 6,319	\$ 6,319	\$ 0
Total Revenues	<u>6,319</u>	<u>6,319</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Purchased Services	<u>6,319</u>	<u>6,319</u>	<u>0</u>
Total Regular Instruction	<u>6,319</u>	<u>6,319</u>	<u>0</u>
Total Instruction	<u>6,319</u>	<u>6,319</u>	<u>0</u>
Total Expenditures	<u>6,319</u>	<u>6,319</u>	<u>0</u>
Changes in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<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 -
 PERMANENT IMPROVEMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
Total Revenues	\$ 0	\$ 0	\$ 0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balance at Beginning of Year	21,224	21,224	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,224</u>	<u>\$ 21,224</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOOL NET PLUS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 29,190	\$ 29,190	\$ 0
Total Revenues	<u>29,190</u>	<u>29,190</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular Instruction:			
Purchased Services	1,050	1,050	0
Supplies and Materials	3,257	3,257	0
Capital Outlay - New	<u>30,793</u>	<u>30,793</u>	<u>0</u>
Total Regular Instruction	<u>35,100</u>	<u>35,100</u>	<u>0</u>
Total Instruction	<u>35,100</u>	<u>35,100</u>	<u>0</u>
Total Expenditures	<u>35,100</u>	<u>35,100</u>	<u>0</u>
Net Change in Fund Balances	(5,910)	(5,910)	0
Fund Balance at Beginning of Year	7,684	7,684	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,774</u>	<u>\$ 1,774</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive <u>(Negative)</u>
<u>Revenues</u>			
Earnings on Investments	\$ 10,456	\$ 10,456	\$ 0
Operating Grants	83,487	83,487	0
Food Services	<u>633,875</u>	<u>633,875</u>	<u>0</u>
Total Revenues	<u>727,818</u>	<u>727,818</u>	<u>0</u>
<u>Expenses</u>			
Salaries and Wages:			
Food Services	<u>224,333</u>	<u>224,333</u>	<u>0</u>
Total Salaries and Wages	<u>224,333</u>	<u>224,333</u>	<u>0</u>
Fringe Benefits:			
Food Services	<u>76,603</u>	<u>76,603</u>	<u>0</u>
Total Fringe Benefits	<u>76,603</u>	<u>76,603</u>	<u>0</u>
Purchased Services:			
Operation and Maintenance of Plant Services	11,753	11,753	0
Food Services	<u>376,384</u>	<u>376,384</u>	<u>0</u>
Total Purchased Services	<u>388,137</u>	<u>388,137</u>	<u>0</u>
Supplies and Materials:			
Food Services	<u>21,917</u>	<u>21,917</u>	<u>0</u>
Total Supplies and Materials	<u>21,917</u>	<u>21,917</u>	<u>0</u>
Other:			
Food Services	<u>993</u>	<u>993</u>	<u>0</u>
Total Other	<u>993</u>	<u>993</u>	<u>0</u>
Total Expenses	<u>711,983</u>	<u>711,983</u>	<u>0</u>
Net Change in Fund Equity	15,835	15,835	0
Fund Equity at Beginning of Year	32,289	32,289	0
Prior Year Encumbrances Appropriated	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 68,124</u>	<u>\$ 68,124</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
UNIFORM SCHOOL SUPPLIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Classroom Materials and Fees	\$ 148,064	\$ 148,064	\$ 0
Total Revenues	<u>148,064</u>	<u>148,064</u>	<u>0</u>
<u>Expenses</u>			
Supplies and Materials:			
Regular Instruction	<u>143,381</u>	<u>143,381</u>	<u>0</u>
