

**Mary Taylor, CPA**  
Auditor of State



**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	N/A	10.550	\$0	\$21,656	\$0	\$21,656
Nutrition Cluster:						
National School Lunch Program	LLP4-2005	10.555	37,943	0	37,943	0
National School Lunch Program	LLP4-2006	10.555	90,344	0	90,344	0
Total National School Lunch Program			128,287	0	128,287	0
Total Nutrition Cluster			128,287	0	128,287	0
Total U.S. Department of Agriculture			128,287	21,656	128,287	21,656
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B Special Education Grants to States	6BSF-2006	84.027	577,637	0	577,637	0
Total Title VI-B			577,637	0	577,637	0
Total Special Education Cluster			577,637	0	577,637	0
Title I Grants to Local Educational Services	C1S1-2006	84.010	163,060	0	163,060	0
Total Title I			163,060	0	163,060	0
Class Size Reduction Grant	CRS1-2002	84.340	(75)	0	0	0
Total Class Size Reduction Grant			(75)	0	0	0
Title V / Innovative Education Program Strategy	C2S1-2006	84.298	4,249	0	4,249	0
Total Title V / Innovative Education Program Strategy			4,249	0	4,249	0
Safe and Drug Free Schools and Communities State Grants	DRS1-2004	84.186	0	0	4,531	0
Safe and Drug Free Schools and Communities State Grants	DRS1-2006	84.186	5,251	0	3,272	0
Total Drug Free Schools			5,251	0	7,803	0
Improving Teacher Quality State Grants (Title II, Part A)	TRS1-2005	84.367	291	0	291	0
Improving Teacher Quality State Grants (Title II, Part A)	TRS1-2006	84.367	66,507	0	66,507	0
Total Improving Teacher Quality			66,798	0	66,798	0
Technology Literacy Challenge Funds	TJS1-2006	84.318	2,671	0	2,621	0
Total Technology Literacy Challenge Funds			2,671	0	2,621	0
Total U.S. Department of Education			819,591	0	822,168	0
<b>Total Federal Financial Assistance</b>			<b>\$947,878</b>	<b>\$21,656</b>	<b>\$950,455</b>	<b>\$21,656</b>

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

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – TRANSFER OF MONEY TO TITLE I**

The District transferred money from four Title programs into Title I. The allocation is as follows:

	<u>Original</u>	<u>Final</u>	<u>Difference</u>
Title I – Grants to Local Educational Services (84.010)	146,818	163,060	\$16,242
Title VI – Innovative Education Program Strategy (84.298)	8,498	4,249	(4,249)
Safe and Drug Free Schools and Communities State Grants (84.186)	10,457	5,251	(5,206)
Title II, Part A - Improving Teacher Quality State Grants (84.367)	73,585	66,798	(6,787)

These programs are all part of the Comprehensive Continuous Improvement Plan, which allows the District to transfer funds between programs. The net difference in funding is \$0.

**NOTE D – NEGATIVE RECEIPTS**

The District returned \$75 from the Class Size Reduction Grant to the Ohio Department of Education because the monies were not spent within the allowable time period.

**N/A – Not Applicable**

**CFDA – Catalog of Federal Domestic Assistance**



# Mary Taylor, CPA

## Auditor of State

### 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, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2007, wherein we noted the District restated July 1, 2005 net assets in the internal service fund for claims payable and prepaid insurance as discussed in Note 3. 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 to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated January 18, 2007, we reported other matters involving internal control over financial reporting 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 January 18, 2007, we reported other matters related to noncompliance we deemed immaterial.

Kenston Local School District  
Geauga County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA  
Auditor of State

January 18, 2007





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH 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 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 each of its major federal programs for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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 Kenston Local School District, Geauga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2006. In a separate letter to the District's management dated January 18, 2007, we reported another matter related to federal noncompliance not requiring inclusion in this report.

#### 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.

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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. However, we noted a matter involving the internal control over federal compliance nor requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 18, 2007.

#### **Federal Awards Expenditure 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, 2006, and have issued our report thereon dated January 18, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures 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.



Mary Taylor, CPA  
Auditor of State

January 18, 2007

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (10.555) Title I (84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Payroll procedures and payments regarding substitute teachers were inconsistent.	Yes	

# **KENSTON LOCAL SCHOOL DISTRICT**

**CHAGRIN FALLS, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



# **KENSTON LOCAL SCHOOL DISTRICT**

**CHAGRIN FALLS, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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, 2006**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
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# KENSTON

S C H O O L S

## Kenston Local Schools

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**Robert A. Lee, Ph.D.**  
*Superintendent*

**Daniel J. Keenan, Jr.**  
*Assistant Superintendent*

**Linda M. Hein**  
*Treasurer*

January 18, 2007

### Board of Education Members Kenston Local School district

We are pleased to submit to you the eighth 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, 2006.

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 is 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.

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years, unless an annual audit is required pursuant to The Single Audit Act of 1984. These audits are conducted by either the Auditor of the State or, if the Auditor permits, an independent public accounting firm. The current year audit was completed by the Auditor of the State of Ohio. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Accountants' Report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountant's 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 Note 19 of the combined financial statements.

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.

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.

Annually, the School District prepares a five-year financial forecast. The financial forecast is the foundation for the School District's operations and is used as a financial planning tool to assist the School District in determining its ability to meet certain financial obligations and plan future funding needs. The forecast shows revenue and expenditures for the general operating fund for the past three fiscal years and projects revenue and expenditures for the ensuing five-year period. Through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. In accordance with State law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to October 31 and reviews it again prior to May 31.

In fiscal year 2006, the School District received approximately \$2,000,000 for a one-time payment of personal property taxes by the former Six Flags amusement park for the years between 1999 and 2004. Due to this one-time revenue source and the passage of the 9.4 mill continuing operating levy in February 2005, the School District may be able to extend the need for additional income until the year 2009-2010.

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.

House Bill No. 66 (HB66), the State's biennial budget for fiscal years 2006 and 2007 was enacted in June 2005. This legislation adopted sweeping changes in the State's tax structure. The most significant provisions impacting the School District are the elimination of the Cost of Doing Business factor (CODB) portion of the State Formula Aid calculation and the elimination of the tangible personal property tax on business.

The CODB is being phased-out over fiscal years 2006 and 2007. HB 66, however, provides for a “guarantee” or a floor (the fiscal 2005 State Formula Aid amount) below which school districts’ funding will not fall during this biennium.

HB 66 eliminates the tangible personal property tax. The phase-out for the tangible personal property tax begins with the 2006 tax collection year, in which approximately 75 percent of the traditional amount will be payable, followed by 50 percent and 25 percent in tax collection years 2007 and 2008, respectively, with no tax due in tax collection year 2009.

At the same time the tax-phase out is occurring, the phase-in of the HB 66 personal property tax loss reimbursement mechanism will begin to make payments to school districts to help offset the loss of personal property tax collections. The reimbursement payments will coincide with the phase-out and will, in essence, approximate the reciprocal percentage of the phase-out tax payment percentage (i.e., 25, 50, 75, and 100 for the tax collections years 2006, 2007, 2008, and 2009, respectively). After a second 100 percent reimbursement year in tax collection year 2010, the reimbursement payments will be phased-out over the ensuing five years.

Because personal property tax collections are unpredictable under normal circumstances, the exact impact of the tax phase-out and tax reimbursement phase-in is unknown at this time. It is vital for the School District’s Board and management team to continue to carefully and prudently plan to provide the educational resources required to meet the future needs of its students.

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 seven ....major 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. See Note 21 which details the latest ruling.



## **Major Initiatives**

The School District recently completed the largest construction project and grade reorganization in its history. The project encompassed the building of a new high school, the renovation of four buildings, and turning over of the Kenston Early Learning Center to Bainbridge Township. The grade reorganization resulted in every faculty, staff, and administrator changing buildings except for third grade. This project was completed for the start of the 2006-2007 school year.

During the 2005-2006 school year, the School District purchased 37 acres of property adjacent to the new high school site. This was purchased as a future building site.

## **Future Projects**

Plans for the summer of 2007 include a roof replacement of the Gardiner Elementary roof and an asphalt replacement/repair of damaged roadway/parking surfaces on all school sites.

In addition, Kenston Middle School will be adding security cameras to its facility as part of a federal grant in cooperation with the Bainbridge Police Department.

## **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 sixth 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 consistency of practice and targeted placement for sub-group populations 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 formed a math pilot project. Kindergarten teachers worked together to appropriately plan for a program that emphasized math processes over content. Gardiner Elementary capitalized on the staff development time to research the best practices in math and how to incorporate state standards with the new math materials. Additionally, transition teams planned for consistency in practice between grades 2 and 3. Timmons Elementary planned for the transition by having grade levels work together under the 2006-2007 school grouping. Kenston Middle School and Kenston High School both utilized their time to review test data in various formats in order to plan instruction. One of the common strands between the three buildings once again 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 academic achievement. Kenston High School was designated a school of distinction by the Ohio Department of Education for strong achievement of all students, including each State defined subgroup. 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 fourth 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. Surveys from the Business Advisory Council, students, and parents regarding the math pilot projects, teachers and faculty on practices and support have all contributed for a targeted improvement plan.

### **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 \$1,139,663 for the year ended June 30, 2006, 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, 2005. 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.

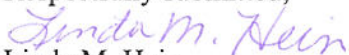
## Acknowledgments

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, 2005

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.



President

Executive Director

**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
PRINCIPAL OFFICIALS  
JUNE 30, 2006**

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**BOARD OF EDUCATION**

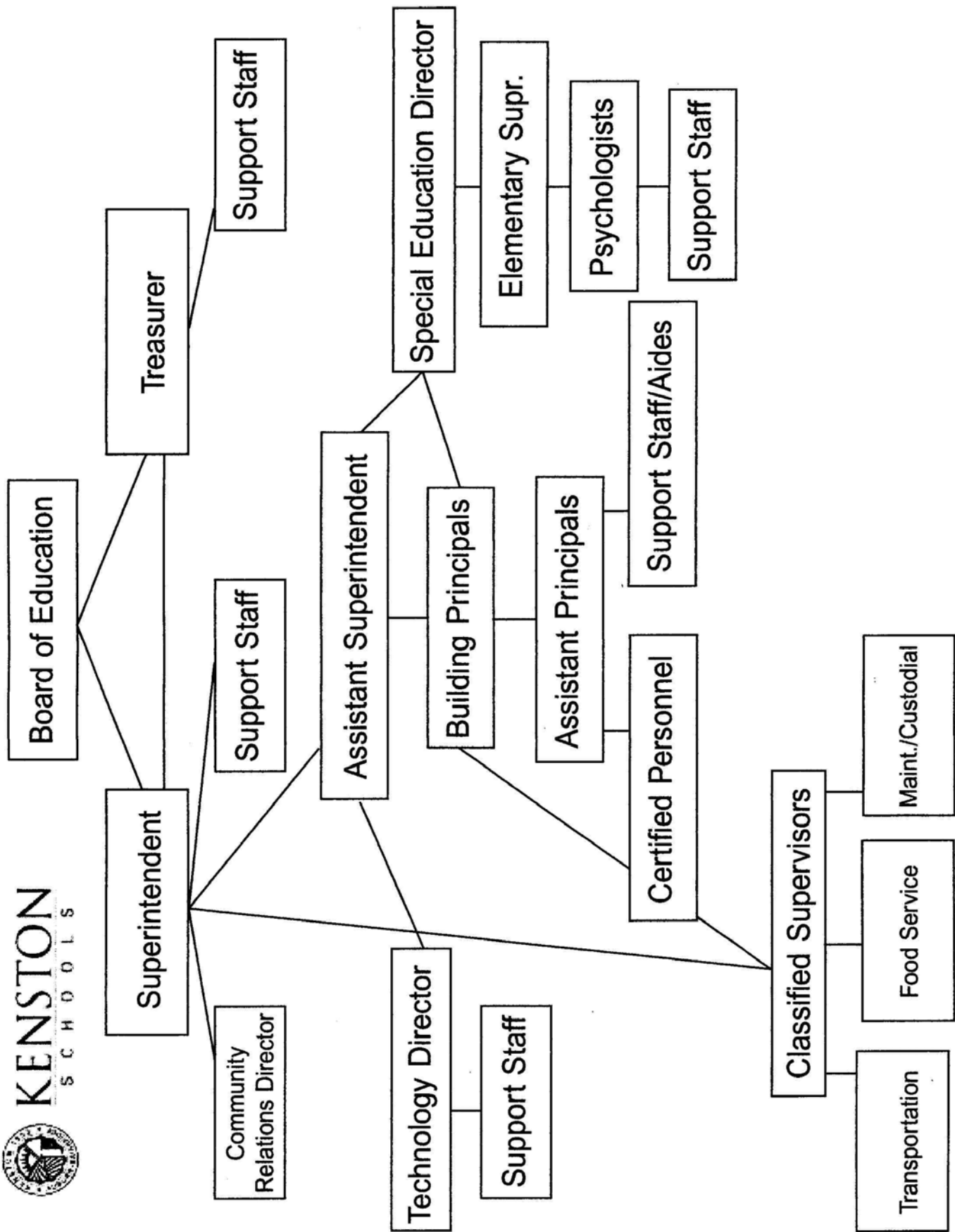
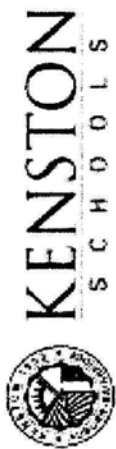
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Ms. Linda M. Hein

**Administration**

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





# Mary Taylor, CPA

Auditor of State

## 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, 2006, 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, 2006, and the respective changes in financial position and where applicable, cash flows, 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.

As discussed in Note 3, the District restated July 1, 2005 net assets in the internal service fund for claims payable and prepaid insurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2007, 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 nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

January 18, 2007



**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2006**  
**Unaudited**

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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, 2006. 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 2006 are as follows:

- In total, net assets increased \$1,827,844. Net assets of governmental activities increased \$1,897,440, which represents a 15 percent increase from 2005. Net assets of business-type activities decreased \$69,596 or 26 percent from 2005.
- General revenues accounted for \$34,754,655 in revenue or 91.4 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,272,901 or 8.6 percent of total revenues of \$38,027,556.
- Total assets of governmental activities increased by \$3,904,926 as taxes receivable increased by \$3,636,198, cash and investments decreased by \$17,806,574, and capital assets increased by \$18,237,099.
- The School District had \$34,855,937 in expenses related to governmental activities; only \$2,012,187 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$34,741,190 were adequate to provide for these programs.
- Among major funds, the general fund had \$32,622,770 in revenues and \$29,671,928 in expenditures. The general fund's fund balance increased to \$4,980,789 from \$2,144,832. The bond retirement fund increased its fund balance to \$4,248,531 from \$3,773,298. Building improvement capital project fund decreased its fund balance to \$8,111,734 from \$27,099,500.

**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, 2006**  
**Unaudited**

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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 2006?" 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, 2006**  
**Unaudited**

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

The analysis of the School District's major funds begins on page 15. 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 2006 compared to 2005:

**Table 1 - Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current and Other Assets	\$ 46,778,199	\$ 61,110,372	\$ 282,893	\$ 316,830	\$ 47,061,092	\$ 61,427,202
Capital Assets	48,684,894	30,447,795	42,181	49,529	48,727,075	30,497,324
<b>Total Assets</b>	<b>95,463,093</b>	<b>91,558,167</b>	<b>325,074</b>	<b>366,359</b>	<b>95,788,167</b>	<b>91,924,526</b>
<b>Liabilities</b>						
Long-Term Liabilities	52,439,325	52,969,011	22,302	16,739	52,461,627	52,985,750
Other Liabilities	28,229,679	25,692,507	100,248	77,500	28,329,927	25,770,007
<b>Total Liabilities</b>	<b>80,669,004</b>	<b>78,661,518</b>	<b>122,550</b>	<b>94,239</b>	<b>80,791,554</b>	<b>78,755,757</b>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Debt	5,555,035	5,214,949	42,181	49,529	5,597,216	5,264,478
Restricted	5,456,061	5,165,911	0	0	5,456,061	5,165,911
Unrestricted (Deficit)	3,782,993	2,515,789	160,343	222,591	3,943,336	2,738,380
<b>Total Net Assets</b>	<b>\$14,794,089</b>	<b>\$12,896,649</b>	<b>\$ 202,524</b>	<b>\$ 272,120</b>	<b>\$14,996,613</b>	<b>\$ 13,168,769</b>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2006**  
**Unaudited**

Total assets increased \$3,863,641. Equity in pooled cash and cash equivalents decreased \$17,826,430 due to expenses for construction projects. Taxes receivable increased \$3,636,198 due to the passage of the 9.39 mill continuing operating levy and collection of the 1<sup>st</sup> half of 2006 property taxes. Capital assets increased \$18,229,751 due to construction of a new high school complex and other major improvements.

The net assets of the School District's business-type activities decreased by \$69,596 or 26 percent. The decrease was due to an increase in students for the all day kindergarten classes and an increase in food service production.

Table 2 shows the changes in net assets for fiscal year 2006 and 2005.

**Table 2 - Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 801,029	\$ 735,557	\$ 1,172,494	\$ 1,143,555	\$ 1,973,523	\$ 1,879,112
Operating Grants and Contributions	1,148,600	1,386,450	88,220	87,097	1,236,820	1,473,547
Capital Grants and Contributions	62,558	52,303	0	0	62,558	52,303
General Revenues:						
Property Taxes	26,390,339	23,810,405	0	0	26,390,339	23,810,405
Grants and Entitlements	7,198,356	6,990,425	0	0	7,198,356	6,990,425
Investment Earnings	1,126,198	852,888	13,465	14,208	1,139,663	867,096
Other	26,297	48,663	0	0	26,297	48,663
<b>Total Revenues</b>	<b>36,753,377</b>	<b>33,876,691</b>	<b>1,274,179</b>	<b>1,244,860</b>	<b>38,027,556</b>	<b>35,121,551</b>
<b>Program Expenses</b>						
Instruction	18,383,717	16,911,225	0	0	18,383,717	16,911,225
Support Services:						
Pupil/Instructional Staff	3,348,161	2,935,733	0	0	3,348,161	2,935,733
Board of Education, Administration, Fiscal, and Business	3,945,132	3,468,046	0	0	3,945,132	3,468,046
Operation and Maintenance of Plant	3,360,914	3,053,972	0	0	3,360,914	3,053,972
Pupil Transportation	2,275,087	2,034,878	0	0	2,275,087	2,034,878
Central	10,362	4,439	0	0	10,362	4,439
Operation of Non-Instructional Services						
Extracurricular Activities	86,262	91,506	0	0	86,262	91,506
Interest and Fiscal Charges	1,220,162	1,170,417	0	0	1,220,162	1,170,417
Food Service	2,226,140	2,245,781	0	0	2,226,140	2,245,781
Uniform School Supplies	0	0	859,639	705,672	859,639	705,672
Kindergarten Fees	0	0	146,748	138,654	146,748	138,654
Adult Education	0	0	283,357	180,156	283,357	180,156
	0	0	54,031	81,201	54,031	81,201
<b>Total Program Expenses</b>	<b>34,855,937</b>	<b>31,915,997</b>	<b>1,343,775</b>	<b>1,343,775</b>	<b>1,105,683</b>	<b>36,199,712</b>
						<b>33,021,680</b>
Increase (Decrease) in Net Assets	<u>\$ 1,897,440</u>	<u>\$ 1,960,694</u>	<u>\$ (69,596)</u>	<u>\$ 139,177</u>	<u>\$ 1,827,844</u>	<u>\$ 2,099,871</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2006**  
**Unaudited**

Total revenues increased \$2,906,005. Property taxes increased \$2,579,934 due to a one-time payment of personal property taxes by the former Six Flags Amusement Park. Investment earnings increased \$272,567 due to the School District receiving higher interest rates on its investments.

Total expenses increased \$3,178,032. Instruction expenses increased \$1,472,492 due to an increase in salaries and benefits. Pupil and instructional staff expenses increased \$412,428 due to salary increases. Board of Education, Administration, Fiscal, and Business expenses increased \$477,086 due to salary increases and one time County Auditor and Treasurer's fees related to the Six Flags Amusement Park payment.

***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 72 percent of revenues for governmental activities for the District in fiscal year 2006.