Total Supplies and Materials	<u>143,381</u>	<u>143,381</u>	<u>0</u>
Total Expenses	<u>143,381</u>	<u>143,381</u>	<u>0</u>
Net Change in Fund Equity	4,683	4,683	0
Fund Equity at Beginning of Year	18,338	18,338	0
Prior Year Encumbrances Appropriated	<u>3,528</u>	<u>3,528</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$ 26,549</u></u>	<u><u>\$ 26,549</u></u>	<u><u>\$ 0</u></u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
KINDERGARTEN FEES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive <u>(Negative)</u>
<u>Revenues</u>			
Earnings on Investments	\$ 3,752	\$ 3,752	\$ 0
Tuition	<u>265,788</u>	<u>265,713</u>	<u>(75)</u>
Total Revenues	<u>269,540</u>	<u>269,465</u>	<u>(75)</u>
<u>Expenses</u>			
Salaries and Wages:			
Food Services	4,876	4,876	0
Regular Instruction	133,848	133,848	0
Pupil Support Services	<u>21,471</u>	<u>21,471</u>	<u>0</u>
Total Salaries and Wages	<u>160,195</u>	<u>160,195</u>	<u>0</u>
Fringe Benefits:			
Regular Instruction	<u>34,620</u>	<u>34,620</u>	<u>0</u>
Total Fringe Benefits	<u>34,620</u>	<u>34,620</u>	<u>0</u>
Supplies and Materials:			
Regular Instruction	<u>1,060</u>	<u>1,060</u>	<u>0</u>
Total Supplies and Materials	<u>1,060</u>	<u>1,060</u>	<u>0</u>
Total Expenses	<u>195,875</u>	<u>195,875</u>	<u>0</u>
Net Change in Fund Equity	73,665	73,590	(75)
Fund Equity at Beginning of Year	103,328	103,328	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 176,993</u>	<u>\$ 176,918</u>	<u>\$ (75)</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Miscellaneous	\$ 88,997	\$ 88,997	\$ 0
Total Revenues	<u>88,997</u>	<u>88,997</u>	<u>0</u>
<u>Expenses</u>			
Salaries and Wages:			
Community Service:			
Academic Oriented Activities	<u>65,866</u>	<u>65,866</u>	<u>0</u>
Total Community Service	<u>65,866</u>	<u>65,866</u>	<u>0</u>
Total Salaries and Wages	<u>65,866</u>	<u>65,866</u>	<u>0</u>
Fringe Benefits:			
Community Service:			
Academic Oriented Activities	<u>22,546</u>	<u>22,546</u>	<u>0</u>
Total Community Service	<u>22,546</u>	<u>22,546</u>	<u>0</u>
Total Fringe Benefits	<u>22,546</u>	<u>22,546</u>	<u>0</u>
Total Expenses	<u>88,412</u>	<u>88,412</u>	<u>0</u>
Net Change in Fund Equity	585	585	0
Fund Equity at Beginning of Year	661	661	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 1,246</u>	<u>\$ 1,246</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EMPLOYEE BENEFITS SELF-INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<u>Revenues</u>			
Miscellaneous	\$ 2,894,282	\$2,895,162	\$ 880
Total Revenues	<u>2,894,282</u>	<u>2,895,162</u>	<u>880</u>
<u>Expenses</u>			
Purchased Services:			
Support Services			
Central	<u>3,040,185</u>	<u>3,040,185</u>	<u>0</u>
Total Support Services	<u>3,040,185</u>	<u>3,040,185</u>	<u>0</u>
Total Purchased Services	<u>3,040,185</u>	<u>3,040,185</u>	<u>0</u>
Total Expenses	<u>3,040,185</u>	<u>3,040,185</u>	<u>0</u>
Net Change in Fund Balances	(145,903)	(145,023)	880
Fund Balance - Beginning of Year	595,439	595,439	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 449,536</u>	<u>\$ 450,416</u>	<u>\$ 880</u>