Instruction comprises 53 percent of governmental program expenses. Interest expense and fiscal charges were 6 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 2006 and 2005. 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 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
Instruction	\$ 18,383,717	\$ 16,911,225	\$ 17,181,746	\$ 15,494,880
Support Services:				
Pupil and Instructional Staff	3,348,161	2,935,733	3,326,233	2,905,117
Board of Education, Administration, Fiscal, and Business	3,945,132	3,468,046	3,931,918	3,442,940
Operation and Maintenance of Plant	3,360,914	3,053,972	3,360,914	3,053,972
Pupil Transportation	2,275,087	2,034,878	2,164,277	1,947,696
Central	10,362	4,439	10,362	4,439
Operation of Non-Instructional Service	86,262	91,506	61,360	69,587
Extracurricular Activities	1,220,162	1,170,417	580,800	577,275
Interest and Fiscal Charges	2,226,140	2,245,781	2,226,140	2,245,781
<b>Total Expenses</b>	<u>\$ 34,855,937</u>	<u>\$ 31,915,997</u>	<u>\$ 32,843,750</u>	<u>\$ 29,741,687</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2006**  
**Unaudited**

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The dependence upon tax revenues for governmental activities is apparent. Over 93 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is over 94 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 \$1,274,179 and expenses of \$1,343,775 for fiscal year 2006. 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 further decline in fiscal year 2007. 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 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$37,922,243 and expenditures of \$53,548,177. The net change in fund balance for the year in the general fund experienced an increase of \$2,835,957 due to significant increases in property tax collections for 2006 related to the passage of the 9.39 mill continuing operating levy. In the building improvement fund, the net change in fund balance for the year decreased \$18,987,766 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 \$475,233, was due to property tax revenues exceeding the debt principal and interest payments.

***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 2006, 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 \$31,318,548, which was above original budget estimates of \$29,247,491. Of this \$2,071,057 difference, most was due to the uncertainty of when the School District will receive the one-time payment of property taxes from the former Six Flags Amusement Park.

The original appropriations of \$28,221,197 were increased to \$30,551,145, which includes prior year encumbrances. Regular instruction, special instruction, and operation and maintenance of plant services proved to be higher than anticipated in the original budget.

**KENSTON LOCAL SCHOOL DISTRICT**  
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**Unaudited**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2006, the School District had \$48,727,075 invested in land, buildings, improvements, vehicles, equipment, and construction in progress, \$48,684,894 in governmental activities. Table 4 shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 704,063	\$ 125,211	\$ 0	\$ 0	\$ 704,063	\$ 125,211
Construction in Progress	36,612,359	18,181,846	0	0	36,612,359	18,181,846
Land and Buildings/ Improvements	10,083,900	10,534,779	0	0	10,083,900	10,534,779
Furniture and Equipment	523,008	673,164	42,181	49,529	565,189	722,693
Vehicles	761,564	932,795	0	0	761,564	932,795
	<u>\$48,684,894</u>	<u>\$30,447,795</u>	<u>\$ 42,181</u>	<u>\$ 49,529</u>	<u>\$48,727,075</u>	<u>\$30,497,324</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.

In 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 2006, this amounted to \$465,047 for each set aside. For fiscal year 2006, the School District had qualifying disbursements or offsets exceeding these requirements.

As of June 30, 2006, 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 \$5,547,894.

See Note 10 for additional information on capital assets.

***Debt***

At June 30, 2006, the District had \$49,832,500 in bonds outstanding, \$1,168,500 due within one year. Table 5 summarizes bonds and notes outstanding.

**KENSTON LOCAL SCHOOL DISTRICT**  
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**Unaudited**

**Table 5 - Outstanding Debt at Year End**

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
1986 General Obligation Bonds	\$ 615,000	\$ 820,000
GES Septic System	67,500	81,000
2003 School Improvement Bonds	43,315,000	43,775,000
2003 School Improvement Refunding Bonds	<u>5,835,000</u>	<u>6,150,000</u>
<b>Total Long-Term Bonds</b>	<b><u>\$49,832,500</u></b>	<b><u>\$50,826,000</u></b>

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, 2006, the School District's overall voted legal debt margin was \$16,714,184 with an unvoted debt margin of \$692,202.

See Note 17 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. In fiscal year 2006, the School District received a one-time payment of approximately \$2,000,000 from the former Six Flags Amusement Park. 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 2006, the School District will be able to continue its education programs.



**KENSTON LOCAL SCHOOL DISTRICT**  
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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](mailto:Ke_Hein@lgca.org).

## *Basic Financial Statements*

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 17,970,875	\$ 260,991	\$ 18,231,866
Accrued Interest Receivable	9,494	0	9,494
Accounts Receivable	0	166	166
Intergovernmental Receivable	66,305	13,291	79,596
Materials and Supplies Inventory	103,345	8,445	111,790
Taxes Receivable	28,246,569	0	28,246,569
Investments	100,000	0	100,000
Prepaid Insurance	214,520	0	214,520
Deferred Charges (Deferred Loss on Early Retirement)	67,091	0	67,091
Nondepreciable Capital Assets	37,316,422	0	37,316,422
Depreciable Capital Assets, Net	11,368,472	42,181	11,410,653
<b>Total Assets</b>	<b>95,463,093</b>	<b>325,074</b>	<b>95,788,167</b>
<b><u>Liabilities</u></b>			
Accounts Payable	292,634	3,257	295,891
Contracts Payable	1,135,448	0	1,135,448
Accrued Wages	2,600,673	58,740	2,659,413
Matured Compensated Absences Payable	75,491	0	75,491
Intergovernmental Payable	894,399	38,251	932,650
Deferred Revenue	22,778,373	0	22,778,373
Accrued Interest Payable	174,551	0	174,551
Notes Payable	100,000	0	100,000
Deferred Credits:	178,110	0	178,110
Long-Term Liabilities:			
Due Within One Year	1,915,520	14,756	1,930,276
Due In More Than One Year	50,523,805	7,546	50,531,351
<b>Total Liabilities</b>	<b>80,669,004</b>	<b>122,550</b>	<b>80,791,554</b>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	5,555,035	42,181	5,597,216
Restricted for:			
Capital Projects	1,230,983	0	1,230,983
Debt Service	4,188,996	0	4,188,996
Other Purposes	36,082	0	36,082
Unrestricted (Deficit)	3,782,993	160,343	3,943,336
<b>Total Net Assets</b>	<b>\$ 14,794,089</b>	<b>\$ 202,524</b>	<b>\$ 14,996,613</b>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$ 14,287,966	\$ 134,620	\$ 853,408	\$ -	\$ (13,299,938)	\$ -	\$ (13,299,938)
Special	3,776,698	0	213,943	0	(3,562,755)	0	(3,562,755)
Vocational	147,135	0	0	0	(147,135)	0	(147,135)
Other	171,918	0	0	0	(171,918)	0	(171,918)
Support Services:							
Pupil	2,218,401	3,000	15,018	0	(2,200,383)	0	(2,200,383)
Instructional Staff	1,129,760	710	3,200	0	(1,125,850)	0	(1,125,850)
Board of Education	110,039	0	0	0	(110,039)	0	(110,039)
Administration	2,743,520	13,214	0	0	(2,730,306)	0	(2,730,306)
Fiscal	1,045,476	0	0	0	(1,045,476)	0	(1,045,476)
Business	46,097	0	0	0	(46,097)	0	(46,097)
Operation and Maintenance of Plant	3,360,914	0	0	0	(3,360,914)	0	(3,360,914)
Pupil Transportation	2,275,087	92,805	0	18,005	(2,164,277)	0	(2,164,277)
Central	10,362	0	0	0	(10,362)	0	(10,362)
Operation of Non-instructional Services	86,262	5,247	19,655	0	(61,360)	0	(61,360)
Extracurricular Activities	1,220,162	551,433	43,376	44,553	(580,800)	0	(580,800)
Interest and Fiscal Charges	2,226,140	0	0	0	(2,226,140)	0	(2,226,140)
<b>Total Governmental Activities</b>	<u>34,855,937</u>	<u>801,029</u>	<u>1,148,600</u>	<u>62,558</u>	<u>(32,843,750)</u>	<u>0</u>	<u>(32,843,750)</u>
<b>Business-Type Activities</b>							
Food Service	859,639	697,596	88,220	0	0	(73,823)	(73,823)
Uniform School Supplies	146,748	154,265	0	0	0	7,517	7,517
Kindergarten Fees	283,357	267,226	0	0	0	(16,131)	(16,131)
Adult Education	54,031	53,407	0	0	0	(624)	(624)
<b>Total Business-Type Activities</b>	<u>1,343,775</u>	<u>1,172,494</u>	<u>88,220</u>	<u>0</u>	<u>0</u>	<u>(83,061)</u>	<u>(83,061)</u>
<b>Total - Primary Government</b>	<u>\$ 36,199,712</u>	<u>\$ 1,973,523</u>	<u>\$ 1,236,820</u>	<u>\$ 62,558</u>	<u>(32,843,750)</u>	<u>(83,061)</u>	<u>(32,926,811)</u>
<b>General Revenues and Transfers</b>							
Property Taxes Levied for:							
General Purposes					23,144,769	0	23,144,769
Debt Service					3,245,570	0	3,245,570
Grants and Entitlements not Restricted to Specific Programs					7,198,356	0	7,198,356
Investment Earnings					1,126,198	13,465	1,139,663
Miscellaneous					26,297	0	26,297
<b>Total General Revenues and Transfers</b>					<u>34,741,190</u>	<u>13,465</u>	<u>34,754,655</u>
Change in Net Assets					1,897,440	(69,596)	1,827,844
Net Assets Beginning of Year, as Restated					12,896,649	272,120	13,168,769
<b>Net Assets End of Year</b>					<u>\$ 14,794,089</u>	<u>\$ 202,524</u>	<u>\$ 14,996,613</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	General	Building Improvement	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 4,214,167	\$ 9,347,182	\$ 3,489,035	\$ 390,447	\$ 17,440,831
Investments	0	0	100,000	0	100,000
Receivables:					
Taxes	24,891,944	0	3,354,625	0	28,246,569
Intergovernmental	66,305	0	0	0	66,305
Accrued Interest	9,494	0	0	0	9,494
Due From Other Funds	0	0	100,000	0	100,000
Materials and Supplies Inventory	103,345	0	0	0	103,345
<b>Total Assets</b>	<b>\$ 29,285,255</b>	<b>\$ 9,347,182</b>	<b>\$ 7,043,660</b>	<b>\$ 390,447</b>	<b>\$ 46,066,544</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 262,518	\$ 0	\$ 0	\$ 27,253	\$ 289,771
Contracts Payable	0	1,135,448	0	0	1,135,448
Accrued Wages	2,600,673	0	0	0	2,600,673
Due To Other Funds	0	100,000	0	0	100,000
Matured Compensated Absences Payable	75,491	0	0	0	75,491
Intergovernmental Payable	890,735	0	0	3,664	894,399
Deferred Revenue	20,475,049	0	2,695,129	0	23,170,178
Notes Payable	0	0	100,000	0	100,000
<b>Total Liabilities</b>	<b>24,304,466</b>	<b>1,235,448</b>	<b>2,795,129</b>	<b>30,917</b>	<b>28,365,960</b>
<b><u>Fund Balances</u></b>					
Reserved for:					
Taxes	4,416,895	0	659,496	0	5,076,391
Encumbrances	1,009,252	5,952,817	0	81,673	7,043,742
Unreserved, Undesignated, Reported in:					
General Fund	(445,358)	0	0	0	(445,358)
Special Revenue Fund	0	0	0	254,859	254,859
Debt Service Fund	0	0	3,589,035	22,998	3,612,033
Capital Projects Fund	0	2,158,917	0	0	2,158,917
<b>Total Fund Balances</b>	<b>4,980,789</b>	<b>8,111,734</b>	<b>4,248,531</b>	<b>359,530</b>	<b>17,700,584</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,285,255</b>	<b>\$ 9,347,182</b>	<b>\$ 7,043,660</b>	<b>\$ 390,447</b>	<b>\$ 46,066,544</b>

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, 2006**

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<b>Total Governmental Fund Balances</b>		\$ 17,700,584
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.		48,684,894
Other long-term assets are not available to pay for current period expenditures and therefore are not deferred in the funds.		
Taxes	\$ 391,805	
Total		391,805
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.		741,701
Bond premium on the refunding issuance in governmental activities is deferred and to be amortized over the life of the new issuance.		(178,110)
Loss on early retirement of the bonds in governmental activities is deferred and is to be amortized over the remaining life of the refunded bonds.		67,091
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	\$ (49,832,500)	
Compensated Absences	(2,606,825)	
Accrued Interest Payable	<u>(174,551)</u>	
Total		<u>(52,613,876)</u>
<b>Net Assets of Governmental Activities</b>		<b><u>\$ 14,794,089</u></b>

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General	Building Improvement	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 24,226,742	\$ 0	\$ 3,332,464	\$ 0	\$ 27,559,206
Intergovernmental	7,027,089	0	403,215	882,439	8,312,743
Tuition	105,815	0	0	0	105,815
Transportation Fees	92,805	0	0	0	92,805
Earnings on Investments	1,109,657	16,274	0	465	1,126,396
Extracurricular Activities	0	0	0	603,536	603,536
Miscellaneous	60,662	0	0	61,080	121,742
<b>Total Revenues</b>	<b>32,622,770</b>	<b>16,274</b>	<b>3,735,679</b>	<b>1,547,520</b>	<b>37,922,243</b>
<b>Expenditures</b>					
Current					
Instruction:					
Regular Instruction	13,631,186	0	0	101,544	13,732,730
Special Instruction	3,410,327	0	0	269,050	3,679,377
Vocational Instruction	145,506	0	0	0	145,506
Other Instruction	171,918	0	0	0	171,918
Support Services:					
Pupils	1,842,014	0	0	330,598	2,172,612
Instructional Staff	969,281	0	0	81,362	1,050,643
Board of Education	104,694	0	0	0	104,694
Administrative	2,419,834	0	0	216,583	2,636,417
Fiscal Services	970,775	0	54,101	0	1,024,876
Business	43,965	0	0	0	43,965
Operation of Maintenance of Plant Services	3,179,229	0	0	0	3,179,229
Pupil Transportation	2,039,923	0	0	0	2,039,923
Central	10,362	0	0	0	10,362
Operation of Non-Instructional Services					
Community Services	76,570	0	0	19,198	95,768
Other	13,916	0	0	31	13,947
Extracurricular Activities	624,636	0	0	593,397	1,218,033
Capital Outlay	0	19,004,040	0	0	19,004,040
Debt Service:					
Principal Retirement	13,500	0	980,000	0	993,500
Interest and Fiscal Charges	4,292	0	2,226,345	0	2,230,637
<b>Total Expenditures</b>	<b>29,671,928</b>	<b>19,004,040</b>	<b>3,260,446</b>	<b>1,611,763</b>	<b>53,548,177</b>
Excess of Revenues Over (Under) Expenditures	2,950,842	(18,987,766)	475,233	(64,243)	(15,625,934)
<b>Other Financing Sources (Uses)</b>					
Refund of Prior Year Receipts	0	0	0	(75)	(75)
Proceeds from Sale of Assets	1,700	0	0	0	1,700
Transfers In	0	0	0	116,585	116,585
Transfers Out	(116,585)	0	0	0	(116,585)
<b>Total Other Financing Sources (Uses)</b>	<b>(114,885)</b>	<b>0</b>	<b>0</b>	<b>116,510</b>	<b>1,625</b>
Net Change In Fund Balances	2,835,957	(18,987,766)	475,233	52,267	(15,624,309)
Fund Balances Beginning of Year, as Restated	2,144,832	27,099,500	3,773,298	307,263	33,324,893
<b>Fund Balances End of Year</b>	<b>\$ 4,980,789</b>	<b>\$ 8,111,734</b>	<b>\$ 4,248,531</b>	<b>\$ 359,530</b>	<b>\$ 17,700,584</b>

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, 2006**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (15,624,309)

*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	\$ 19,127,141	
Current Year Depreciation	<u>(880,621)</u>	
Total		18,246,520

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>(9,421)</u>	
Total		(9,421)

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

Taxes	<u>(1,168,867)</u>	
Total		(1,168,867)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		993,500
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In the statement of activities, interest on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		2,668
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Bond premiums that increase liabilities in the statement of net assets are not reported in governmental funds.		7,421
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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)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences Payable	<u>(463,814)</u>	
Total		(463,814)

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.

(80,667)

**Change in Net Assets of Governmental Activities** \$ 1,897,440



**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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 22,016,600	\$ 24,220,325	\$ 24,139,695	\$ (80,630)
Intergovernmental	6,061,672	6,677,540	7,027,124	349,584
Tuition	91,277	91,815	105,815	14,000
Transportation	80,055	62,805	92,805	30,000
Earning on Investments	953,682	214,817	1,105,577	890,760
Miscellaneous	44,205	51,246	51,246	0
<b>Total Revenue</b>	<u>29,247,491</u>	<u>31,318,548</u>	<u>32,522,262</u>	<u>1,203,714</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	12,964,185	13,762,343	13,723,524	38,819
Special	3,149,288	3,688,510	3,688,510	0
Vocational	134,839	146,275	146,275	0
Other	124,963	171,918	171,918	0
Support Services:				
Pupils	2,032,152	1,890,349	1,890,349	0
Instructional Staff	984,684	1,010,790	1,011,841	(1,051)
Board of Education	72,769	133,808	133,807	1
Administration	2,418,668	2,451,644	2,451,645	(1)
Fiscal Services	790,814	1,007,406	1,007,406	0
Business	43,768	44,070	44,070	0
Operation and Maintenance of Plant Services	2,898,608	3,415,231	3,415,230	1
Pupil Transportation	1,827,834	2,042,331	2,073,670	(31,339)
Central	3,525	10,517	10,517	0
Operation of Non-Instructional Services:				
Community Services	112,879	117,091	117,091	0
Other	17,246	13,836	13,836	0
Extracurricular Activities:				
Academic-Subject Oriented	170,072	167,325	167,326	(1)
Sports-Oriented	456,359	459,909	459,909	0
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	5,044	4,292	4,292	0
<b>Total Expenditures</b>	<u>28,221,197</u>	<u>30,551,145</u>	<u>30,544,716</u>	<u>6,429</u>
Excess of Revenues Over ((Under) Expenditures	<u>1,026,294</u>	<u>767,403</u>	<u>1,977,546</u>	<u>1,210,143</u>
<b>Other Financing Sources (Uses)</b>				
Proceed From Sale of Assets	0	1,710	1,710	0
Transfer Out	(116,985)	(116,585)	(116,585)	0
Refund Of Prior Year Expenditures	0	9,751	9,751	0
<b>Total Other Financing Sources (Uses)</b>	<u>(116,985)</u>	<u>(105,124)</u>	<u>(105,124)</u>	<u>0</u>
Net Change in Fund Balance	909,309	662,279	1,872,422	1,210,143
Fund Balance - Beginning of Year	67,742	67,742	67,742	0
Prior Year Encumbrances Appropriated	<u>1,022,730</u>	<u>1,022,730</u>	<u>1,022,730</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,999,781</u>	<u>\$ 1,752,751</u>	<u>\$ 2,962,894</u>	<u>\$ 1,210,143</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2006**

	Business-Type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
<b><u>Assets</u></b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 260,991	\$ 530,044
Receivables:		
Accounts	166	0
Intergovernmental	13,291	0
Materials and Supplies Inventory	8,445	0
Prepaid Insurance	0	214,520
Total Current Assets	<u>282,893</u>	<u>744,564</u>
Capital Assets (Net of Depreciation)	42,181	0
<b>Total Assets</b>	<u><u>325,074</u></u>	<u><u>744,564</u></u>
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accounts Payable	3,257	2,863
Accrued Wages	58,740	0
Intergovernmental Payable	38,251	0
Compensated Absences Payable	14,756	0
Total Current Liabilities	<u>115,004</u>	<u>2,863</u>
Long-Term Liabilities:		
Compensated Absences Payable	7,546	0
<b>Total Liabilities</b>	<u><u>122,550</u></u>	<u><u>2,863</u></u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets	49,529	0
Unrestricted	152,995	741,701
<b>Total Net Assets</b>	<u><u>\$ 202,524</u></u>	<u><u>\$ 741,701</u></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, 2006**

	Business-Type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
<b><u>Operating Revenues</u></b>		
Tuition	\$ 320,633	\$ 0
Food Services	678,947	0
Classroom Materials and Fees	154,265	0
Miscellaneous	0	3,121,842
<b>Total Operating Revenues</b>	<u>1,153,845</u>	<u>3,121,842</u>
<b><u>Operating Expenses</u></b>		
Salaries and Wages	520,991	0
Fringe Benefits	146,287	0
Claims	0	3,202,509
Purchased Services	491,026	0
Supplies and Materials	167,247	0
Depreciation	7,348	0
Capital Outlay	10,388	0
Other	488	0
<b>Total Operating Expenses</b>	<u>1,343,775</u>	<u>3,202,509</u>
Operating Income (Loss)	<u>(189,930)</u>	<u>(80,667)</u>
<b><u>Non-Operating Revenues</u></b>		
Earnings on Investments	13,465	0
Operating Grants	88,220	0
Donated Commodities	18,649	0
<b>Total Non-Operating Revenues</b>	<u>120,334</u>	<u>0</u>
Changes in Net Assets	<u>(69,596)</u>	<u>(80,667)</u>
Net Assets Beginning of Year, as Restated	<u>272,120</u>	<u>822,368</u>
<b>Net Assets End of Year</b>	<u><u>\$ 202,524</u></u>	<u><u>\$ 741,701</u></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, 2006**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 1,154,540	\$ 3,121,842
Cash Payments for Goods and Services	(663,698)	0
Cash Payments to Employees for Services	(495,392)	0
Cash Payments for Employee Benefits	(145,546)	0
Cash Payments for Other Operating Expenses	(993)	(3,042,214)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(151,089)</u>	<u>79,628</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Operating Grants Received	117,768	0
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>117,768</u>	<u>0</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Earnings on Investments	13,465	0
<b>Net Cash Provided by Investing Activities</b>	<u>13,465</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,856)	79,628
Cash and Cash Equivalents Beginning of Year	280,847	450,416
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 260,991</u>	<u>\$ 530,044</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>		
Operating Income (Loss)	\$ (189,930)	\$ (80,667)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	7,348	0
(Increase) Decrease in Assets:		
Accounts Receivable	694	0
Materials and Supplies Inventory	2,488	0
Prepaid Insurance	0	157,432
Increase (Decrease) in Liabilities:		
Accounts Payable	1,971	2,863
Accrued Salaries and Benefits Payable	1,760	0
Intergovernmental Payable	19,017	0
Compensated Absences Payable	5,563	0
Total Adjustments	<u>38,841</u>	<u>160,295</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (151,089)</u>	<u>\$ 79,628</u>

During fiscal year 2006, the Food Service fund received noncash items of donated commodities in the amount of \$18,649.

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2006**

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	<u>Agency</u>
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>62,847</u>
<b>Total Assets</b>	<u>\$ 62,847</u>
<b><u>Liabilities</u></b>	
Due to Students	\$ <u>62,847</u>
<b>Total Liabilities</b>	<u>\$ 62,847</u>

See accompanying notes to the basic financial statements.

## *Notes to the Basic Financial Statements*

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**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 239 certificated full-time teaching personnel that provide services to 3,220 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, 2006  
(CONTINUED)**

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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 18 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 19 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. Interfund services provided and used were not eliminated in the process of consolidation. 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, 2006  
(CONTINUED)**

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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, 2006  
(CONTINUED)**

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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, 2006  
(CONTINUED)**

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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, 2006  
(CONTINUED)**

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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, 2006**  
**(CONTINUED)**

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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, 2006, but which were levied to finance fiscal year 2007 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, 2006**  
**(CONTINUED)**

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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 2006, 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, 2006.

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 2006 amounted to \$1,109,657, which includes \$851,603 assigned from other School District funds.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(CONTINUED)**

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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, 2006 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, 2006  
 (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, 2006  
(CONTINUED)**

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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, 2006  
(CONTINUED)**

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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.

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, 2006  
(CONTINUED)**

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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  
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(CONTINUED)**

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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 2006.

*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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

R. **Budgetary Data** (Continued)

*Appropriations* (Continued)

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

*Encumbrances*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. 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 2006, the School District implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Statement No. 47, *Accounting for Termination Benefits*.

GASB Statement No. 44 provides guidance on the tables and narrative explanations in the statistical section. The implementation of GASB Statement No. 44 did not have an effect on the financial statements of the School District.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (CONTINUED)**

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

**A. Changes in Accounting Principles (Continued)**

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation. The implementation of GASB statement No. 46 did not have an effect on the financial statements of the School District.

GASB Statement No. 47 establishes accounting standards for termination benefits. The implementation of GASB Statement No. 47 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 the internal service fund and the governmental activities were restated as follows:

	<u>Internal Service Fund</u>	<u>Governmental Activities</u>
Net Assets, June 30, 2005	\$ (3,092)	\$12,071,189
Restatement Adjustment:		
Overstatement of Claims Payable	453,508	453,508
Identification of Prepaid Insurance	<u>371,952</u>	<u>371,952</u>
Net Assets, June 30, 2005, as Restated	<u>\$ 822,368</u>	<u>\$12,896,649</u>

The internal service fund and the governmental activities' net assets were restated due to an agreement between the School District and the self-insurance third party administrator. The School District paid all 2005 claims in advance during June 2005. Therefore, the School District did not have a claims payable balance as of June 30, 2005, but instead created prepaid insurance.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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 (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 follow:

	<u>General Fund</u>	<u>Nonmajor Special Revenue</u>
Fund Balances, June 30, 2005	\$ 2,438,788	\$ 284,826
Restatement Adjustment:		
Increase in Intergovernmental Payable	<u>(293,956)</u>	<u>(561)</u>
Fund Balances, June 30, 2005, as Restated	<u>\$ 2,144,832</u>	<u>\$ 284,265</u>

The above funds were restated due to an adjustment to prior year's intergovernmental payables related to the pension accrual.

**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 fund had expenditures in excess of appropriations:

	<u>Final Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<u>Enterprise Funds</u>			
Food Service	\$ 820,604	\$ 825,669	\$ (5,065)

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (CONTINUED)**

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

**B. Accountability**

Fund balances at June 30, 2006, included the following individual fund deficits:

<u>Fund</u>		
Special Revenue:		
Entry Year Teachers	\$	30
Ohio Reads Grant		54
Title I		985
Title V		13
Improving Teacher Quality		301
Enterprise Fund:		
Adult Education		14,203

The fund deficits in the special revenue funds 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).
- C. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balances (GAAP) basis.



**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (CONTINUED)**

**NOTE 5: BUDGETARY BASIS OF ACCOUNTING (Continued)**

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	\$ 2,835,957
Net Adjustments for Revenue Accruals	(90,747)
Net Adjustments for Expenditure Accruals	378,484
Adjustments for Encumbrances	<u>(1,251,272)</u>
Budget Basis	<u>\$ 1,872,422</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, 2006  
(CONTINUED)**

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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, 2006, the School District had \$886 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, 2006  
(CONTINUED)**

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

*Deposits*

At June 30, 2006, the carrying amount of the School District's deposits was \$6,564,706, including \$2,391,720 in certificate of deposits) and the bank balance was \$6,975,288. \$443,037 of the School District's bank balance was covered by Federal Depository Insurance and \$6,532,251 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, 2006, fair value was \$60,504 above the School District's net cost for investments. At June 30, 2005, fair value was \$64,576 above 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  
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(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 80 percent of the School District's total investments. All other investments not specifically guaranteed by the U.S. government make up the remaining percentage of the School District's total investments.

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2006, the School District had no exposure to foreign currency risk.

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>&lt; 1</u>	<u>1-2</u>
STAROhio	\$ 1,284,346	AAA	\$ 1,284,346	\$ 0
Repurchase Agreement	990,523	A-2	990,523	0
U.S. Agencies	9,431,350	AAA	9,431,350	0
Money Fund	22,902		22,902	0
Manuscript Note	100,000		100,000	0
Carrying Amount of Deposits	6,564,706		6,255,164	309,542
Petty Cash	886		886	0
<b>Total</b>	<b>\$ 18,394,713</b>		<b>\$18,085,171</b>	<b>\$ 309,542</b>

\*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, 2006**  
**(CONTINUED)**

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**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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. 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, 2006, are available to finance fiscal year 2006 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, 2006  
 (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, 2006, 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, 2006, was \$4,416,895 in the general fund and \$659,496 in the debt service fund. The amount available as an advance at June 30, 2005, was \$4,329,895 in the general fund and \$867,109 in the debt service fund.

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 2006 taxes were collected are:

	<u>2005 Second Half Collections</u>		<u>2006 First First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 604,100,380	94.72%	\$ 684,778,330	94.69%
Public Utility	12,273,360	1.92%	11,557,610	1.60%
Tangible Personal Property	21,447,590	3.36%	26,818,070	3.71%
Total Assessed Value	<u>\$ 637,821,330</u>	<u>100.00%</u>	<u>\$ 723,154,010</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 78.30		\$ 87.19	

**NOTE 8: RECEIVABLES**

Receivables at June 30, 2006, 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 \$79,596 in intergovernmental receivables.

**NOTE 9: CONTRACTUAL COMMITMENTS**

As of June 30, 2006, Kenston Local School District had \$5,547,894 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, 2006**  
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**NOTE 10: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance</u> <u>at 6/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/06</u>
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 125,211	\$ 578,852	\$ 0	\$ 704,063
Construction in Progress	<u>18,181,846</u>	<u>18,430,513</u>	<u>0</u>	<u>36,612,359</u>
<i>Total Capital Assets, not being depreciated</i>	<u>18,307,057</u>	<u>19,009,365</u>	<u>0</u>	<u>37,316,422</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,049,307	7,790	0	1,057,097
Buildings and Improvements	17,912,169	0	0	17,912,169
Furniture and Equipment	3,504,355	73,897	(100,573)	3,477,679
Vehicles	<u>2,854,439</u>	<u>36,089</u>	<u>(21,378)</u>	<u>2,869,150</u>
<i>Total Capital Assets, being depreciated</i>	<u>25,320,270</u>	<u>117,776</u>	<u>(121,951)</u>	<u>25,316,095</u>
Less Accumulated Depreciation:				
Land Improvements	(782,990)	(44,090)	0	(827,080)
Buildings and Improvements	(7,643,707)	(414,579)	0	(8,058,286)
Furniture and Equipment	(2,831,191)	(216,356)	92,876	(2,954,671)
Vehicles	<u>(1,921,644)</u>	<u>(205,596)</u>	<u>19,654</u>	<u>(2,107,586)</u>
Total Accumulated Depreciation	<u>(13,179,532)</u>	<u>(880,621)</u>	<u>112,530</u>	<u>(13,947,623)</u>
<b><i>Total Capital Assets being depreciated, net</i></b>	<u>12,140,738</u>	<u>(762,845)</u>	<u>(9,421)</u>	<u>11,368,472</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 30,447,795</u>	<u>\$ 18,246,520</u>	<u>\$ (9,421)</u>	<u>\$ 48,684,894</u>
<b><u>Business-Type Activities</u></b>				
Furniture and Equipment	\$ 428,573	\$ 0	\$ (1,360)	\$ 427,213
Less Accumulated Depreciation	<u>(379,044)</u>	<u>(7,348)</u>	<u>1,360</u>	<u>(385,032)</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 49,529</u>	<u>\$ (7,348)</u>	<u>\$ 0</u>	<u>\$ 42,181</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 401,454
Special		4,792
Support Services:		
Pupil		3,888
Instructional Staff		53,353
Administration		9,601
Fiscal		1,011
Operation and Maintenance of Plant		195,145
Pupil Transportation		192,313
Operation of Non-Instructional Services:		
Community Services		8,620
Extracurricular Activities:		
Student Activities		840
Sport Oriented Activities		8,025
School and Public Service Co-Curricular		1,579
Total Depreciation Expense		<u>\$ 880,621</u>

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(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 2006, the School District contracted with the Netherlands Insurance Company, Traveler's Insurance, and Indiana Insurance for various coverages, which are outlined below:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Netherlands Insurance Co.	Building and Contents, Inland Marine, and Crime/Public Employee Dishonesty Bond	\$ 85,754,820
Netherlands Insurance co.	Commercial Crime	50,000
Netherlands Insurance Co.	Commercial General Liability	1,000,000
		2,000,000 in aggregate
Netherlands Insurance Co.	Comprehensive	
	Auto liability	1,000,000 limit
	Uninsured motorists	50,000
	Medical payments	5,000
	Collision	Actual cash value
	Other than collision	Actual cash value
Indiana Insurance.	Umbrella Form	
	Each occurrence	5,000,000
	In aggregate	5,000,000
Traveler's Insurance	Boiler and Machinery	30,000,000
Traveler's Insurance	Bond - Treasurer	100,000
Traveler's Insurance	Bond - Board President and Superintendent	50,000 each
Netherlands Insurance 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 2006, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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, 2006  
 (CONTINUED)**

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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. Per an agreement between the School District and the self-insurance third party administrator, the School District paid all 2006 claims in advance during June 2006. Therefore, the School District does not have a claims payable balance as of June 30, 2006. Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning <u>of Year</u>	Current <u>Year Claims</u>	Claims <u>Payments</u>	Balance at <u>End of Year</u>
2004	\$ 491,040	\$ 1,894,117	\$ (1,783,110)	\$ 602,047
2005	\$ 602,047	\$ 2,066,187	\$ (3,040,186)	\$ (371,952)
2006	\$ (371,952)	\$ 3,202,509	\$ (3,045,077)	\$ (214,520)

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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**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, by calling (800) 878-5853, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org).

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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 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, 2006, 2005, and 2004, were \$478,526, \$451,673, and \$399,376, respectively; 74.86 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004.

**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 Ohio 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, or by visiting the STRS Ohio website at [www.strs.org](http://www.strs.org).

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

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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

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

earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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, 2006, 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 STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,931,421, \$1,838,709, and \$1,691,542, respectively; 81.40 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$16,514 made by the School District and \$21,589 made by the plan members.

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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**NOTE 13: POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio) 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 Ohio retirees who participate in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$148,571 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000, and STRS Ohio had 115,395 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.

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006 (the latest information available), the minimum pay has been established as \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the fiscal year, the School District paid \$252,060 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, 2006  
(CONTINUED)**

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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, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 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, 2006, the School District recorded \$2,441,898 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, 2006  
 (CONTINUED)**

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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 RECEIVABLES, PAYABLES, TRANSFERS**

**A. Interfund Receivables and Payables**

As of June 30, 2006, interfund receivables and payables were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Retirement Fund	Building Improvement Fund	\$ 100,000

The amounts payable to the Bond Retirement Fund relate to the purchase of land in the Building Improvement Fund. The Bond Retirement Fund expects to be collected in the subsequent year.

**B. Interfund Transfers**

As of June 30, 2006, interfund transfers were as follows:

<u>Transfer To</u>	<u>Transfer from General Fund</u>
Nonmajor Governmental Funds:	
District Managed Student Activity	\$ 96,585
Management Information Systems	<u>20,000</u>
Total Transfers	<u>\$ 116,585</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, 2006**  
**(CONTINUED)**

**NOTE 16: SHORT-TERM OBLIGATIONS**

The changes in the School District's short-term obligations for the fiscal year 2006 were as follows:

	Principal Outstanding 06/30/05	Additions	Deductions	Principal Outstanding 06/30/06
<b><u>Governmental Activities</u></b>				
\$100,000 Land Acquisition Notes, Series 2005, 3.5%, due 11/29/06	\$ 0	\$ 100,000	\$ 0	\$ 100,000

On November 30, 2005, the School District issued and purchased notes in the Bond Retirement Fund for the amount of \$100,000 in anticipation of the issuance of bonds, for the purpose of paying costs of acquiring property and interests in property.

**NOTE 17: LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2006 were as follows:

	Principal Outstanding 06/30/05	Additions	Deductions	Principal Outstanding 06/30/06	Amounts Due in One Year
<b><u>Governmental Activities</u></b>					
\$3,075,000 General Obligation Bonds 1986 - 7.125%, due 2008	\$ 820,000	\$ 0	\$ 205,000	\$ 615,000	\$ 205,000
\$135,000 GES Septic System - 5.7%, due 2010	81,000	0	13,500	67,500	13,500
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	43,775,000	0	460,000	43,315,000	600,000
\$6,725,000 School Improvement Refunding Bonds 2003 - 2%, due 2017	6,150,000	0	315,000	5,835,000	350,000
Total Long-Term Bonds	<u>50,826,000</u>	<u>0</u>	<u>993,500</u>	<u>49,832,500</u>	<u>1,168,500</u>
<b><u>Other General Long-Term Obligations</u></b>					
Compensated Absences	2,143,011	747,020	283,206	2,606,825	747,020
<b>Total Governmental Long- Term Liabilities</b>	<u>\$52,969,011</u>	<u>\$ 747,020</u>	<u>\$ 1,276,706</u>	<u>\$ 52,439,325</u>	<u>\$ 1,915,520</u>
<b><u>Business-Type Activities</u></b>					
Compensated Absences	\$ 16,739	\$ 14,756	\$ 9,193	\$ 22,302	\$ 14,756
<b>Total Business-Type Activities</b>	<u>\$ 16,739</u>	<u>\$ 14,756</u>	<u>\$ 9,193</u>	<u>\$ 22,302</u>	<u>\$ 14,756</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,

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
**(CONTINUED)**

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NOTE 17: **LONG-TERM OBLIGATIONS** (Continued)

removed as a liability from the School District's government-wide financial statements. As of June 30, 2006, the amount of defeased debt outstanding but removed from the financial statements amounted to \$3,885,000.

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.

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. In prior years, the General Fund has been used to liquidate a material amount of the liability for compensated absences.

The School District's voted legal debt margin was \$16,714,184 with an unvoted debt margin of \$692,202 at June 30, 2006.



**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(CONTINUED)**

**NOTE 17: LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements to retire general obligation debt at June 30, 2006, are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,168,500	\$ 2,197,368	\$ 3,365,868
2008	1,253,500	2,153,307	3,406,807
2009	1,353,500	2,103,250	3,456,750
2010	1,358,500	2,048,944	3,407,444
2011	1,488,500	1,993,693	3,482,193
2012-2016	9,530,000	9,504,668	19,034,668
2017-2021	11,065,000	6,583,206	17,648,206
2022-2026	11,380,000	3,999,200	15,379,200
2027-2031	<u>11,235,000</u>	<u>1,038,938</u>	<u>12,273,938</u>
	<u>\$ 49,832,500</u>	<u>\$ 31,622,574</u>	<u>\$ 81,455,074</u>

**NOTE 18: 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 19: 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.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(CONTINUED)**

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NOTE 19: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

**Lake Geauga Computer Association**

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$128,192 to LGCA during fiscal year 2006. 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.

**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 Kenston Community Education, 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 2006, the School District paid \$580,376 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(CONTINUED)**

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NOTE 19: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

**Ohio Schools' Council Association** (Continued)

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

Energy Acquisition Corporation, a non-profit corporation with a self-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.

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 \$4,043 to ESRTA during fiscal year 2006. ESRTA is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 20: **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, 2006.

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 21: **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 22: **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.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (CONTINUED)**

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NOTE 22: **SET-ASIDE REQUIREMENTS** (Continued)

**Set-Aside Calculations** (Continued)

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.