STATISTICAL SECTION

(This page intentionally left blank.)

**KENSTON LOCAL SCHOOL DISTRICT
GENERAL GOVERNMENTAL EXPENSES/EXPENDITURES BY FUNCTION (2)
LAST TEN FISCAL YEARS (1)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Instruction	\$ 17,368,492	\$ 15,792,309	\$ 15,260,968	\$ 13,830,063	\$ 12,684,248
Support Services:					
Pupils	2,022,918	2,000,613	1,988,980	1,933,989	1,897,728
Instructional Staff	985,344	893,193	725,441	694,916	646,176
Board of Education	90,079	59,496	84,565	64,844	50,264
Administration	2,578,660	2,548,908	2,169,439	1,907,560	1,766,554
Fiscal Services	899,719	866,883	764,488	703,612	625,157
Business	40,017	40,691	37,748	33,262	36,360
Operation and Maintenance of Plant Services	3,115,372	3,251,788	3,187,029	2,990,335	2,795,893
Pupil Transportation	2,114,450	1,974,489	2,010,267	1,546,318	1,576,874
Central	4,439	117,910	23,029	8,269	6,114
Operation of Non-Instructional Services	105,769	84,727	129,766	119,891	117,822
Extracurricular Activities	1,170,417	1,342,710	1,032,012	923,712	910,173
Capital Outlay	0	0	0	12,129	264,817
Debt Service	2,245,781	2,408,185	1,185,659	1,383,534	1,309,610
Other Financing Uses	<u>0</u>	<u>0</u>	<u>12,458</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 32,741,457</u>	<u>\$ 31,381,902</u>	<u>\$ 28,611,849</u>	<u>\$26,152,434</u>	<u>\$24,687,790</u>

Source: School District financial records

(1) 2003 through 2005 reported on full accrual basis and 1996 through 2002 reported on GAAP (modified accrual) basis.

(2) Includes General, Special Revenue, Capital Projects, and Debt Service Funds for modified accrual and all governmental activities for full accrual.

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$ 11,954,759	\$ 10,933,134	\$ 10,107,942	\$ 9,165,701	\$ 9,059,381
1,489,893	1,385,391	1,080,123	943,761	905,171
602,019	499,461	491,593	442,676	463,251
45,253	51,168	86,954	54,478	36,139
1,610,499	1,663,846	1,668,841	1,582,327	1,476,847
665,350	526,810	535,009	522,248	510,021
27,230	4,120	19,764	20,244	20,022
2,536,633	2,777,194	2,364,180	2,084,213	2,088,556
1,798,964	1,635,150	1,517,630	1,302,733	1,282,466
214	16,567	5,963	15,552	6,631
78,769	110,240	38,714	45,742	35,639
815,105	745,079	669,812	601,129	591,295
10,076	25,470	7,844	410,185	12,226
1,183,097	1,142,745	1,102,505	1,464,468	1,417,434
<u>518,203</u>	<u>718,936</u>	<u>161,187</u>	<u>457,376</u>	<u>183,503</u>
<u>\$ 23,336,064</u>	<u>\$ 22,235,311</u>	<u>\$ 19,858,061</u>	<u>\$19,112,833</u>	<u>\$ 18,088,582</u>

**KENSTON LOCAL SCHOOL DISTRICT
GENERAL GOVERNMENTAL REVENUES BY SOURCE (2)
LAST TEN FISCAL YEARS (1)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Program Revenues</u>					
Charges for Services	\$ 735,557	\$ 933,017	\$ 270,996	N/A	N/A
Operating Grants and Contributions	1,386,450	1,451,082	1,157,840	N/A	N/A
Capital Grants and Contributions	52,303	60,259	312,218	N/A	N/A
<u>General Revenues</u>					
Taxes	23,810,405	22,278,691	20,077,830	\$ 17,796,538	\$ 16,847,665
Intergovernmental	6,990,425	7,002,579	6,772,184	7,317,621	7,023,636
Investment Earnings	852,888	(246,305)	903,723	272,150	590,946
Tuition and Fees	0	0	0	32,214	35,788
Transportation Fees	0	0	0	60,539	58,901
Extracurricular Activities	0	0	0	391,890	378,799
Miscellaneous	48,663	6,336	0	0	0
Proceeds from Sale of Capital Assets	0	0	0	0	0
Loss on Sale of Capital Assets	0	(5,900)	0	0	0
Proceeds from Sale of Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 33,876,691</u>	<u>\$31,479,759</u>	<u>\$ 29,494,791</u>	<u>\$ 25,870,952</u>	<u>\$ 24,935,735</u>