	<u>Textbooks Instructional Reserve</u>	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2005	\$ (1,482,011)	\$ 0
Current Year Set-Aside Requirements	465,047	465,047
Qualifying Disbursements	(596,553)	(22,121,444)
Reduction in Required Set-Aside	<u>0</u>	<u>0</u>
Total	<u>\$ (1,613,517)</u>	<u>\$(21,656,397)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ (1,613,517)</u>	<u>\$ 0</u>
Set-Aside Reserve Balance as of June 30, 2006	<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**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts			Variance with Final Budget Postive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 22,016,600	\$ 24,220,325	\$ 24,139,695	\$ (80,630)
Intergovernmental	6,061,672	6,677,540	7,027,124	349,584
Tuition	91,277	91,815	105,815	14,000
Transportation	80,055	62,805	92,805	30,000
Earning on Investment	953,682	214,817	1,105,577	890,760
Miscellaneous	44,205	51,246	51,246	0
<b>Total Revenue</b>	<b>29,247,491</b>	<b>31,318,548</b>	<b>32,522,262</b>	<b>1,203,714</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	9,212,646	9,814,024	9,775,205	38,819
Fringe Benefits	2,936,464	3,064,772	3,064,772	0
Purchased Services	176,245	223,162	223,162	0
Supplies and Materials	439,856	487,659	487,659	0
Capital-New	158,412	138,853	138,853	0
Capital-Replacement	38,987	32,248	32,248	0
Other	1,575	1,625	1,625	0
Total Regular Instruction	12,964,185	13,762,343	13,723,524	38,819
Special Instruction:				
Special:				
Salaries and Wages	2,108,250	2,218,540	2,218,540	0
Fringe Benefits	410,961	400,768	400,768	0
Purchased Services	612,700	1,056,747	1,056,747	0
Supplies and Materials	8,020	4,176	4,176	0
Capital-New	9,357	8,279	8,279	0
Total Special Instruction	3,149,288	3,688,510	3,688,510	0
Vocational Education:				
Salaries and Wages	57,864	58,404	58,404	0
Fringe Benefits	10,032	10,204	10,204	0
Purchased Services	66,943	77,667	77,667	0
Total Vocational Education	134,839	146,275	146,275	0
Other:				
Purchased Services	124,963	171,918	171,918	0
Total Other	124,963	171,918	171,918	0
Total Instruction	16,373,275	17,769,046	17,730,227	38,819

(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, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support Services:				
Pupils:				
Salaries and Wages	1,092,685	1,040,293	1,040,293	0
Fringe Benefits	285,057	293,443	293,443	0
Purchased Services	410,733	295,198	295,198	0
Supplies and Materials	26,790	22,126	22,126	0
Capital-New	4,857	2,965	2,965	0
Capital-Replacement	1,800	1,800	1,800	0
Other	210,230	234,524	234,524	0
Total Pupils	<u>2,032,152</u>	<u>1,890,349</u>	<u>1,890,349</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	542,708	551,347	552,398	(1,051)
Fringe Benefits	266,637	269,431	269,431	0
Purchased Services	59,459	72,998	72,998	0
Supplies and Materials	85,457	87,664	87,664	0
Capital-New	26,218	26,101	26,101	0
Capital-Replacement	3,450	2,494	2,494	0
Other	755	755	755	0
Total Instructional Staff	<u>984,684</u>	<u>1,010,790</u>	<u>1,011,841</u>	<u>(1,051)</u>
Board of Education:				
Salaries and Wages	10,870	8,010	8,010	0
Fringe Benefits	2,799	2,040	2,040	0
Purchased Services	32,948	92,612	92,611	1
Supplies and Materials	200	874	874	0
Other	25,952	30,272	30,272	0
Total Board of Education	<u>72,769</u>	<u>133,808</u>	<u>133,807</u>	<u>1</u>
Administration:				
Salaries and Wages	1,521,750	1,559,216	1,559,216	0
Fringe Benefits	824,740	759,171	759,171	0
Purchased Services	20,468	24,617	24,618	(1)
Supplies and Materials	24,971	29,664	29,664	0
Capital-New	11,158	16,088	16,088	0
Capital-Replacement	13,180	15,410	15,410	0
Other	2,401	47,478	47,478	0
Total Administration	<u>2,418,668</u>	<u>2,451,644</u>	<u>2,451,645</u>	<u>(1)</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, 2006**

	Budgeted Amounts			Variance with Final Budget Postive (Negative)
	Original	Final	Actual	
<b>Fiscal Services:</b>				
Salaries and Wages	301,625	308,987	308,987	0
Fringe Benefits	151,603	152,835	152,835	0
Purchased Services	4,849	15,119	15,119	0
Supplies and Materials	550	7,658	7,658	0
Capital-New	300	548	548	0
Capital-Replacement	0	390	390	0
Other	331,887	521,869	521,869	0
<b>Total Fiscal Services</b>	<b>790,814</b>	<b>1,007,406</b>	<b>1,007,406</b>	<b>0</b>
<b>Business:</b>				
Salaries and Wages	35,851	36,352	36,352	0
Fringe Benefits	7,455	7,239	7,239	0
Purchased Services	462	479	479	0
<b>Total Business</b>	<b>43,768</b>	<b>44,070</b>	<b>44,070</b>	<b>0</b>
<b>Operation and Maintenance of Plant Services:</b>				
Salaries and Wages	1,183,722	1,167,429	1,167,429	0
Fringe Benefits	431,671	416,537	416,537	0
Purchased Services	1,105,187	1,697,028	1,697,027	1
Supplies and Materials	104,003	109,145	109,145	0
Capital-New	7,000	15,822	15,822	0
Capital-Replacement	65,525	8,080	8,080	0
Dues and Fees	1,500	1,190	1,190	0
<b>Total Operation and Maintenance of Plant Services</b>	<b>2,898,608</b>	<b>3,415,231</b>	<b>3,415,230</b>	<b>1</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	885,279	1,079,849	1,079,849	0
Fringe Benefits	484,371	488,032	488,032	0
Purchased Services	48,363	69,820	69,820	0
Supplies and Materials	407,994	397,729	397,729	0
Capital-New	827	5,864	5,864	0
Capital-Replacement	1,000	1,037	32,376	(31,339)
<b>Total Pupil Transportation</b>	<b>1,827,834</b>	<b>2,042,331</b>	<b>2,073,670</b>	<b>(31,339)</b>
<b>Central Services:</b>				
Purchased Services	525	4,067	4,067	0
Other	3,000	6,450	6,450	0
<b>Total Central Services</b>	<b>3,525</b>	<b>10,517</b>	<b>10,517</b>	<b>0</b>
<b>Total Support Services</b>	<b>11,072,822</b>	<b>12,006,146</b>	<b>12,038,535</b>	<b>(32,389)</b>

(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, 2006**

	Budgeted Amounts			Variance with Final Budget Postive (Negative)
	Original	Final	Actual	
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wage	33,299	33,587	33,587	0
Fringe Benefits	10,291	10,146	10,146	0
Purchased Services	57,541	61,107	61,107	0
Supplies and Materials	11,110	12,251	12,251	0
Capital Outlay Replacement	638	0	0	0
Total Community Services	<u>112,879</u>	<u>117,091</u>	<u>117,091</u>	<u>0</u>
Other:				
Salaries and Wage	14,665	11,650	11,650	0
Fringe Benefits	2,581	2,186	2,186	0
Total Other	<u>17,246</u>	<u>13,836</u>	<u>13,836</u>	<u>0</u>
Total Operation of Non-Structional Services	<u>130,125</u>	<u>130,927</u>	<u>130,927</u>	<u>0</u>
Extracurricular Activities:				
Academic-Subject Oriented:				
Salaries and Wage	147,983	145,069	145,070	(1)
Fringe Benefits	22,089	22,256	22,256	0
Total Academic-Subject Oriented	<u>170,072</u>	<u>167,325</u>	<u>167,326</u>	<u>(1)</u>
Sports Oriented:				
Salaries and Wage	385,157	395,362	395,362	0
Fringe Benefits	66,329	59,692	59,692	0
Purchased Services	4,873	4,855	4,855	0
Total Sports Oriented	<u>456,359</u>	<u>459,909</u>	<u>459,909</u>	<u>0</u>
Total Extracurricular Activities	<u>626,431</u>	<u>627,234</u>	<u>627,235</u>	<u>(1)</u>
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	5,044	4,292	4,292	0
Total Debt Service	<u>18,544</u>	<u>17,792</u>	<u>17,792</u>	<u>0</u>
<b>Total Expenditures</b>	<u>28,221,197</u>	<u>30,551,145</u>	<u>30,544,716</u>	<u>6,429</u>
Excess of Revenue Over (Under) Expenditures	<u>1,026,294</u>	<u>767,403</u>	<u>1,977,546</u>	<u>1,210,143</u>
<b>Other Financing Sources (Uses)</b>				
Proceed From Sale of Assets	0	1,710	1,710	0
Transfers Out	(116,985)	(116,585)	(116,585)	0
Refund of Prior Year Expenditures	0	9,751	9,751	0
<b>Total Other Financing Sources (Uses)</b>	<u>(116,985)</u>	<u>(105,124)</u>	<u>(105,124)</u>	<u>0</u>
Net Change in Fund Balance	909,309	662,279	1,872,422	1,210,143
Fund Balance - Beginning of Year	67,742	67,742	67,742	0
Prior Year Encumbrances Appropriated	<u>1,022,730</u>	<u>1,022,730</u>	<u>1,022,730</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,999,781</u>	<u>\$ 1,752,751</u>	<u>\$ 2,962,894</u>	<u>\$ 1,210,143</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, 2006**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 403,215	\$ 403,215	\$ 0
Taxes	3,544,992	3,540,077	(4,915)
<b>Total Revenues</b>	<u>3,948,207</u>	<u>3,943,292</u>	<u>(4,915)</u>
<b><u>Expenditures</u></b>			
Fiscal Services:			
Other Expenses	65,000	54,101	10,899
Total Fiscal Services	<u>65,000</u>	<u>54,101</u>	<u>10,899</u>
Debt Service:			
Principal Retirement	980,000	980,000	0
Interest and Fiscal Charges	2,255,000	2,226,345	28,655
Total Debt Service	<u>3,235,000</u>	<u>3,206,345</u>	<u>28,655</u>
<b>Total Expenditures</b>	<u>3,300,000</u>	<u>3,260,446</u>	<u>39,554</u>
Excess of Revenue Over (Under) Expenditures	<u>648,207</u>	<u>682,846</u>	<u>34,639</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Advances Out	(100,000)	(100,000)	0
Total Other Financing Sources	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change In Fund Balance	548,207	582,846	34,639
Beginning Fund Balance	2,906,189	2,906,189	0
Prior Year Encumbrance Apporriated	0	0	0
<b>Ending Fund Balance</b>	<u><u>\$ 3,454,396</u></u>	<u><u>\$ 3,489,035</u></u>	<u><u>\$ 34,639</u></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, 2006**

	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Earnings on Investments	\$ 150,000	\$ 20,346	\$ (129,654)
<b>Total Revenues</b>	<u>150,000</u>	<u>20,346</u>	<u>(129,654)</u>
<b>Expenditures</b>			
Current:			
Site Acquisition Services:			
Purchased Services	187,179	146,955	40,224
Total Site Acquisition Services:	<u>187,179</u>	<u>146,955</u>	<u>40,224</u>
Site Improvement Services:			
Supplies and Materials	58,033	87,901	(29,868)
Total Site Improvement Services:	<u>58,033</u>	<u>87,901</u>	<u>(29,868)</u>
Architecture and Engineering Services:			
Purchased Services	1,553,259	1,554,843	(1,584)
Miscellaneous Objects	39,017	30,135	8,882
Total Architecture and Engineering Services	<u>1,592,276</u>	<u>1,584,978</u>	<u>7,298</u>
Educational Specifications Development Services:			
Purchased Services	17,754	10,896	6,858
Total Educational Specifications Development Services	<u>17,754</u>	<u>10,896</u>	<u>6,858</u>
Building Acquisition and Construction:			
Purchased Services	332,507	30,570	301,937
Capital Outlay	24,152,655	23,824,876	327,779
Total Building Acquisition and Construction	<u>24,485,162</u>	<u>23,855,446</u>	<u>629,716</u>
Building Improvement Services:			
Purchased Services	3,298,251	575,443	2,722,808
Capital Outlay	1,460,387	1,784,639	(324,252)
Total Building Improvement Services	<u>4,758,638</u>	<u>2,360,082</u>	<u>2,398,556</u>
Other Facilities Acquisition and Construction Services:			
Purchased Services	105,561	102,270	3,291
Capital Outlay	100,000	578,853	(478,853)
Total Other Facilities Acquisition and Construction Services	<u>205,561</u>	<u>681,123</u>	<u>(475,562)</u>
<b>Total Expenditures</b>	<u>31,304,603</u>	<u>28,727,381</u>	<u>2,577,222</u>
Excess of Revenues Over (Under) Expenditures	<u>(31,154,603)</u>	<u>(28,707,035)</u>	<u>2,447,568</u>
<b>Other Financing Sources (Uses)</b>			
Advances In	100,000	100,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	<u>(31,054,603)</u>	<u>(28,607,035)</u>	<u>2,447,568</u>
Fund Balance Beginning of Year	5,899,714	5,899,714	0
Prior Year Encumbrances Appropriated	25,155,556	25,155,556	0
<b>Fund Balance End of Year</b>	<u>\$ 667</u>	<u>\$ 2,448,235</u>	<u>\$ 2,447,568</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENTS - NONMAJOR FUNDS**

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***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**

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***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.

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**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENTS - NONMAJOR FUNDS**

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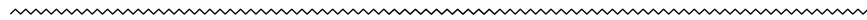
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***Nonmajor Capital Projects Funds***

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.



**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 367,449	\$ 22,998	\$ 390,447
<b>Total Assets</b>	<b>\$ 367,449</b>	<b>\$ 22,998</b>	<b>\$ 390,447</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 27,253	\$ 0	\$ 27,253
Intergovernmental Payable	3,664	0	3,664
<b>Total Liabilities</b>	<b>30,917</b>	<b>0</b>	<b>30,917</b>
<b><u>Fund Balances</u></b>			
Reserved for:			
Encumbrances	81,673	0	81,673
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	254,859	0	254,859
Capital Projects Funds	0	22,998	22,998
<b>Total Fund Balances</b>	<b>336,532</b>	<b>22,998</b>	<b>359,530</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 367,449</b>	<b>\$ 22,998</b>	<b>\$ 390,447</b>



**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$ 882,439	\$ 0	\$ 882,439
Earnings on Investments	465	0	465
Extracurricular Activities	603,536	0	603,536
Miscellaneous	61,080	0	61,080
<b>Total Revenues</b>	<b>1,547,520</b>	<b>0</b>	<b>1,547,520</b>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular	101,544	0	101,544
Special	269,050	0	269,050
Support Services:			
Pupils	330,598	0	330,598
Instructional Staff	81,362	0	81,362
Administrative	216,583	0	216,583
Operation of Non-Instructional Services:			
Community Services	19,198	0	19,198
Other	31	0	31
Extracurricular Activities	593,397	0	593,397
<b>Total Expenditures</b>	<b>1,611,763</b>	<b>0</b>	<b>1,611,763</b>
Excess of Revenues Over (Under) Expenditures	(64,243)	0	(64,243)
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	116,585	0	116,585
Refund of Prior Year Receipts	(75)	0	(75)
<b>Total Other Financing Sources (Uses)</b>	<b>116,510</b>	<b>0</b>	<b>116,510</b>
Net Change in Fund Balances	52,267	0	52,267
Fund Balances Beginning of Year, Restated	284,265	22,998	307,263
<b>Fund Balances End of Year</b>	<b>\$ 336,532</b>	<b>\$ 22,998</b>	<b>\$ 359,530</b>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2006**

	Private Purpose Trust Scholarship	Public School Support	District Managed Student Activity	Auxiliary Services	Disadvantaged Pupil Aid Program
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 169	\$ 119,565	\$ 202,476	\$ 20,119	\$ 0
<b>Total Assets</b>	<u>\$ 169</u>	<u>\$ 119,565</u>	<u>\$ 202,476</u>	<u>\$ 20,119</u>	<u>0</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 20,185	\$ 1,518	\$ 5,550	0
Intergovernmental Payable	0	0	57	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>20,185</u>	<u>1,575</u>	<u>5,550</u>	<u>0</u>
<b><u>Fund Balance:</u></b>					
Reserved for:					
Encumbrances	0	13,492	53,905	10,252	0
Unreserved, Undesignated (Deficit)	169	85,888	146,996	4,317	0
Total Fund Balances (Deficit)	<u>169</u>	<u>99,380</u>	<u>200,901</u>	<u>14,569</u>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 169</u>	<u>\$ 119,565</u>	<u>\$ 202,476</u>	<u>\$ 20,119</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2006**

	Professional Development	Management Information Systems	Entry Year Teachers	Data Communication	School Net Professional Development
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 156	\$ 15,189	\$ 0	\$ 0	\$ 2,012
<b>Total Assets</b>	<u>\$ 156</u>	<u>\$ 15,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,012</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	0	837	30	0	10
<b>Total Liabilities</b>	<u>0</u>	<u>837</u>	<u>30</u>	<u>0</u>	<u>10</u>
<b><u>Fund Balance:</u></b>					
Reserved for:					
Encumbrances	0	0	0	0	1,995
Unreserved, Undesignated (Deficit)	156	14,352	(30)	0	7
Total Fund Balances (Deficit)	<u>156</u>	<u>14,352</u>	<u>(30)</u>	<u>0</u>	<u>2,002</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 156</u>	<u>\$ 15,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,012</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2006**

	Interactive Video Distance Learning	Ohio Reads Grant	Summer School Intervention	Miscellaneous State Grants	Eisenhower Professional Development
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	<u>0</u>	<u>54</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>0</u>	<u>54</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Fund Balance:</u></b>					
Reserved for:					
Encumbrances	0	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>0</u>	<u>(54)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances (Deficit)	<u>0</u>	<u>(54)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2006**

	IDEA Education of Handicapped Children	Title I - Disadvantaged Children/ Targeted Assistance	Title V	Drug Free Schools Grant	Telecommunications Act
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,994	\$ 61	\$ 0	\$ 1,980	\$ 3,678
<b>Total Assets</b>	<u>\$ 1,994</u>	<u>\$ 61</u>	<u>\$ 0</u>	<u>\$ 1,980</u>	<u>\$ 3,678</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	1,316	1,046	13	0	0
<b>Total Liabilities</b>	<u>1,316</u>	<u>1,046</u>	<u>13</u>	<u>0</u>	<u>0</u>
<b><u>Fund Balance:</u></b>					
Reserved for:					
Encumbrances	0	0	0	1,979	0
Unreserved, Undesignated (Deficit)	678	(985)	(13)	1	3,678
Total Fund Balances (Deficit)	<u>678</u>	<u>(985)</u>	<u>(13)</u>	<u>1,980</u>	<u>3,678</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,994</u>	<u>\$ 61</u>	<u>\$ 0</u>	<u>\$ 1,980</u>	<u>\$ 3,678</u>

**KENSTON LOCAL SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
 JUNE 30, 2006**

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 50	\$ 367,449
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 367,449</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 0	\$ 0	\$ 27,253
Intergovernmental Payable	301	0	3,664
<b>Total Liabilities</b>	<u>301</u>	<u>0</u>	<u>30,917</u>
<b><u>Fund Balance:</u></b>			
Reserved for:			
Encumbrances	0	50	81,673
Unreserved, Undesignated (Deficit)	(301)	0	254,859
Total Fund Balances (Deficit)	<u>(301)</u>	<u>50</u>	<u>336,532</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 367,449</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, 2006**

	Private Purpose Trust Scholarship	Public School Support	District Managed Student Activity	Auxiliary Services	Disadvantaged Pupil Aid Program
<b>Revenues</b>					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 19,457	\$ 0
Earnings on Investments	0	0	0	465	0
Extracurricular Activities	0	366,557	236,979	0	0
Miscellaneous	2,000	18,288	40,792	0	0
<b>Total Revenues</b>	<u>2,000</u>	<u>384,845</u>	<u>277,771</u>	<u>19,922</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	2,000	0	0	0	0
Special	0	535	0	0	0
Support Services:					
Pupils	0	105,887	0	0	20
Instructional Staff	0	1,650	0	0	0
Administrative	0	0	0	0	0
Operation of Non-Instructional					
Support Services:					
Community Services	0	0	0	19,198	0
Other	0	31	0	0	0
Extracurricular Activities	0	263,506	329,891	0	0
<b>Total Expenditures</b>	<u>2,000</u>	<u>371,609</u>	<u>329,891</u>	<u>19,198</u>	<u>20</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>13,236</u>	<u>(52,120)</u>	<u>724</u>	<u>(20)</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	0	0	96,585	0	0
Refund of Prior Year Receipts	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>96,585</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	13,236	44,465	724	(20)
Fund Balances (Deficit) Beginning of Year, Restated	<u>169</u>	<u>86,144</u>	<u>156,436</u>	<u>13,845</u>	<u>20</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 169</u>	<u>\$ 99,380</u>	<u>\$ 200,901</u>	<u>\$ 14,569</u>	<u>\$ 0</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, 2006**

	Professional Development	Management Information Systems	Entry Year Teachers	Data Communication	School Net Professional Development
<b>Revenues</b>					
Intergovernmental	\$ 0	\$ 10,875	\$ 3,200	\$ 15,000	\$ 3,925
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<u>0</u>	<u>10,875</u>	<u>3,200</u>	<u>15,000</u>	<u>3,925</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	0	15,000	5,614
Special	0	0	0	0	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	3,151	0	0
Administrative	0	32,529	0	0	0
Operation of Non-Instructional					
Support Services:					
Community Services	0	0	0	0	0
Other	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>32,529</u>	<u>3,151</u>	<u>15,000</u>	<u>5,614</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(21,654)</u>	<u>49</u>	<u>0</u>	<u>(1,689)</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	0	20,000	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(1,654)	49	0	(1,689)
Fund Balances (Deficit) Beginning of Year, Restated	<u>156</u>	<u>16,006</u>	<u>(79)</u>	<u>0</u>	<u>3,691</u>
Fund Balances (Deficit) End of Year	<u>\$ 156</u>	<u>\$ 14,352</u>	<u>\$ (30)</u>	<u>\$ 0</u>	<u>\$ 2,002</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, 2006**

	Interactive Video Distance Learning	Ohio Reads Grant	Summer School Intervention	Miscellaneous State Grants	Eisenhower Professional Development
<b>Revenues</b>					
Intergovernmental	\$ 0	\$ 9,606	\$ 709	\$ 0	\$ 0
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<u>0</u>	<u>9,606</u>	<u>709</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	2,070	330	0	0
Special	0	0	0	0	21
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administrative	0	7,291	0	0	0
Operation of Non-Instructional Support Services:					
Community Services	0	0	0	0	0
Other	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>9,361</u>	<u>330</u>	<u>0</u>	<u>21</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>245</u>	<u>379</u>	<u>0</u>	<u>(21)</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	245	379	0	(21)
Fund Balances (Deficit) Beginning of Year, Restated	<u>0</u>	<u>(299)</u>	<u>(379)</u>	<u>0</u>	<u>21</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 0</u>	<u>\$ (54)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2006**

	IDEA Education of Handicapped Children	Title I - Disadvantaged Children/ Targeted Assistance	Title V	Drug Free Schools Grant	Telecommunications Act
<b>Revenues</b>					
Intergovernmental	\$ 577,637	\$ 163,060	\$ 4,249	\$ 5,251	\$ 0
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<u>577,637</u>	<u>163,060</u>	<u>4,249</u>	<u>5,251</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	347	0	2,309	4,404	0
Special	104,989	163,505	0	0	0
Support Services:					
Pupils	224,691	0	0	0	0
Instructional Staff	71,242	0	1,925	3,394	0
Administrative	176,763	0	0	0	0
Operation of Non-Instructional Support Services:					
Community Services	0	0	0	0	0
Other	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>578,032</u>	<u>163,505</u>	<u>4,234</u>	<u>7,798</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(395)</u>	<u>(445)</u>	<u>15</u>	<u>(2,547)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(395)	(445)	15	(2,547)	0
Fund Balances (Deficit) Beginning of Year, Restated	<u>1,073</u>	<u>(540)</u>	<u>(28)</u>	<u>4,527</u>	<u>3,678</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 678</u>	<u>\$ (985)</u>	<u>\$ (13)</u>	<u>\$ 1,980</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, 2006**

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$ 66,799	\$ 2,671	\$ 882,439
Earnings on Investments	0	0	465
Extracurricular Activities	0	0	603,536
Miscellaneous	0	0	61,080
<b>Total Revenues</b>	<u>66,799</u>	<u>2,671</u>	<u>1,547,520</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular	66,849	2,621	101,544
Special	0	0	269,050
Support Services:			
Pupils	0	0	330,598
Instructional Staff	0	0	81,362
Administrative	0	0	216,583
Operation of Non-Instructional			
Support Services:			
Community Services	0	0	19,198
Other	0	0	31
Extracurricular Activities	0	0	593,397
<b>Total Expenditures</b>	<u>66,849</u>	<u>2,621</u>	<u>1,611,763</u>
Excess of Revenues Over (Under) Expenditures	<u>(50)</u>	<u>50</u>	<u>(64,243)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	0	0	116,585
Refund of Prior Year Receipts	(75)	0	(75)
<b>Total Other Financing Sources (Uses)</b>	<u>(75)</u>	<u>0</u>	<u>116,510</u>
Net Change in Fund Balances	(125)	50	52,267
Fund Balances (Deficit) Beginning of Year, Restated	<u>(176)</u>	<u>0</u>	<u>284,265</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ (301)</u>	<u>\$ 50</u>	<u>\$ 336,532</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, 2006**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Miscellaneous	\$ 9,400	\$ 2,000	\$ (7,400)
<b>Total Revenues</b>	<u>9,400</u>	<u>2,000</u>	<u>(7,400)</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Supplies and Materials	9,567	2,000	7,567
Total Regular Instruction	<u>9,567</u>	<u>2,000</u>	<u>7,567</u>
Total Instruction	<u>9,567</u>	<u>2,000</u>	<u>7,567</u>
<b>Total Expenditures</b>	<u>9,567</u>	<u>2,000</u>	<u>7,567</u>
Net Change in Fund Balance	(167)	0	167
Fund Balance - Beginning of Year	169	169	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2</u>	<u>\$ 169</u>	<u>\$ 167</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, 2006**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental			
Extracurricular Activities	\$ 366,855	\$ 364,355	\$ (2,500)
Miscellaneous	12,145	20,788	8,643
<b>Total Revenues</b>	<u>379,000</u>	<u>385,143</u>	<u>6,143</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Special:			
Purchased Services	0	535	(535)
Total Special Instruction	<u>0</u>	<u>535</u>	<u>(535)</u>
Total Instruction	<u>0</u>	<u>535</u>	<u>(535)</u>
Support Services:			
Pupils:			
Salaries	172	0	172
Fringe	28	0	28
Purchased Services	49,055	41,139	7,916
Supplies and Materials	57,932	70,386	(12,454)
Capital Outlay	2,500	723	1,777
Other	2,800	2,706	94
Total Pupils	<u>112,487</u>	<u>114,954</u>	<u>(2,467)</u>
Instructional staff:			
Salaries	300	0	300
Fringe	49	0	49
Purchased services	1,100	0	1,100
Supplies and Materials	7,134	2,849	4,285
Capital Outlay	200	0	200
Other	200	0	200
Total Instructional Staff	<u>8,983</u>	<u>2,849</u>	<u>6,134</u>
Total Support Services	<u>121,470</u>	<u>117,803</u>	<u>3,667</u>
Extracurricular Activities:			
Academic-Subject Oriented:			
Purchased Services	121,560	55,300	66,260
Total Academic Subject Oriented	<u>121,560</u>	<u>55,300</u>	<u>66,260</u>
Co-Curricular Activities:			
Purchased Services	207,840	197,147	10,693
Supplies and Materials	13,500	15,651	(2,151)
Other	60	60	0
Total Co-Curricular Activities	<u>221,400</u>	<u>212,858</u>	<u>8,542</u>
Total Extracurricular Activities	<u>342,960</u>	<u>268,158</u>	<u>74,802</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
PUBLIC SCHOOL SUPPORT FUND (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Acquisition and Construction:			
Supplies and Materials	2,000	220	1,780
Total Building Acquisition and Construction	2,000	220	1,780
<b>Total Expenditures</b>	466,430	386,716	79,714
Excess Revenue Over (Under) Expenditures	(87,430)	(1,573)	85,857
 <b><u>Other Financing Sources (Uses)</u></b>			
Refund of Prior Year Expenditures	0	31	31
<b>Total Other Financing Sources (Uses)</b>	0	31	31
Net Change in Fund Balance	(87,430)	(1,542)	85,888
 Fund Balance - Beginning of Year	 84,254	 84,254	 0
Prior Year Encumbrances Appropriated	3,177	3,177	0
 <b>Fund Balance - End of Year</b>	 \$ 1	 \$ 85,889	 \$ 85,888

**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, 2006**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$ 239,569	\$ 239,569	\$ 0
Miscellaneous	45,846	43,515	(2,331)
<b>Total Revenues</b>	<u>285,415</u>	<u>283,084</u>	<u>(2,331)</u>
<b>Expenditures</b>			
Current:			
Extracurricular Activities			
Academic-Subject Oriented:			
Salaries	500	0	500
Fringe	100	0	100
Purchased Services	10,575	2,618	7,957
Supplies and Materials	18,650	14,821	3,829
Capital Outlay	22,550	6,758	15,792
Other	4,975	3,981	994
Total Academic Subject Oriented	<u>57,350</u>	<u>28,178</u>	<u>29,172</u>
Sport-Oriented Activities			
Salaries	10,250	2,000	8,250
Fringe	1,419	370	1,049
Purchased Services	185,082	96,505	88,577
Supplies and Materials	180,367	180,367	0
Capital outlay	13,134	13,134	0
Other	51,823	51,823	0
Total Sport-Oriented	<u>442,075</u>	<u>344,199</u>	<u>97,876</u>
Co-Curricular Activities			
Salaries	96	96	0
Fringe	15	15	0
Purchased Services	34,550	13,714	20,836
Supplies and Materials	1,100	100	1,000
Capital Outlay	500	0	500
Other	287	287	0
Total Co-Curricular Activities	<u>36,548</u>	<u>14,212</u>	<u>22,336</u>
Total Extracurricular Activities	<u>535,973</u>	<u>386,589</u>	<u>149,384</u>
<b>Total Expenditures</b>	<u>535,973</u>	<u>386,589</u>	<u>149,384</u>
Excess of Revenues Over (Under) Expenditures	<u>(250,558)</u>	<u>(103,505)</u>	<u>147,053</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfer In	96,585	96,585	0
<b>Total Other Financing Sources (uses)</b>	<u>96,585</u>	<u>96,585</u>	<u>0</u>
Net Change in Fund Balance	(153,973)	(6,920)	147,053
Fund Balance - Beginning of Year	105,382	105,382	0
Prior Year Encumbrances Appropriated	48,591	48,591	0
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 147,053</u>	<u>\$ 147,053</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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 15,605	\$ 19,457	\$ 3,852
Earnings on Investments	0	465	465
<b>Total Revenues</b>	15,605	19,922	4,317
<b><u>Expenditures</u></b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	648	648	0
Supplies and Materials	20,823	20,823	0
Capital Outlay	8,731	8,731	0
<b>Total Community Services</b>	30,202	30,202	0
<b>Total Operation of Non-Instructional Services</b>	30,202	30,202	0
<b>Total Expenditures</b>	30,202	30,202	0
Net Change in Fund Balance	(14,597)	(10,280)	4,317
Fund Balance - Beginning of Year	259	259	0
Prior Year Encumbrances Appropriated	14,338	14,338	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 4,317	\$ 4,317



**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
 <b><u>Expenditures</u></b>			
Current:			
Support Services:			
Pupils:			
Purchased Services	20	20	0
Total Pupils	20	20	0
Total Support Services	20	20	0
<b>Total Expenditures</b>	<b>20</b>	<b>20</b>	<b>0</b>
Net Change in Fund Balance	(20)	(20)	0
 Fund Balance - Beginning of Year	 20	 20	 0
Prior Year Encumbrances Appropriated	0	0	0
 <b>Fund Balance - End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 17,490	\$ 0	\$ (17,490)
<b>Total Revenues</b>	17,490	\$ 0	(17,490)
<b><u>Expenditures</u></b>			
Current:			
Special Instruction:			
Salaries	17,600	0	17,600
Total Special Instruction	17,600	0	17,600
<b>Total Expenditures</b>	17,600	0	17,600
Net Change in Fund Balance	(110)	0	110
Fund Balance - Beginning of Year	156	156	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 46	\$ 156	\$ 110

**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, 2006**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 17,000	\$ 10,875	\$ (6,125)
<b>Total Revenues</b>	<u>17,000</u>	<u>10,875</u>	<u>(6,125)</u>
<b><u>Expenditures</u></b>			
Current:			
Support Services:			
Administrative:			
Salaries	10,000	10,532	(532)
Fringe	3,000	1,411	1,589
Purchased Services	0	20,408	(20,408)
Other	30,000	0	30,000
Total Administrative	<u>43,000</u>	<u>32,351</u>	<u>10,649</u>
Total Support Services	<u>43,000</u>	<u>32,351</u>	<u>10,649</u>
<b>Total Expenditures</b>	<u>43,000</u>	<u>32,351</u>	<u>10,649</u>
Excess of Revenues Over (Under) Expenditures	<u>(26,000)</u>	<u>(21,476)</u>	<u>4,524</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfer In	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Fund Balance	(6,000)	(1,476)	4,524
Fund Balance - Beginning of Year	16,666	16,666	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 10,666</u>	<u>\$ 15,190</u>	<u>\$ 4,524</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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 3,200	\$ 3,200	\$ 0
<b>Total Revenues</b>	3,200	3,200	0
<b><u>Expenditures</u></b>			
Current:			
Support Services:			
Instruction:			
Instructional Staff:			
Salaries	2,667	2,667	0
Fringe	533	533	0
Total Instructional Staff	3,200	3,200	0
Total Support Services	3,200	3,200	0
<b>Total Expenditures</b>	3,200	3,200	0
Net Change in Fund Balance	0	0	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 0	\$ 0

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 30,000	\$ 15,000	\$ (15,000)
<b>Total Revenues</b>	30,000	15,000	(15,000)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Purchased Services	30,000	15,000	15,000
Total Regular Instruction	30,000	15,000	15,000
Total Instruction	30,000	15,000	15,000
<b>Total Expenditures</b>	30,000	15,000	15,000
Net Change in Fund Balance	0	0	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 0	\$ 0

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 4,200	\$ 3,925	\$ (275)
<b>Total Revenues</b>	4,200	3,925	(275)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries	3,551	4,431	(880)
Fringe	589	764	(175)
Purchased Services	4,215	2,869	1,346
Total Regular Instruction	8,355	8,064	291
Total Instruction	8,355	8,064	291
<b>Total Expenditures</b>	8,355	8,064	291
Net Change in Fund Balance	(4,155)	(4,139)	16
Fund Balance - Beginning of Year	4,156	4,156	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 1	\$ 17	\$ 16

**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, 2006**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 23,320	\$ 0	\$ (23,320)
<b>Total Revenues</b>	<u>23,320</u>	<u>0</u>	<u>(23,320)</u>
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	23,320	0	(23,320)
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 23,320</u>	<u>\$ 0</u>	<u>\$ (23,320)</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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 18,000	\$ 9,606	\$ (8,394)
<b>Total Revenues</b>	18,000	9,606	(8,394)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular Instruction:			
Salaries	2,236	2,236	0
Fringe	109	109	0
Total Regular Instruction	2,345	2,345	0
Total Instruction	2,345	2,345	0
Support Services:			
Administration:			
Salaries	14,293	5,900	8,393
Fringe	1,362	1,361	1
Total Administration	15,655	7,261	8,394
Total Support Services	15,655	7,261	8,394
<b>Total Expenditures</b>	18,000	9,606	8,394
Net Change in Fund Balance	0	0	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 0	\$ 0



**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 57,000	\$ 709	\$ (56,291)
<b>Total Revenues</b>	57,000	709	(56,291)
 <b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries	56,899	608	56,291
Fringe	101	101	0
Total Regular Instruction	57,000	709	56,291
Total Instruction	57,000	709	56,291
<b>Total Expenditures</b>	57,000	709	56,291
Net Change in Fund Balance	0	0	0
 Fund Balance - Beginning of Year	 0	 0	 0
Prior Year Encumbrances Appropriated	0	0	0
 <b>Fund Balance - End of Year</b>	 \$ 0	 \$ 0	 \$ 0

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 3,200	\$ 0	\$ (3,200)
<b>Total Revenues</b>	3,200	0	(3,200)
 <b><u>Expenditures</u></b>			
Current:			
Support Services:			
Pupils			
Purchased Services	3,200	0	3,200
Total Pupils	3,200	0	3,200
Total Support Services:	3,200	0	3,200
<b>Total Expenditures</b>	3,200	0	3,200
Net Change in Fund Balance	0	0	0
 Fund Balance - Beginning of Year	 0	 0	 0
Prior Year Encumbrances Appropriated	0	0	0
 <b>Fund Balance - End of Year</b>	 \$ 0	 \$ 0	 \$ 0

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 9,000	\$ 0	\$ (9,000)
<b>Total Revenues</b>	9,000	0	(9,000)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Special:			
Purchased Services	9,020	21	8,999
Total Special Instruction	9,020	21	8,999
<b>Total Expenditures</b>	9,020	21	8,999
Net Change in Fund Balance	(20)	(21)	(1)
Fund Balance - Beginning of Year, as Restated	21	21	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 1	\$ 0	\$ (1)

**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, 2006**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 577,637	\$ 577,637	\$ 0
<b>Total Revenues</b>	<u>577,637</u>	<u>577,637</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Special:			
Salaries	74,588	73,842	746
Fringe	31,337	31,337	0
Total Special Instruction	<u>105,925</u>	<u>105,179</u>	<u>746</u>
Total Instruction	<u>105,925</u>	<u>105,179</u>	<u>746</u>
Support Services:			
Pupils:			
Salaries	34,628	34,558	70
Fringe	12,251	12,251	0
Purchased Services	177,907	177,680	227
Total Pupils	<u>224,786</u>	<u>224,489</u>	<u>297</u>
Instructional Staff			
Salaries	36,886	36,886	0
Fringes	34,552	34,552	0
Total Instruction Staff:	<u>71,438</u>	<u>71,438</u>	<u>0</u>
Administration			
Salaries	121,984	121,587	397
Fringes	54,944	54,944	0
Total Administration:	<u>176,928</u>	<u>176,531</u>	<u>397</u>
Total Support Services	<u>473,152</u>	<u>472,458</u>	<u>694</u>
Fiscal Services:			
Salaries	434	0	434
Fringe	120	0	120
Total Total Fiscal Services	<u>554</u>	<u>0</u>	<u>554</u>
<b>Total Expenditures</b>	<u>579,631</u>	<u>577,637</u>	<u>1,994</u>
Net Change in Fund Balance	(1,994)	0	1,994
Fund Balance - Beginning of Year	1,995	1,995	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	<u>\$ 1</u>	<u>\$ 1,995</u>	<u>\$ 1,994</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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 250,000	\$ 163,060	\$ (86,940)
<b>Total Revenues</b>	250,000	163,060	(86,940)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Special:			
Salaries	226,171	139,730	86,441
Fringe	23,889	23,330	559
Total Special Instruction	250,060	163,060	87,000
Total Instruction	250,060	163,060	87,000
<b>Total Expenditures</b>	250,060	163,060	87,000
Net Change in Fund Balance	(60)	0	60
Fund Balance - Beginning of Year	60	60	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 60	\$ 60

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
TITLE V FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 18,000	\$ 4,249	\$ (13,751)
<b>Total Revenues</b>	18,000	4,249	(13,751)
 <b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries	15,751	2,000	13,751
Fringe	324	324	0
Total Regular Instruction	16,075	2,324	13,751
Total Instruction	16,075	2,324	13,751
Support Services:			
Instructional Staff:			
Purchased Services	1,925	1,925	0
Total Instructional Staff	1,925	1,925	0
Total Support Services	1,925	1,925	0
<b>Total Expenditures</b>	18,000	4,249	13,751
Net Change in Fund Balance	0	0	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 0	\$ 0

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 11,000	\$ 5,251	\$ (5,749)
<b>Total Revenues</b>	11,000	5,251	(5,749)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Supplies and Materials	3,749	4,281	(532)
Purchased Services	500	217	283
Total Regular Instruction	4,249	4,498	(249)
Total Instruction	4,249	4,498	(249)
Support Services:			
Instructional Staff:			
Salaries	1,300	569	731
Fringes	500	500	0
Supplies and Materials	5,881	1,675	4,206
Purchased Services	2,021	1,280	741
Capital Outlay	1,580	1,260	320
Total Support Services	11,282	5,284	5,998
<b>Total Expenditures</b>	15,531	9,782	5,749
Net Change in Fund Balance	(4,531)	(4,531)	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	4,531	4,531	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 0	\$ 0

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 4,000	\$ 0	\$ (4,000)
<b>Total Revenues</b>	4,000	0	(4,000)
<b><u>Expenditures</u></b>			
Current:			
Operation and Maintenance of Plant Service:			
Capital - New	7,677	0	7,677
Total Operation and Maintenance of Plant Service	7,677	0	7,677
<b>Total Expenditures</b>	7,677	0	7,677
Net Change in Fund Balance	(3,677)	0	3,677
Fund Balance - Beginning of Year	3,678	3,678	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 1	\$ 3,678	\$ 3,677