Source: School District financial records

- (1) 2003 through 2005 reported on full accrual basis and 1996 through 2002 reported on GAAP (modified accrual) basis; all others reported on cash basis
- (2) Includes General, Special Revenue, Capital Project, and Debt Service funds for modified accrual and all governmental activities for full accrual.

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
N/A	\$ 0	\$ 0	\$ 0	\$ 0
N/A	0	0	0	0
N/A	0	0	0	0
\$ 15,681,365	15,445,587	14,458,297	14,151,774	11,804,545
6,295,936	5,887,747	5,275,059	4,449,720	4,422,995
505,688	428,571	336,990	343,871	435,570
48,743	54,837	28,550	31,409	50,088
100,894	84,174	60,612	47,809	0
291,850	297,299	246,473	254,072	263,331
657,410	852,633	375,112	933,625	245,791
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 23,581,886</u>	<u>\$ 23,050,848</u>	<u>\$ 20,781,093</u>	<u>\$ 20,212,280</u>	<u>\$ 17,222,320</u>

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

Collection Year (2)	<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>
2004	\$ 23,578,971	\$ 2,236,475	\$ 25,815,446	\$ 22,513,540	95.49	\$ 692,737	\$23,206,277	98.42
2003	23,822,685	922,514	24,745,199	22,020,509	92.44	614,572	22,635,081	95.01%
2002	20,460,049	1,010,924	21,470,973	19,939,692	97.46	581,783	20,521,475	100.30%
2001	19,823,800	1,032,061	20,855,861	19,341,132	97.57	498,948	19,840,080	100.00%
2000	18,545,717	963,103	19,508,820	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%

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

- (1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) Represents the collection year. The 2005 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	Estimated Actual Value	
2004	\$ 604,100,380	\$ 1,726,001,090	\$ 12,273,360	\$ 13,947,000	\$ 21,447,590	\$ 85,790,360	\$ 637,821,330	\$ 1,825,738,450	35%
2003	591,845,980	1,690,985,514	12,554,160	14,266,090	32,095,660	\$128,382,640	\$ 636,495,800	\$ 1,833,634,244	35%
2002	562,355,940	1,606,731,257	11,829,340	13,439,023	34,081,610	136,326,440	608,266,890	1,756,496,720	35%
2001	496,334,870	1,418,099,629	12,728,320	14,464,000	31,008,490	124,033,960	540,071,680	1,556,597,589	35%
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%

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>JVS</u>	<u>Total Levy</u>	<u>Debt Service Included in Total Levy</u>		
						<u>School</u>	<u>County</u>	<u>Total</u>
2004	78.30	16.10	22.50	1.50	118.40	5.70	.30	6.00
2003	78.30	16.10	22.50	1.50	118.40	5.70	.30	6.00
2002	78.30	15.60	22.50	1.50	117.90	5.70	.30	6.00
2001	77.30	15.40	22.50	1.50	116.70	3.20	.30	3.50
2000	77.30	14.40	22.50	1.50	115.70	3.20	.30	3.50
1999	77.30	13.65	22.50	1.50	114.95	3.20	.30	3.50
1998	77.30	13.45	21.50	1.50	113.75	3.20	.30	3.50
1997	78.30	13.45	21.50	1.50	114.75	3.20	.30	3.50
1996	70.40	13.45	21.50	1.50	106.85	3.20	.30	3.50
1995	71.40	13.85	21.60	1.50	108.35	4.20	.30	4.50