**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
IMPROVING TEACHER QUALITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 80,000	\$ 66,799	\$ (13,201)
<b>Total Revenues</b>	<u>80,000</u>	<u>66,799</u>	<u>(13,201)</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries	69,533	56,331	13,202
Fringe	9,237	9,237	0
Purchased Services	1,230	1,230	0
Total Regular Instruction	<u>80,000</u>	<u>66,798</u>	<u>13,202</u>
Total Instruction	<u>80,000</u>	<u>66,798</u>	<u>13,202</u>
<b>Total Expenditures</b>	<u>80,000</u>	<u>66,798</u>	<u>13,202</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>1</u>	<u>1</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Prior Year Receipts	(75)	(75)	0
<b>Total Other Financing Sources (uses)</b>	<u>(75)</u>	<u>(75)</u>	<u>0</u>
Net Change in Fund Balance	(75)	(74)	1
Fund Balance - Beginning of Year	75	75	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 6,000	\$ 2,671	\$ (3,329)
<b>Total Revenues</b>	6,000	2,671	(3,329)
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Purchased Services	6,000	2,671	3,329
Total Regular Instruction	6,000	2,671	3,329
Total Instruction:	6,000	2,671	3,329
<b>Total Expenditures</b>	6,000	2,671	3,329
Net Change in Fund Balance	0	0	0
Fund Balance - Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 0	\$ 0	\$ 0

**KENSTON LOCAL SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2006**

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Total Nonmajor Capital Projects</u>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 21,224	\$ 1,774	\$ 22,998
<b>Total Assets</b>	<u>\$ 21,224</u>	<u>\$ 1,774</u>	<u>\$ 22,998</u>
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b><u>Fund Balance</u></b>			
Unreserved, Undesignated	<u>21,224</u>	<u>1,774</u>	<u>22,998</u>
Total Fund Balances	<u>21,224</u>	<u>1,774</u>	<u>22,998</u>
<b>Total Liabilities and Fund Balances</b>	<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, 2006**

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	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Total Nonmajor Capital Projects</u>
<b>Total Revenues</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances Beginning of Year	<u>21,224</u>	<u>1,774</u>	<u>22,998</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 21,224</u></u>	<u><u>\$ 1,774</u></u>	<u><u>\$ 22,998</u></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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Other	\$ 2,000	\$ 0	\$ (2,000)
<b>Total Revenues</b>	2,000	0	(2,000)
<b><u>Expenditures</u></b>			
Capital Outlay:			
Permanent Services	23,224	0	23,224
Total Capital Outlay	23,224	0	23,224
<b>Total Expenditures</b>	23,224	0	23,224
Net Change in Fund Balance	(21,224)	0	21,224
Fund Balance Beginning of Year	21,224	21,224	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance End of Year</b>	\$ 0	\$ 21,224	\$ 21,224

**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 with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 10,000	\$ 0	\$ (10,000)
<b>Total Revenues</b>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Purchased Services	11,773	0	11,773
Total Regular Instruction	<u>11,773</u>	<u>0</u>	<u>11,773</u>
Total Instruction	<u>11,773</u>	<u>0</u>	<u>11,773</u>
<b>Total Expenditures</b>	<u>11,773</u>	<u>0</u>	<u>11,773</u>
Net Change in Fund Balance	(1,773)	0	1,773
Fund Balance Beginning of Year	1,774	1,774	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 1</u>	<u>\$ 1,774</u>	<u>\$ 1,773</u>

**KENSTON LOCAL SCHOOL DISTRICT**

**COMBINING STATEMENTS - NONMAJOR FUNDS**

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***Nonmajor Enterprise Funds***

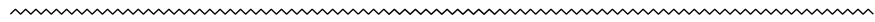
Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily 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 STATEMENT OF FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2005**

	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 51,426	\$ 42,641	\$ 166,179	\$ 745	\$ 260,991
Accounts Receivable	0	166	0	0	166
Intergovernmental Receivable	13,291	0	0	0	13,291
Materials and Supplies Inventory	8,445	0	0	0	8,445
<b>Total Current Assets</b>	<u>73,162</u>	<u>42,807</u>	<u>166,179</u>	<u>745</u>	<u>282,893</u>
Capital Assets (Net of Depreciation)	42,181	0	0	0	42,181
<b>Total Assets</b>	<u>\$ 115,343</u>	<u>\$ 42,807</u>	<u>\$ 166,179</u>	<u>\$ 745</u>	<u>\$ 325,074</u>
<b>Liabilities</b>					
Current Liabilities					
Accounts Payable	\$ 0	\$ 3,257	\$ 0	\$ 0	\$ 3,257
Accrued Wages	46,553	0	0	12,187	58,740
Intergovernmental Payable	32,944	0	2,546	2,761	38,251
Compensated Absences Payable	14,756	0	0	0	14,756
<b>Total Current Liabilities</b>	<u>94,253</u>	<u>3,257</u>	<u>2,546</u>	<u>14,948</u>	<u>115,004</u>
Long-Term Liabilities:					
Compensated Absences Payable	7,546	0	0	0	7,546
<b>Total Liabilities</b>	<u>101,799</u>	<u>3,257</u>	<u>2,546</u>	<u>14,948</u>	<u>122,550</u>
<b>Net Assets</b>					
Invested in Capital Assets	42,181	0	0	0	42,181
Unrestricted (Deficit)	(28,637)	39,550	163,633	(14,203)	160,343
<b>Total Net Assets (Deficit)</b>	<u>13,544</u>	<u>39,550</u>	<u>163,633</u>	<u>(14,203)</u>	<u>202,524</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 115,343</u>	<u>\$ 42,807</u>	<u>\$ 166,179</u>	<u>\$ 745</u>	<u>\$ 325,074</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, 2006**

	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<b><u>Operating Revenues</u></b>					
Tuition	\$ 0	\$ 0	\$267,226	\$ 53,407	\$320,633
Food Services	678,947	0	0	0	678,947
Classroom Materials and Fees	0	154,265	0	0	154,265
<b>Total Operating Revenues</b>	<u>678,947</u>	<u>154,265</u>	<u>267,226</u>	<u>53,407</u>	<u>1,153,845</u>
<b><u>Operating Expenses</u></b>					
Salaries and Wages	254,431	0	229,809	36,751	520,991
Fringe Benefits	80,459	0	48,548	17,280	146,287
Purchased Services	491,026	0	0	0	491,026
Supplies and Materials	15,499	146,748	5,000	0	167,247
Depreciation	7,348	0	0	0	7,348
Capital Outlay	10,388	0	0	0	10,388
Other Expenses	488	0	0	0	488
<b>Total Operating Expenses</b>	<u>859,639</u>	<u>146,748</u>	<u>283,357</u>	<u>54,031</u>	<u>1,343,775</u>
Operating Income (Loss)	<u>(180,692)</u>	<u>7,517</u>	<u>(16,131)</u>	<u>(624)</u>	<u>(189,930)</u>
<b><u>Non-Operating Revenue</u></b>					
Earnings on Investments	9,651	0	3,814	0	13,465
Operating Grants	88,220	0	0	0	88,220
Donated Commodities	18,649	0	0	0	18,649
<b>Total Non-Operating Revenue</b>	<u>116,520</u>	<u>0</u>	<u>3,814</u>	<u>0</u>	<u>120,334</u>
Changes in Net Assets	<u>(64,172)</u>	<u>7,517</u>	<u>(12,317)</u>	<u>(624)</u>	<u>(69,596)</u>
Net Assets (Deficit) Beginning of Year	<u>77,716</u>	<u>32,033</u>	<u>175,950</u>	<u>(13,579)</u>	<u>272,120</u>
<b>Net Assets (Deficit) End of Year</b>	<u>\$ 13,544</u>	<u>\$ 39,550</u>	<u>\$163,633</u>	<u>\$(14,203)</u>	<u>\$202,524</u>

See accompanying notes to the basic financial statements

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<b><u>Cash Flows from Operating Activities</u></b>					
Cash Received from Customers	\$ 678,947	\$ 154,960	\$ 267,226	\$ 53,407	\$ 1,154,540
Cash Payments for Goods and Services	(514,425)	(144,273)	(5,000)	0	(663,698)
Cash Payments to Employees for Services	(230,533)	0	(228,231)	(36,628)	(495,392)
Cash Payments for Employee Benefits	(79,718)	0	(48,548)	(17,280)	(145,546)
Cash Payments for Other Operating Expenses	(993)	0	0	0	(993)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(146,722)</b>	<b>10,687</b>	<b>(14,553)</b>	<b>(501)</b>	<b>(151,089)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>					
Operating Grants Received	117,768	0	0	0	117,768
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>117,768</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,768</b>
<b><u>Cash Flows from Investing Activities</u></b>					
Earnings on Investments	9,651	0	3,814	0	13,465
<b>Net Cash Provided by Investing Activities</b>	<b>9,651</b>	<b>0</b>	<b>3,814</b>	<b>0</b>	<b>13,465</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,303)	10,687	(10,739)	(501)	(19,856)
Cash and Cash Equivalents Beginning of Year	70,729	31,954	176,918	1,246	280,847
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 51,426</b>	<b>\$ 42,641</b>	<b>\$ 166,179</b>	<b>\$ 745</b>	<b>\$ 260,991</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>					
Operating Income (Loss)	\$ (180,692)	\$ 7,517	\$ (16,131)	\$ (624)	\$ (189,930)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	7,348	0	0	0	7,348
(Increase) Decrease in Assets:					
Accounts Receivable	0	694	0	0	694
Materials and Supplies Inventory	2,488	0	0	0	2,488
Increase (Decrease) in Liabilities:					
Accounts Payable	(505)	2,476	0	0	1,971
Accrued Salaries and Benefits Payable	1,760	0	0	0	1,760
Intergovernmental Payable	17,316	0	1,578	123	19,017
Employee Benefit Obligations Payable	5,563	0	0	0	5,563
Total Adjustments	33,970	3,170	1,578	123	38,841
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (146,722)</b>	<b>\$ 10,687</b>	<b>\$ (14,553)</b>	<b>\$ (501)</b>	<b>\$ (151,089)</b>

**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, 2006**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Earning on Investments	\$ 6,000	\$ 9,651	\$ 3,651
Operating Grants	83,000	117,768	34,768
Food Services	651,000	653,594	2,594
Miscellaneous	10,000	25,353	15,353
<b>Total Revenues</b>	<u>750,000</u>	<u>806,366</u>	<u>56,366</u>
<b>Expenses</b>			
Salaries and Wages:			
Food Services	247,200	230,533	16,667
Total Salaries and Wages	<u>247,200</u>	<u>230,533</u>	<u>16,667</u>
Fringe Benefits:			
Food Services	98,800	79,718	19,082
Total Fringe Benefits	<u>98,800</u>	<u>79,718</u>	<u>19,082</u>
Purchased Services:			
Operation and Maintenance of Plant Services	17,561	12,123	5,438
Food Services	393,000	478,903	(85,903)
Total Purchased Service	<u>410,561</u>	<u>491,026</u>	<u>(80,465)</u>
Supplies and Materials:			
Food Services	24,043	13,011	11,032
Total Supplies and Material	<u>24,043</u>	<u>13,011</u>	<u>11,032</u>
Capital Outlay:			
Food Service	39,000	10,388	28,612
Total Capital Outlay	<u>39,000</u>	<u>10,388</u>	<u>28,612</u>
Other - Food Services	1,000	993	7
<b>Total Expenses</b>	<u>820,604</u>	<u>825,669</u>	<u>(5,065)</u>
Net Change in Fund Balance	(70,604)	(19,303)	51,301
Fund Balance - Beginning of Year	68,124	68,124	0
Prior Year Encumbrances Appropriated	2,604	2,604	0
<b>Fund Balance - End of Year</b>	<u>\$ 124</u>	<u>\$ 51,425</u>	<u>\$ 51,301</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, 2006**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Classroom Materials and Supplies	\$ 160,000	\$ 154,960	\$ (5,040)
<b>Total Revenues</b>	<b>160,000</b>	<b>154,960</b>	<b>(5,040)</b>
<b><u>Expenses</u></b>			
Supplies and Materials:			
Regular Instruction	191,953	153,245	38,708
Total Supplies and Material	191,953	153,245	38,708
<b>Total Expenses</b>	<b>191,953</b>	<b>153,245</b>	<b>38,708</b>
Net Change in Fund Balance	(31,953)	1,715	33,668
Fund Balance - Beginning of Year	26,549	26,549	0
Prior Year Encumbrances Appropriated	5,404	5,404	0
<b>Fund Balance - End of Year</b>	<b>\$ 0</b>	<b>\$ 33,668</b>	<b>\$ 33,668</b>

**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, 2006**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Earning on Investments	\$ 0	\$ 3,814	\$ 3,814
Tuition	200,000	267,226	67,226
<b>Total Revenues</b>	<u>200,000</u>	<u>271,040</u>	<u>71,040</u>
<b><u>Expenses</u></b>			
Salaries and Wages:			
Food Services	8,000	6,095	1,905
Regular Instruction	199,000	136,026	62,974
Pupils Support Services	100,000	86,110	13,890
Total Salaries and Wages	<u>307,000</u>	<u>228,231</u>	<u>78,769</u>
Fringe Benefits:			
Regular Instruction	60,000	48,548	11,452
Total Fringe Benefits	<u>60,000</u>	<u>48,548</u>	<u>11,452</u>
Supplies and Materials:			
Regular Instruction	8,000	5,000	3,000
Total Supplies and Material	<u>8,000</u>	<u>5,000</u>	<u>3,000</u>
<b>Total Expenses</b>	<u>375,000</u>	<u>281,779</u>	<u>93,221</u>
Net Change in Fund Balance	(175,000)	(10,739)	164,261
Fund Balance - Beginning of Year	176,918	176,918	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,918</u>	<u>\$ 166,179</u>	<u>\$ 164,261</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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Miscellaneous	\$ 120,000	\$ 53,407	\$ (66,593)
<b>Total Revenues</b>	120,000	53,407	(66,593)
<b><u>Expenses</u></b>			
Salaries and Wages:			
Community Service	103,720	36,628	67,092
<b>Total Salaries and Wages</b>	103,720	36,628	67,092
Fringe Benefits:			
Community Service	17,280	17,280	0
<b>Total Fringe Benefits</b>	17,280	17,280	0
<b>Total Expenses</b>	121,000	53,908	67,092
Net Change in Fund Balance	(1,000)	(501)	499
Fund Balance - Beginning of Year	1,246	1,246	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	\$ 246	\$ 745	\$ 499

**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Charges for Services	\$ 3,000,000	\$ 3,121,842	\$ 121,842
<b>Total Revenue</b>	<b>3,000,000</b>	<b>3,121,842</b>	<b>121,842</b>
<b><u>Expenses</u></b>			
Purchased Services:			
Support Services - Central	3,450,000	3,044,695	405,305
Total Purchased Services	3,450,000	3,044,695	405,305
<b>Total Expenses</b>	<b>3,450,000</b>	<b>3,044,695</b>	<b>405,305</b>
Net Change in Fund Balance	(450,000)	77,147	527,147
Beginning Fund Balance	450,416	450,416	0
Prior Year Encumbrance Appropriated	0	0	0
<b>Fund Balance - End of Year</b>	<b>\$ 416</b>	<b>\$ 527,563</b>	<b>\$ 527,147</b>

**KENSTON LOCAL SCHOOL DISTRICT**

**COMBINING STATEMENTS - NONMAJOR FUNDS**

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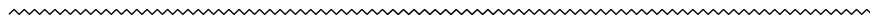
***Fiduciary Funds***

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 purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**Agency Funds**

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

**Unclaimed Funds** - This fund accounts for stale-dated payroll checks held for five years for employees.





**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>06/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/06</u>
<b><u>Student Activities</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 44,185	\$ 61,609	\$ 53,952	\$ 51,842
<b>Total Assets</b>	<u>\$ 44,185</u>	<u>\$ 61,609</u>	<u>\$ 53,952</u>	<u>\$ 51,842</u>
<b><u>Liabilities</u></b>				
Due to Students	\$ 44,185	\$ 7,657	\$ 0	\$ 51,842
<b>Total Liabilities</b>	<u>\$ 44,185</u>	<u>\$ 7,657</u>	<u>\$ 0</u>	<u>\$ 51,842</u>
<b><u>Unclaimed Funds</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,176	\$ 5,829	\$ 0	\$ 11,005
<b>Total Assets</b>	<u>\$ 5,176</u>	<u>\$ 5,829</u>	<u>\$ 0</u>	<u>\$ 11,005</u>
<b><u>Liabilities</u></b>				
Due to Students	\$ 5,176	\$ 5,829	\$ 0	\$ 11,005
<b>Total Liabilities</b>	<u>\$ 5,176</u>	<u>\$ 5,829</u>	<u>\$ 0</u>	<u>\$ 11,005</u>
<b><u>Total Agency Funds</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 49,361	\$ 67,438	\$ 53,952	\$ 62,847
<b>Total Assets</b>	<u>\$ 49,361</u>	<u>\$ 67,438</u>	<u>\$ 53,952</u>	<u>\$ 62,847</u>
<b><u>Liabilities</u></b>				
Due to Students	\$ 49,361	\$ 13,486	\$ 0	\$ 62,847
<b>Total Liabilities</b>	<u>\$ 49,361</u>	<u>\$ 13,486</u>	<u>\$ 0</u>	<u>\$ 62,847</u>

# STATISTICAL SECTION

# STATISTICAL SECTION

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This part of the Kenston Local School District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District’s overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District’s financial performance and well-being have changed over time.	S2 - S8
<b>Revenue Capacity</b> The schedules contain information to help the reader assess the School District’s most significant local revenue source, the property tax.	S9 - S15
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School District’s ability to issue additional debt in the future.	S16 - S19
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District’s financial activities take place.	S20
<b>Operating Information</b> These schedules contain service data to help the reader understand how the information in the School District’s financial report relates to the services the School District provides and the activities it performs.	S21 – S32

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**KENSTON LOCAL SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST FOUR FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Governmental Activities</u></b>				
Invested in Capital Assets, Net of Related Debt	\$ 5,900,132	\$ 5,563,378	\$ 5,214,949	\$ 5,555,035
Restricted for:				
Capital Projects	0	0	1,320,815	1,230,983
Debt Service	2,865,975	3,012,684	3,803,581	4,188,996
Set Asides	455,658	103,108	0	0
Other Purposes	81,913	116,083	41,515	36,082
Unrestricted	<u>1,534,094</u>	<u>2,140,702</u>	<u>2,515,789</u>	<u>3,782,993</u>
<b>Total Net Assets - Governmental Activities</b>	<u>10,837,772</u>	<u>10,935,955</u>	<u>12,896,649</u>	<u>14,794,089</u>
<b><u>Business-Type Activities</u></b>				
Invested in Capital Assets, Net of Related Debt	70,711	57,742	49,529	42,181
Unrestricted	<u>55,679</u>	<u>75,201</u>	<u>222,591</u>	<u>160,343</u>
<b>Total Net Assets - Business-Type Activities</b>	<u>126,390</u>	<u>132,943</u>	<u>272,120</u>	<u>202,524</u>
<b><u>Primary Government</u></b>				
Invested in Capital Assets, Net of Related Debt	5,970,843	5,621,120	5,264,478	5,597,216
Restricted for:				
Capital Projects	0	0	1,320,815	1,230,983
Debt Service	2,865,975	3,012,684	3,803,581	4,188,996
Set Asides	455,658	103,108	0	0
Other Purposes	81,913	116,083	41,515	36,082
Unrestricted	<u>1,589,773</u>	<u>2,215,903</u>	<u>2,738,380</u>	<u>3,943,336</u>
<b>Total Net Assets - Primary Government</b>	<u>\$ 10,964,162</u>	<u>\$ 11,068,898</u>	<u>\$ 13,168,769</u>	<u>\$ 14,996,613</u>