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 Obligation</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Ratio of Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
2004/2005	\$ 50,826,000	\$ 3,773,298	\$ 47,052,702	\$ 637,821,330	16,074	7.38%	\$2,927
2003/2004	51,749,500	3,071,859	48,677,641	636,495,800	16,074	7.65%	3,028
2002/2003	53,063,000	3,181,198	49,881,802	608,263,890	16,074	8.20%	3,103
2001/2002	8,891,500	1,776,606	7,114,894	540,071,680	16,074	1.32%	443
2000/2001	9,697,000	1,409,206	8,287,794	514,370,530	16,074	1.61%	516
1999/2000	10,255,000	1,039,861	9,215,139	492,188,580	12,992	1.87%	709
1998/1999	10,789,000	714,056	10,074,944	427,726,380	12,992	2.35%	775
1997/1998	11,250,000	659,429	10,590,571	406,774,480	12,990	2.60%	815
1996/1997	11,645,000	421,674	11,223,326	386,151,170	12,990	2.91%	864
1995/1996	12,020,000	629,662	11,390,338	357,157,950	12,990	3.19%	877

Source: Geauga County Auditor, School District financial records, and the U.S. Census Bureau.

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005**

Assessed Valuation		<u>\$ 637,821,330</u>
Bonded Debt Limit - 9% of Assessed Value (1)		\$ 57,403,920
Amount of Debt Applicable to Debt Limit:		
Bonded Debt	\$ 50,826,000	
Amount Available in Debt Service Fund	<u>3,773,298</u>	
		<u>47,052,702</u>
 Voted Debt Margin		 <u>\$ 10,351,218</u>
 Bonded Debt Limit - .1% of Assessed Value (1)		 \$ 637,821
Amount of Debt Applicable		<u>0</u>
 Unvoted Debt Margin		 <u>\$ 637,821</u>

Source: Geauga County Auditor and School District financial records.

(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, 2004**

<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	\$ 50,826,000	100.00%	\$ 50,826,000
Total Direct	<u>50,826,000</u>		<u>50,826,000</u>
<u>Overlapping</u>			
Geauga County	<u>8,349,031</u>	23.62%	<u>1,972,041</u>
Total Overlapping	<u>8,349,031</u>		<u>1,972,041</u>
Grand Total	<u>\$ 59,175,031</u>		<u>\$ 52,798,041</u>

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 2004 collection year.

**KENSTON LOCAL SCHOOL DISTRICT
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
 BONDED DEBT TO GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Fund Expenditures(1)</u>	<u>Ratio of Debt Service To Governmental Fund Expenditures</u>
2004/2005	\$ 923,500	\$ 2,260,576	\$ 3,184,076	\$ 44,397,839	7.17%
2003/2004	1,313,500	2,459,866	3,773,366	34,284,553	11.01%
2002/2003	828,500	894,943	1,723,443	28,497,143	6.05%
2001/2002	805,000	578,034	1,383,034	26,152,434	5.29%
2000/2001	620,000	604,298	1,224,298	24,687,790	4.96%
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%

Source: School District financial records

(1) 1996-2005 on a modified accrual basis.

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

<u>Year</u>	Geauga County <u>Population</u>	(1) Bainbridge Township <u>Population</u>	(1) Auburn Township <u>Population</u>	<u>School Enrollment</u>	Geauga County Unemployment <u>Rate</u>
2005	90,895	10,916	5,158	3,125	4.7%
2004	90,895	10,916	5,158	3,123	5.3%
2003	90,895	10,916	5,158	3,164	3.7%
2002	90,895	10,916	5,158	3,072	3.2%
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%

Source: Information in this table was provided by the U.S. Census Bureau and the Kenston Local School District financial records.

(1) Population data for 1996-2000 is assumed to be the same as that of the 1990 census. The date of the last census was 2000.