**KENSTON LOCAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>EXPENSES</b>				
<b><u>Governmental Activities</u></b>				
Regular Instruction	\$12,473,615	\$12,660,016	\$13,299,834	\$14,287,966
Special Instruction	2,566,138	2,993,982	3,358,790	3,776,698
Vocational Instruction	178,858	87,691	128,652	147,135
Other Instruction	42,357	50,620	123,949	171,918
Pupil Support	1,988,980	2,000,613	1,996,694	2,218,401
Instruction Staff Support	725,441	893,193	939,039	1,129,760
Board of Education	84,565	59,496	84,658	110,039
Administration	2,169,439	2,548,908	2,463,540	2,743,520
Fiscal	764,488	866,883	879,831	1,045,476
Business	37,748	40,691	40,017	46,097
Operation and Maintenance of Plant Services	3,187,029	3,251,788	3,053,972	3,360,914
Pupil Transportation	2,010,267	1,974,489	2,034,878	2,275,087
Central	23,029	117,910	4,439	10,362
Operation of Non-Instructional Services	129,766	84,727	91,506	86,262
Extracurricular Activities	1,032,012	1,342,710	1,170,417	1,220,162
Interest and Fiscal Charges	1,185,659	2,408,185	2,245,781	2,226,140
Other	<u>12,458</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenses - Governmental Activities</b>	<u>28,611,849</u>	<u>31,381,902</u>	<u>31,915,997</u>	<u>34,855,937</u>
<b><u>Business-Type Activities:</u></b>				
Food Service	703,830	752,938	705,672	859,639
Uniform School Supplies	133,242	134,610	138,654	146,748
Kindergarten Fees	182,926	196,069	180,156	283,357
Special Rotary	125,216	98,989	0	0
Adult Education	<u>0</u>	<u>0</u>	<u>81,201</u>	<u>54,031</u>
<b>Total Expenses - Business-Type Activities</b>	<u>1,145,214</u>	<u>1,182,606</u>	<u>1,105,683</u>	<u>1,343,775</u>
<b>Total Expenses - Primary Government</b>	<u>\$ 29,757,063</u>	<u>\$ 32,564,508</u>	<u>\$ 33,021,680</u>	<u>\$36,199,712</u> (Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(CONTINUED)**

	2003	2004	2005	2006
<b><u>PROGRAM REVENUES</u></b>				
<b><u>Governmental Activities</u></b>				
Charges for Services:				
Regular Instruction	\$ 173,908	\$ 204,482	\$ 150,907	\$ 134,620
Pupil Support	0	0	3,017	3,000
Instructional Staff Support	0	0	800	710
Administration	23,646	13,408	25,106	13,214
Pupil Transportation	57,548	63,013	64,367	92,805
Operation of Non-Instructional Services	15,894	41,881	6,382	5,247
Extracurricular Activities	0	577,677	484,978	551,433
Other	0	32,556	0	0
Operating Grants and Contributions:				
Regular Instruction	246,041	741,124	945,302	853,408
Special Instruction	140,456	11,200	290,946	213,943
Pupil Support	375,016	12,606	11,399	15,018
Instructional Staff Support	23,053	6,912	15,400	3,200
Administration	152,447	0	0	0
Fiscal	1,822	0	0	0
Central	500	0	0	0
Operation of Non-Instructional Services	22,431	0	15,537	19,655
Extracurricular Activities	196,074	40,659	107,866	43,376
Interest and Fiscal Charges	0	638,581	0	0
Capital Grants and Contributions:				
Regular Instruction	47,827	0	29,190	0
Pupil Support	0	20,376	0	0
Pupil Transportation	39,567	0	22,815	18,005
Extracurricular Activities	224,824	39,883	298	44,553
<b>Total Program Revenues - Governmental Activities</b>	<u>1,741,054</u>	<u>2,444,358</u>	<u>2,174,310</u>	<u>2,012,187</u>
<b><u>Business-Type Activities</u></b>				
Charges for Services:				
Food Service	564,157	648,239	640,325	697,596
Uniform School Supplies	127,786	144,148	148,520	154,265
Kindergarten Fees	184,749	198,740	265,713	267,226
Special Rotary	102,426	113,661	0	0
Adult Education	0	0	88,997	53,407
Operating Grants and Contributions:				
Food Service	69,651	85,338	87,097	88,220
<b>Total Program Revenues - Business-Type Activities</b>	<u>1,048,769</u>	<u>1,190,126</u>	<u>1,230,652</u>	<u>1,260,714</u>
<b>Total Program Revenues - Primary Government</b>	<u>2,789,823</u>	<u>3,634,484</u>	<u>3,404,962</u>	<u>3,272,901</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(CONTINUED)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>NET (EXPENSE) REVENUES</u></b>				
Governmental Activities	(26,870,795)	(28,937,544)	(29,741,687)	(32,843,750)
Business-Type Activities	<u>(96,445)</u>	<u>7,520</u>	<u>124,969</u>	<u>(83,061)</u>
<b>Total Net (Expense) Revenues - Primary Government</b>	<b><u>(26,967,240)</u></b>	<b><u>(28,930,024)</u></b>	<b><u>(29,616,718)</u></b>	<b><u>(32,926,811)</u></b>
<b><u>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</u></b>				
<b><u>Governmental Activities</u></b>				
Property and Other Local Taxes Levied for:				
General Purposes	17,564,521	19,127,964	19,621,846	23,144,769
Debt Service	2,513,309	3,149,913	4,188,559	3,245,570
Other Taxes	0	814	0	0
Grants and Entitlements not Restricted to Specified Programs	6,772,184	7,002,579	6,990,425	7,198,356
Investment Earnings	903,723	(246,305)	852,888	1,126,198
Transfers	(4,550)	0	0	0
Loss on Sale of Capital Assets	0	(5,900)	0	0
Miscellaneous	<u>0</u>	<u>6,336</u>	<u>48,663</u>	<u>26,297</u>
<b>Total Governmental Activities</b>	<b><u>27,749,187</u></b>	<b><u>29,035,401</u></b>	<b><u>31,702,381</u></b>	<b><u>34,741,190</u></b>
<b><u>Business-Type Activities</u></b>				
Investment Earnings	1,195	2,228	14,208	13,465
Transfers	4,550	0	0	0
Loss on Sale of Capital Assets	<u>0</u>	<u>(3,195)</u>	<u>0</u>	<u>0</u>
<b>Total Business-Type Activities</b>	<b><u>5,745</u></b>	<b><u>(967)</u></b>	<b><u>14,208</u></b>	<b><u>13,465</u></b>
<b>Total General Revenues and Other Changes in Net Assets - Primary Government</b>	<b><u>27,754,932</u></b>	<b><u>29,034,434</u></b>	<b><u>31,716,589</u></b>	<b><u>34,754,655</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>				
Governmental Activities	878,392	97,857	1,960,694	1,897,440
Business-Type Activities	<u>(90,700)</u>	<u>6,553</u>	<u>139,177</u>	<u>(69,596)</u>
<b>Total Change in Net Assets - Primary Government</b>	<b><u>\$ 787,692</u></b>	<b><u>\$ 104,410</u></b>	<b><u>\$ 2,099,871</u></b>	<b><u>\$ 1,827,844</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST FOUR FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Governmental Activities</u></b>				
Regular Instruction	\$ 467,776	\$ 945,606	\$ 1,125,399	\$ 988,028
Special Instruction	140,456	11,200	290,946	213,943
Pupil Support	375,016	32,982	14,416	18,018
Instruction Staff Support	23,053	6,912	16,200	3,910
Administration	176,093	13,408	25,106	13,214
Fiscal	1,822	0	0	0
Pupil Transportation	97,115	63,013	87,182	110,810
Central	500	0	0	0
Operation of Non-Instructional Services	38,325	41,881	21,919	24,902
Extracurricular Activities	420,898	658,219	593,142	639,362
Interest and Fiscal Charges	0	638,581	0	0
Other	<u>0</u>	<u>32,556</u>	<u>0</u>	<u>0</u>
<b>Total Governmental Activities</b>	<u>1,741,054</u>	<u>2,444,358</u>	<u>2,174,310</u>	<u>2,012,187</u>
<b><u>Business-Type Activities</u></b>				
Food Service	633,808	733,577	727,422	785,816
Uniform School Supplies	127,786	144,148	148,520	154,265
Kindergarten Fees	184,749	198,740	265,713	267,226
Special Rotary	102,426	113,661	0	0
Adult Education	<u>0</u>	<u>0</u>	<u>88,997</u>	<u>53,407</u>
<b>Total Business-Type Activities</b>	<u>1,048,769</u>	<u>1,190,126</u>	<u>1,230,652</u>	<u>1,260,714</u>
<b>Total Primary Government</b>	<u>\$ 2,789,823</u>	<u>\$ 3,634,484</u>	<u>\$ 3,404,962</u>	<u>\$ 3,272,901</u>



**KENSTON LOCAL SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST FOUR FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>General Fund</u></b>				
Reserved	\$ 2,835,821	\$ 4,130,985	\$ 5,232,597	\$ 5,426,147
Unreserved	<u>674,629</u>	<u>(771,874)</u>	<u>(3,087,765)</u>	<u>(445,358)</u>
<b>Total General Fund</b>	<u>3,510,450</u>	<u>3,359,111</u>	<u>2,144,832</u>	<u>4,980,789</u>
<b><u>All Other Governmental Funds</u></b>				
Reserved	4,550,137	3,179,713	22,067,919	6,693,986
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	216,092	225,226	218,665	254,859
Debt Service Funds	2,873,552	2,527,064	2,929,187	3,612,033
Capital Projects Funds	<u>40,752,923</u>	<u>39,847,159</u>	<u>5,964,290</u>	<u>2,158,917</u>
<b>Total All Other Governmental Funds</b>	<u>48,392,704</u>	<u>45,779,162</u>	<u>31,180,061</u>	<u>12,719,795</u>
<b>Total Governmental Funds</b>	<u>\$51,903,154</u>	<u>\$49,138,273</u>	<u>\$33,324,893</u>	<u>\$17,700,584</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST FOUR FISCAL YEARS (1)**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(CONTINUED)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>				
Taxes	\$ 20,173,473	\$ 22,327,480	\$ 22,629,841	\$ 27,559,206
Intergovernmental	7,718,952	7,809,374	8,321,490	8,312,743
Tuition and Fees	128,009	148,588	103,131	105,815
Transportation Fees	57,548	63,013	64,367	92,805
Earnings on Investments	903,723	392,277	852,888	1,126,396
Extracurricular Activities	453,361	648,218	533,063	603,536
Miscellaneous	158,902	130,573	188,557	121,742
<b>Total Revenues</b>	<u>29,593,968</u>	<u>31,519,523</u>	<u>32,693,337</u>	<u>37,922,243</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	11,641,690	12,581,978	13,239,574	13,732,730
Special	2,469,900	2,916,002	3,432,940	3,679,377
Vocational	172,060	103,612	127,387	145,506
Other	41,215	50,620	117,889	171,918
Support Services:				
Pupil	1,991,830	1,980,420	2,035,843	2,172,612
Instructional Staff	715,578	838,278	939,359	1,050,643
Board of Education	84,151	105,542	118,440	104,694
Administration	2,158,033	2,425,348	2,611,184	2,636,417
Fiscal	752,809	873,539	904,599	1,024,876
Business	37,569	77,596	43,211	43,965
Operations and Maintenance of Plant Services	3,199,574	3,172,725	3,114,284	3,179,229
Pupil Transportation	2,044,844	1,856,708	1,949,854	2,039,923
Central	6,029	575,968	780,834	10,362
Operation of Non-Instructional Services:				
Community Services	116,522	98,558	88,491	95,768
Other	12,187	18,821	23,313	13,947
Extracurricular Activities	1,024,349	1,243,188	1,182,244	1,218,033
Capital Outlay	305,360	1,505,619	14,613,583	19,004,040
Debt Service:				
Principal Retirement	828,500	1,313,500	923,500	993,500
Interest and Fiscal Charges	894,943	2,546,531	2,260,576	2,230,637
<b>Total Expenditures</b>	<u>28,497,143</u>	<u>34,284,553</u>	<u>48,507,105</u>	<u>53,548,177</u>
Excess of Revenues Over (Under) Expenditures	<u>1,096,825</u>	<u>(2,765,030)</u>	<u>(15,813,768)</u>	<u>(15,625,934)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	70	149	62	1,700
Proceeds from Sale of Bonds	45,000,000	0	0	0
Refund of Prior Year Receipts	0	0	0	(75)
Proceeds of Refunded Debt	6,725,000	0	0	0
Payment of Refunded Debt-Escrow Agent	(6,725,000)	0	0	0
Transfers In	136,985	96,985	116,985	116,585
Transfers Out	(141,535)	(96,985)	(116,985)	(116,585)
<b>Total Other Financing Sources (Uses)</b>	<u>44,995,520</u>	<u>149</u>	<u>62</u>	<u>1,625</u>
<b>Net Change in Fund Balances</b>	<u>\$ 46,092,345</u>	<u>\$ (2,764,881)</u>	<u>\$ (15,813,706)</u>	<u>\$ (15,624,309)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.00%	12.00%	9.00%	9.00%

(1) Includes General, Special Revenue, Capital Projects, and Debt Service funds.

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

Tax Year	Real Property			Tangible Personal Property						Total		
	Assessed Value			Public Utility		General Business		Estimated		Actual Value		Ratio
	Residential/ Agriculture	Commercial/ Industrial/PU	Estimated Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
1996	\$ 316,391,180	\$ 34,713,650	\$ 1,003,156,667	\$ 16,827,440	\$ 19,122,091	\$ 18,218,900	\$ 72,875,600	\$ 386,151,170	\$ 1,095,154,358	35%		
1997	334,712,980	35,695,480	1,058,309,886	16,013,730	18,197,420	20,352,290	81,409,160	406,774,480	1,157,916,466	35%		
1998	352,093,930	37,443,430	1,112,963,885	15,580,050	17,704,602	22,608,970	90,435,880	427,726,380	1,221,104,367	35%		
1999	409,466,150	46,178,790	1,301,842,686	14,089,740	16,011,068	22,453,900	89,815,600	492,188,580	1,407,669,354	35%		
2000	428,741,380	47,328,940	1,360,200,914	14,115,260	16,040,068	24,184,950	96,739,800	514,370,530	1,472,980,782	35%		
2001	446,463,830	49,871,040	1,418,099,629	12,728,320	14,464,000	31,008,490	124,033,960	540,071,680	1,556,597,589	35%		
2002	504,885,470	57,470,470	1,606,731,257	11,829,340	13,439,023	34,081,610	136,326,440	608,266,890	1,756,496,720	35%		
2003	521,959,440	69,886,540	1,690,985,514	12,554,160	14,266,090	32,095,660	128,382,640	636,495,800	1,833,634,244	35%		
2004	532,912,230	71,188,150	1,726,001,090	12,273,360	13,947,000	21,447,590	85,790,360	637,821,330	1,825,738,450	35%		
2005	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648	26,818,070	107,272,280	723,154,010	2,076,915,442	35%		

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 ½ percent, and homestead exemptions before being billed.

**Source:** Office of the County Auditor, Geauga County

**KENSTON LOCAL SCHOOL DISTRICT  
PROPERTY TAX RATES  
(PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Unvoted Millage</b>										
Operating	4.500000	4.500000	4.500000	4.500000	4.500000	4.500000	4.500000	4.500000	4.500000	4.500000
<b>Voted Millage</b>										
1976 Operating - Continuing	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000
Residential/Agricultural Real	9.047093	8.971819	8.912588	7.847558	7.811965	7.766337	7.075786	7.031988	7.016708	6.319051
Commercial/Industrial and Public Utility Real	13.108107	13.109815	13.023683	11.174102	11.183648	11.174010	10.016291	9.910517	9.904265	8.638240
Tangible/Public Utility Personal	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000	30.500000
1977 Operating - Continuing	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000
Residential/Agricultural Real	2.224695	2.206185	2.191620	1.929727	1.920975	1.909755	1.739947	1.729177	1.725420	1.553865
Commercial/Industrial and Public Utility Real	3.223305	3.223725	3.202545	2.747730	2.750077	2.747707	2.463022	2.437012	2.435475	2.124157
Tangible/Public Utility Personal	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000
1979 Operating - Continuing	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000
Residential/Agricultural Real	2.037783	2.020832	2.007489	1.767601	1.759587	1.749308	1.593762	1.583901	1.580458	1.423317
Commercial/Industrial and Public Utility Real	2.823903	2.824272	2.805715	2.407251	2.409308	2.407229	2.157820	2.135028	2.133681	1.860941
Tangible/Public Utility Personal	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000	5.500000
1982 Operating - Continuing	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000
Residential/Agricultural Real	1.851398	1.835995	1.823871	1.605922	1.598639	1.589301	1.447985	1.439025	1.435896	1.293127
Commercial/Industrial and Public Utility Real	2.247056	2.247350	2.232583	1.915515	1.917149	1.915497	1.717037	1.698900	1.697825	1.480801
Tangible/Public Utility Personal	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000	3.500000
1985 Bond Levy (Debt Service)	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	0.200000	0.200000	0.200000	0.200000
1987 Operating - Continuing	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000
Residential/Agricultural Real	3.151579	3.125359	3.104721	2.733714	2.721316	2.705415	2.464854	2.449597	2.444269	2.201236
Commercial/Industrial and Public Utility Real	3.788944	3.789440	3.764542	3.229907	3.232663	3.229878	2.895236	2.864656	2.862845	2.496897
Tangible/Public Utility Personal	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000	5.900000
1990 Operating - Continuing	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000
Residential/Agricultural Real	5.123415	5.080786	5.047238	4.444102	4.423949	4.398103	4.007032	3.982232	3.973566	3.578478
Commercial/Industrial and Public Utility Real	5.953316	5.954096	5.914978	5.074943	5.079276	5.074893	4.549097	4.501048	4.498201	3.923210
Tangible/Public Utility Personal	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000	8.300000
1992 Bond Levy (Debt Service)	2.200000	2.200000	2.200000	2.200000	2.200000	2.200000	1.200000	1.200000	1.200000	1.000000
1997 Operating - Continuing	0.000000	7.900000	6.900000	6.900000	6.900000	6.900000	6.900000	6.900000	6.900000	6.900000
Residential/Agricultural Real	0.000000	0.000000	0.000000	5.985115	5.979797	5.923160	5.396483	5.363080	5.351412	4.819325
Commercial/Industrial and Public Utility Real	0.000000	7.900000	6.854660	5.881173	5.886196	5.821118	5.271786	5.216103	5.212805	4.546472
Tangible/Public Utility Personal	0.000000	7.900000	6.900000	6.900000	6.900000	6.900000	6.900000	6.900000	6.900000	6.900000
2002 Bond Levy (Debt Service)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	4.300000	4.300000	4.300000	4.000000
2005 Operating - Continuing	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Residential/Agricultural Real	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Commercial/Industrial and Public Utility Real	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Tangible/Public Utility Personal	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Total Voted Millage</b>	64.400000	72.300000	71.300000	71.300000	71.300000	71.300000	73.800000	73.800000	73.800000	82.690000

**KENSTON LOCAL SCHOOL DISTRICT  
PROPERTY TAX RATES  
(PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS  
(CONTINUED)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Total Voted Millage by Type of Property</b>										
Residential/Agricultural Real	26.635963	34.275240	33.084924	29.513736	29.394401	29.241379	29.425849	29.279000	29.227729	34.844751
Commercial/Industrial and Public Utility Real	34.344631	42.248698	40.998706	35.630621	35.658317	35.630332	34.770289	34.463264	34.445097	38.460422
Tangible/Public Utility Personal	64.400000	72.300000	71.300000	71.300000	71.300000	71.300000	73.800000	73.800000	73.800000	82.690000
<b>Overlapping Rates by Taxing District</b>										
Geauga County	12.450000	12.450000	12.450000	12.650000	13.400000	14.400000	14.600000	15.100000	15.100000	15.100000
Residential/Agricultural Real	9.268421	9.229701	9.188474	9.122794	10.020950	10.991590	10.387579	10.858588	11.876713	10.891352
Commercial/Industrial and Public Utility Real	10.367874	10.368604	10.332681	9.700071	10.595040	11.582869	11.298447	11.755403	12.603699	11.414258
Tangible/Public Utility Personal	12.450000	12.450000	12.450000	12.650000	13.400000	14.400000	14.600000	15.100000	15.100000	15.100000
Geauga County Library District	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Residential/Agricultural Real	0.758300	0.754100	0.749500	0.641400	0.638500	0.636400	0.907900	0.904763	0.902200	0.807751
Commercial/Industrial and Public Utility Real	0.865700	0.865800	0.861500	0.727300	0.728000	0.727000	0.946200	0.941362	0.938700	0.827379
Tangible/Public Utility Personal	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Auburn JVSD	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
Residential/Agricultural Real	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
Commercial/Industrial and Public Utility Real	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
Tangible/Public Utility Personal	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
Auburn Township	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000
Residential/Agricultural Real	7.806236	7.734261	7.690403	7.092177	7.054108	7.020288	6.601939	6.559812	6.549713	6.750730
Commercial/Industrial and Public Utility Real	8.672780	8.705086	8.491645	7.412102	7.411360	7.410513	7.415548	7.411119	7.422720	6.972101
Tangible/Public Utility Personal	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000	11.170000
Bainbridge Township	21.500000	21.500000	22.500000	22.500000	22.500000	22.500000	22.500000	22.500000	22.500000	22.500000
Residential/Agricultural Real	14.463800	14.401600	15.335400	13.887900	13.863100	13.800900	12.913200	12.881000	13.113200	12.937900
Commercial/Industrial and Public Utility Real	15.979700	15.968200	16.960200	15.152600	15.133400	15.127000	13.663800	13.536500	13.785900	13.383400
Tangible/Public Utility Personal	21.500000	21.500000	22.500000	22.500000	22.500000	22.500000	22.500000	22.500000	22.500000	22.500000

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue received in that year.