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

Calendar Year	Assessed Value Real Personal Property (Amounts in 000's)(2)	Bank Deposits (Amounts in 000's)(1)	Permits Issued Geauga County (2)	Bainbridge Township (2)	Auburn Township (2)
2004	\$ 636,496	\$ 240,115	\$189,249,143	\$ 52,547,400	\$ 22,277,686
2003	608,264	286,335	150,229,559	32,672,151	17,917,949
2002	540,072	286,335	175,906,232	33,302,147	16,401,151
2001	514,371	253,635	212,264,882	24,034,608	24,452,409
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

- Sources:
- (1) Federal Reserve Bank of Cleveland
 - (2) Geauga County Auditor's Office (the values listed pertain to the year of collection and represent the total market value of residential and commercial building permits issued)

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
REAL PROPERTY TAX
DECEMBER 31, 2004**

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Real Property Assessed Value(1)</u>
Bainbridge Shopping Center	\$ 11,798,520	1.95%
Cedar Fair	10,027,470	1.66%
422 Company, Ltd.	2,658,220	0.44%
Tanglewood Square	2,528,160	0.42%
Capco Enterprises	1,855,640	0.31%
Bainbridge Associates, Ltd.	1,510,500	0.25%
Stock Equipment Co.	1,221,710	0.20%
University Hospitals	1,066,590	0.18%
Key Trust Company	985,620	0.16%
Tanglewood Associates	<u>976,190</u>	<u>0.16%</u>
Total	<u>\$ 34,628,620</u>	<u>5.73%</u>
Total Kenston Local School District Real Property Assessed Value	<u>\$ 604,100,380</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2005 collection year

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2004**

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Funtime, Inc.	\$ 3,842,950	17.92%
Duramax, Inc.	1,338,260	6.24%
Riser Foods Co.	988,320	4.61%
Stock Equipment Co.	963,800	4.49%
MarBal, Inc.	938,800	4.38%
Noveen, Inc.	654,080	3.05%
Heinen's, Inc.	502,770	2.34%
Kohl's Department Stores	477,390	2.23%
KMart Corporation	467,790	2.18%
Linens N' Things	<u>426,310</u>	<u>1.99%</u>
Total	<u>\$ 10,600,470</u>	<u>49.43%</u>
Total Kenston Local School District Tangible Assessed Value	<u>\$ 21,447,590</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2004 collection year

**KENSTON LOCAL SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS
 PUBLIC UTILITIES TAX
 DECEMBER 31, 2004**

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 5,959,870	48.56%
Western Reserve Telephone Company	3,374,490	27.49%
American Transmission	789,490	6.43%
Voicestream Columbus, Inc.	507,720	4.14%
East Ohio Gas Company	<u>422,800</u>	<u>3.44%</u>
Total	<u>\$ 11,054,370</u>	<u>90.06%</u>
 Total Kenston Local School District Public Utility Assessed Value	 <u>\$ 12,273,360</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2005 collection year

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

<u>Fiscal Year</u>	<u>Governmental Expenditures (1)</u>	<u>Average Student Enrollment</u>	<u>Per Pupil Cost</u>
2004/2005	\$ 48,212,588	3,125	\$ 15,428
2003/2004	34,284,553	3,123	10,978
2002/2003	28,497,143	3,164	9,007
2001/2002	26,152,434	3,072	8,513
2000/2001	24,687,790	3,084	8,005
1999/2000	23,336,064	3,058	7,631
1998/1999	22,235,311	3,056	7,276
1997/1998	19,858,061	3,027	6,560
1996/1997	19,112,833	2,928	6,528
1995/1996	18,088,582	2,790	6,483

Source: School District Financial Records

(1) 1996 through 2005 on modified accrual basis.

**KENSTON LOCAL SCHOOL DISTRICT
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2005**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	90	36 %
Master's Degree	156	63 %
Ph.D.	<u>3</u>	<u>1 %</u>
Total	<u>249</u>	<u>100 %</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	61	24 %
6 - 10	66	27 %
11 and over	<u>122</u>	<u>49 %</u>
Total	<u>249</u>	<u>100 %</u>



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
FEBRUARY 9, 2006**