Rates may only be raised by obtaining the approval of the majority of the voters at a public election.

**KENSTON LOCAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS (1)  
LAST TEN YEARS**

<u>Collection Year (2)</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Lev</u>
1996	\$ 13,367,115	\$ 13,030,963	97.49%	\$ 250,315	\$ 13,281,278	99.36%
1997	13,569,182	13,303,360	98.04%	324,418	13,627,778	100.43%
1998	17,436,307	17,076,424	97.94%	401,725	17,478,149	100.24%
1999	17,657,705	17,198,680	97.40%	425,477	17,624,157	99.81%
2000	18,545,717	18,100,770	97.60%	468,346	18,569,116	100.13%
2001	19,823,800	19,341,132	97.57%	498,948	19,840,080	100.00%
2002	20,460,049	19,939,692	97.46%	581,783	20,521,475	100.30%
2003	23,822,685	22,020,509	92.44%	614,572	22,635,081	95.01%
2004	23,578,971	22,513,540	95.49%	692,737	23,206,277	98.42%
2005	25,800,658	25,248,327	97.85%	1,611,689	26,860,016	104.10%

**Source:** Office of the County Auditor, Geauga County, Ohio

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

(2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.

(3) The County does not identify delinquent tax collections by tax year.

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
REAL ESTATE TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1998**

<u>Name of Taxpayer</u>	<u>December 31, 2005</u>	
	<u>Assessed Value</u>	Percentage of Real Property <u>Assessed Value</u>
Bainbridge Shopping Center	\$ 14,386,560	2.10%
Cedar Fair	9,269,620	1.35%
Tanglewood Square	2,555,740	0.37%
422 Company, Ltd.	2,158,420	0.32%
Capco Enterprises	2,049,250	0.30%
Bainbridge Associates, Ltd.	1,727,720	0.25%
Bainbridge Land	1,709,440	0.25%
Stock Equipment Co.	1,405,430	0.21%
Key Trust Company	1,254,740	0.18%
Tanglewood Associates	980,190	0.14%
<b>Totals</b>	<b><u>\$ 37,497,110</u></b>	<b><u>5.47%</u></b>
<b>Total Assessed Valuation</b>	<b><u>\$ 684,778,330</u></b>	

<u>Name of Taxpayer</u>	<u>December 31, 1998 (1)</u>	
	<u>Assessed Value</u>	Percentage of Real Property <u>Assessed Value</u>
Funtime, Inc.	\$ 2,802,720	0.72%
Tanglewood Partners	2,661,620	0.68%
Sea World, Inc.	2,004,170	0.52%
422 Company, Ltd.	1,750,000	0.45%
Capco Enterprises	1,610,000	0.41%
General Signal Corp.	1,221,710	0.32%
Bel Meadows, Inc.	950,410	0.24%
Tanglewood Associates	929,770	0.24%
Bainbridge Associates, Ltd.	901,260	0.23%
Key Trust Co.	857,070	0.22%
<b>Totals</b>	<b><u>\$ 15,688,730</u></b>	<b><u>4.03%</u></b>
<b>Total Assessed Valuation</b>	<b><u>\$ 389,537,360</u></b>	

**Source:** Geauga County Auditor

(1) Information prior to 1998 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1998**

<u>Name of Taxpayer</u>	<u>December 31, 2005</u>	
	<u>Assessed Value</u>	Percentage of Tangible <u>Assessed Value</u>
Cedar Fair	\$ 16,199,430	60.40%
Wal-Mart Store #3250	1,518,550	5.66%
Stock Equipment Co.	1,384,410	5.16%
Duramax, Inc.	1,273,630	4.75%
Mar Bal, Inc.	992,060	3.70%
Riser Foods Co.	845,530	3.15%
Noveen, Inc.	789,190	2.94%
Kohl's Department Stores	732,790	2.73%
Heinen's, Inc.	480,450	1.79%
Totals	<u>\$ 24,216,040</u>	<u>90.28%</u>
<b>Total Assessed Valuation</b>	<u>\$ 26,818,070</u>	

<u>Name of Taxpayer</u>	<u>December 31, 1998</u>	
	<u>Assessed Value</u>	(1) Percentage of Tangible <u>Assessed Value</u>
Funtime, Inc.	\$ 3,961,590	17.52%
General Signal Corp.	2,085,620	9.22%
Sea World, Inc.	1,877,510	8.30%
Duramax, Inc.	1,140,700	5.05%
Nalco Diversified Technologies	502,040	2.22%
Mar Bal, Inc.	488,760	2.16%
Speed Selector, Inc.	451,760	2.00%
Beck Mfg., Inc.	417,530	1.85%
ETNA Products, Inc.	408,970	1.81%
Electrolock, Inc.	406,030	1.80%
Totals	<u>\$ 11,740,510</u>	<u>51.93%</u>
<b>Total Assessed Valuation</b>	<u>\$ 22,608,970</u>	

**Source:** Geauga County Auditor

(1) Information prior to 1998 is not available.



**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
PUBLIC UTILITY PERSONAL PROPERTY TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1998**

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	December 31, 2005	
Name of Taxpayer	Assessed Value	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$ 5,938,510	51.38%
Western Reserve Telephone Co.	2,852,830	24.68%
American Transmission	713,790	6.18%
Voicestream Columbus, Inc.	449,370	3.89%
East Ohio Gas Co.	432,240	3.74%
Totals	\$ 10,386,740	89.87%
<b>Total Assessed Valuation</b>	<b>\$ 11,557,610</b>	

	December 31, 1998 (1)	
Name of Taxpayer	Assessed Value	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$ 8,645,620	55.49%
Western Reserve Telephone Co.	4,472,890	28.71%
East Ohio Gas Co.	1,483,360	9.52%
Totals	\$ 14,601,870	93.72%
<b>Total Assessed Valuation</b>	<b>\$ 15,580,050</b>	

**Source:** Geauga County Auditor

(1) Information prior to 1998 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES  
AS OF DECEMBER 31, 2005**

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<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District(1)</u>	<u>Applicable to School District</u>
<b><u>Direct</u></b>			
Kenston Local School	\$ 49,832,500	100.00%	\$ 49,832,500
<b>Total Direct</b>	<u>49,832,500</u>		<u>49,832,500</u>
<b><u>Overlapping</u></b>			
Geauga County	<u>11,351,378</u>	23.38%	<u>2,653,952</u>
<b>Total Overlapping</b>	<u>11,351,378</u>		<u>2,653,952</u>
<b>Grand Total</b>	<u>\$ 61,183,878</u>		<u>\$ 52,486,452</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 2005 collection year.

**KENSTON LOCAL SCHOOL DISTRICT  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Bonded Debt General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2000	\$ 10,255,000	0.73%	2.06%	\$ 789.33
2001	9,697,000	0.66%	1.58%	603.27
2002	8,891,500	0.57%	1.44%	553.16
2003	53,063,000	3.02%	8.62%	3,301.17
2004	51,749,500	2.82%	8.41%	3,219.45
2005	50,826,000	2.78%	8.26%	3,162.00
2006	49,832,500	2.40%	8.09%	3,100.19

Sources: Details regarding the School District's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule S19 for taxable property value data
- (2) See Schedule S20 for population and personal income data

**KENSTON LOCAL SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (2)
Assessed Valuations	\$ 386,151,170	\$ 406,774,480	\$ 427,722,630	\$ 492,188,580	\$ 514,370,530	\$ 540,071,680	\$ 608,266,890	\$ 636,495,800	\$ 637,821,330	\$ 692,201,700
Debt Limit - 9% of Assessed Value (1)	\$ 34,753,605	\$ 36,609,703	\$ 38,495,037	\$ 44,296,972	\$ 46,293,348	\$ 48,606,451	\$ 54,744,020	\$ 57,284,622	\$ 57,403,920	\$ 62,298,153
Amount of Debt Applicable to Debt Limit: General Obligation Bonds	11,645,000	11,250,000	10,789,000	10,255,000	9,697,000	8,891,500	53,063,000	51,749,500	50,826,000	49,832,500
Notes										
Less: Amount Available in Debt Service	(421,674)	(659,429)	(714,056)	(1,039,861)	(1,409,206)	(1,776,606)	(3,181,198)	(3,071,859)	(3,773,298)	(4,248,531)
Total	11,223,326	10,590,571	10,074,944	9,215,139	8,287,794	7,114,894	49,881,802	48,677,641	47,052,702	45,583,969
Amount of Debt Subject to Limit	11,223,326	10,590,571	10,074,944	9,215,139	8,287,794	7,114,894	49,881,802	48,677,641	47,052,702	45,583,969
Overall Debt Margin	\$ 23,530,279	\$ 26,019,132	\$ 28,420,093	\$ 35,081,833	\$ 38,005,554	\$ 41,491,557	\$ 4,862,218	\$ 8,606,981	\$ 10,351,218	\$ 16,714,184
Legal Debt Margin as a Percentage of Debt Limit	68%	71%	74%	79%	82%	85%	9%	15%	18%	27%
Unvoted Legal Debt Limit - .10% of Assessed Value (1)	\$ 386,151	\$ 406,774	\$ 427,723	\$ 492,189	\$ 514,371	\$ 540,072	\$ 608,267	\$ 636,496	\$ 637,821	\$ 692,202
Amount of Debt Subject to Limit	0	0	0	0	0	0	0	0	0	0
Unvoted Debt Margin	\$ 386,151	\$ 406,774	\$ 427,723	\$ 492,189	\$ 514,371	\$ 540,072	\$ 608,267	\$ 636,496	\$ 637,821	\$ 692,202
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Source:** Geauga County Auditor and School District Financial Records

- (1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.
- (2) House Bill 530 requires tangible personal property taxes as well as railroad and telephone personal property taxes are excluded from the legal debt margin calculation.

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property	General Bonded Debt			Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
			General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt		
1997	\$ 12,992	\$ 1,095,154,358	\$ 11,645,000	\$ 421,674	\$ 11,223,326	1.02%	\$ 864
1998	12,992	1,157,916,466	11,250,000	659,429	10,590,571	0.91%	815
1999	12,992	1,221,104,367	10,789,000	714,056	10,074,944	0.83%	775
2000	12,992	1,407,669,354	10,255,000	1,039,861	9,215,139	0.65%	709
2001	16,074	1,472,980,782	9,697,000	1,409,206	8,287,794	0.56%	516
2002	16,074	1,556,597,589	8,891,500	1,776,606	7,114,894	0.46%	443
2003	16,074	1,756,496,720	53,063,000	3,181,198	49,881,802	2.84%	3,103
2004	16,074	1,833,634,244	51,749,500	3,071,859	48,677,641	2.65%	3,028
2005	16,074	1,825,738,450	50,826,000	3,773,298	47,052,702	2.58%	2,927
2006	16,074	2,076,915,442	49,832,500	4,248,531	45,583,969	2.19%	2,836

**Sources:** (1) U. S. Census Bureau  
(a) 1990 Federal Census  
(b) 2000 Federal Census  
(2) Geauga County Auditor

**KENSTON LOCAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST SEVEN YEARS**

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<u>Year</u>	<u>Bainbridge Township Population (1)</u>	<u>Auburn Township Population (1)</u>	<u>Total Personal Income (3)</u>	<u>Personal Income Per Capita (1)</u>	<u>Geauga County Unemployment Rate (2)</u>
2000	9,694	3,298	\$ 497,580,608	\$ 38,299	2.8%
2001	10,916	5,158	615,618,126	38,299	3.0%
2002	10,916	5,158	615,618,126	38,299	3.2%
2003	10,916	5,158	615,618,126	38,299	3.7%
2004	10,916	5,158	615,618,126	38,299	5.3%
2005	10,916	5,158	615,618,126	38,299	4.7%
2006	10,916	5,158	615,618,126	38,299	3.4%

(1) 2000 U.S. Census Bureau

(2) Represents Geauga County

(3) Computation of per capita personal income multiplied by population

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR**

<u>Employer</u>	<u>December 31, 2005</u>	
	<u>Number of Employees (2)</u>	<u>Percentage of Total Employment</u>
Johnsonite, Inc.	450	6.04%
Kenston Local School District	260	3.49%
Heinen's, Inc.	233	3.13%
Stock Equipment, Inc.	200	2.68%
Giant Eagle, Inc.	123	1.65%
DCI Management Group, Inc.	100	1.34%
Chagrin Valley Athletic Club	100	1.34%
Mar-Bal, Inc.	93	1.25%
D. E. Williams Electric, Inc.	90	1.21%
Kmart Corp.	75	1.01%
Totals	<u>1,724</u>	<u>23.14%</u>
<b>Total Employment within the School District (1)</b>	<u><u>7,451</u></u>	

**Sources:** (1) Obtained from the 2000 U.S. Census Bureau  
(2) Obtained from the Cuyahoga County Library Search Engine

Prior years' information was not available.

**KENSTON LOCAL SCHOOL DISTRICT  
BUILDING STATISTICS BY FUNCTION/PROGRAM  
CURRENT FISCAL YEAR**

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**Kenston High School**

Constructed in 1956  
Total Building Square Footage - 146,415  
Enrollment Grades - 9<sup>th</sup> - 12<sup>th</sup>  
Student Capacity - 855  
Regular Instruction Classrooms - 40  
Regular Instruction Teachers - 55  
Special Instruction Teachers - 4

**Kenston Middle School**

Constructed in 1967  
Total Building Square Footage - 90,386  
Enrollment Grades - 6<sup>th</sup> - 8<sup>th</sup>  
Student Capacity - 616  
Regular Instruction Classrooms - 38  
Regular Instruction Teachers - 44.5  
Special Instruction Teachers - 4.5

**Timmons Elementary School**

Constructed in 1994  
Total Building Square Footage - 90,893  
Enrollment Grades - 3<sup>rd</sup> - 5<sup>th</sup>  
Student Capacity - 700  
Regular Instruction Classrooms - 34  
Regular Instruction Teachers - 41.5  
Special Instruction Teachers - 0

**Gardiner Elementary School**

Constructed in 1962  
Total Building Square Footage - 42,063  
Enrollment Grades - 1<sup>st</sup> - 2<sup>nd</sup>  
Student Capacity - 363  
Regular Instruction Classrooms - 24  
Regular Instruction Teachers - 21  
Special Instruction Teachers - 2

**Early Learning Center**

Constructed in 1942  
Total Building Square Footage - 40,335  
Enrollment Grades - Pre K-Kindergarten  
Student Capacity - 320  
Regular Instruction Classrooms - 11  
Regular Instruction Teachers - 9  
Special Instruction Teachers - 1



**KENSTON LOCAL SCHOOL DISTRICT  
PER PUPIL COST  
LAST EIGHT FISCAL YEARS**

Fiscal Year	Student Enrollment		General Government		Governmental Activities (3)	
	Average Enrollment (1)	Percentage of Change	Total Expenditures (2)	Per Pupil Cost	Total Expenses	Per Pupil Cost
1999	3,052	0.73%	\$ 20,373,630	\$ 6,676	N/A	N/A
2000	3,058	0.20%	21,634,764	7,075	N/A	N/A
2001	3,085	0.88%	23,378,180	7,578	N/A	N/A
2002	3,101	0.52%	24,768,900	7,987	N/A	N/A
2003	3,181	2.58%	26,773,700	8,417	28,055,884	8,820
2004	3,134	-1.48%	30,424,522	9,708	31,381,902	10,013
2005	3,169	1.12%	45,323,029	14,302	31,915,997	10,071
2006	3,220	1.61%	50,324,040	15,629	34,855,937	10,825

**Source:** School District Financial Records

(1) Based upon EMIS information provided to the Ohio Department of Education

(2) Debt Service expenditures have been excluded.

(3) The School District implemented GASB-34 in fiscal year 2003

**KENSTON LOCAL SCHOOL DISTRICT  
ENROLLMENT STATISTICS  
LAST NINE FISCAL YEARS**

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<u>Fiscal Year</u>	<u>Elementary Schools (1)</u>	<u>Middle School</u>	<u>High School</u>	<u>Totals</u>
1998	1,437	688	905	3,030
1999	1,426	727	899	3,052
2000	1,406	733	919	3,058
2001	1,421	751	913	3,085
2002	1,390	770	941	3,101
2003	1,429	795	957	3,181
2004	1,392	756	986	3,134
2005	1,415	732	1,022	3,169
2006	1,456	740	1,024	3,220

**Source:** Based upon EMIS information provided to the Ohio Department of Education

(1) Includes Pre-School Students

**KENSTON LOCAL SCHOOL DISTRICT  
FULL-TIME EQUIVALENT SCHOOL DISTRICT TEACHERS BY EDUCATION  
LAST TEN YEARS**

<u>Degree</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bachelor's Degree	10.00	12.00	11.00	8.00	8.00	9.00	10.50	10.00	5.00	4.50
Bachelor + 15	16.00	19.00	20.00	16.00	17.50	19.00	20.00	16.00	14.00	9.00
Bachelor + 30	42.00	45.00	45.00	39.00	48.50	51.00	48.00	50.00	50.00	51.00
Master's Degree	49.00	49.00	50.00	60.00	64.50	59.00	60.00	60.00	64.00	68.00
Master + 15	22.00	22.00	23.00	27.00	27.50	23.00	24.00	27.00	32.00	36.00
Master + 30	14.00	14.00	15.00	19.00	20.00	19.00	19.50	22.00	23.00	24.00
PhD	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Total	<u>154.00</u>	<u>162.00</u>	<u>165.00</u>	<u>170.00</u>	<u>187.00</u>	<u>181.00</u>	<u>183.00</u>	<u>186.00</u>	<u>189.00</u>	<u>193.50</u>

**KENSTON LOCAL SCHOOL DISTRICT  
AVERAGE NUMBER OF STUDENTS PER TEACHER  
LAST EIGHT SCHOOL YEARS**

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<u>Fiscal Year</u>	<u>Kenston Average</u>	<u>State Average</u>
1999	19.5	18.6
2000	19.2	18.1
2001	18.6	18.0
2002	18.4	16.9
2003	18.0	16.5
2004	19.1	18.5
2005	17.9	18.5
2006	17.7	18.6

**Source:** Ohio Department of Education, EMIS Reports

**KENSTON LOCAL SCHOOL DISTRICT  
ATTENDANCE AND GRADUATION RATES  
LAST NINE SCHOOL YEARS**

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<u>Fiscal Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
1998	95.9%	93.6%	92.5%	79.90%
1999	96.0%	93.5%	93.5%	81.40%
2000	94.9%	93.6%	95.1%	80.70%
2001	94.9%	93.9%	95.5%	81.20%
2002	95.0%	94.3%	96.8%	82.80%
2003	95.8%	94.5%	96.9%	83.90%
2004	96.1%	94.5%	96.5%	84.30%
2005	96.1%	94.3%	96.6%	85.90%
2006	96.1%	94.1%	97.5%	86.20%

**Source:** Ohio Department of Education Local Report Cards.

**KENSTON LOCAL SCHOOL DISTRICT  
SAT SCORES  
LAST SEVEN SCHOOL YEARS**

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<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Verbal</u>	<u>Ohio Verbal</u>	<u>National Verbal</u>	<u>Kenston Math</u>	<u>Ohio Math</u>	<u>National Math</u>
1999 (1)	-	-	-	515	534	505	532	538	511
2000	113	232	49%	511	533	505	532	539	514
2001	98	214	46%	517	534	506	537	539	514
2002	110	211	52%	509	533	504	533	540	516
2003	106	227	47%	518	536	507	520	541	519
2004	102	229	45%	537	538	508	541	542	518
2005	116	231	50%	536	539	508	551	543	520
2006	105	211	50%	531	535	503	539	544	518

**Source:** Guidance Office, Kenston Local School District

(1) Number of students not available for school year 1999

**KENSTON LOCAL SCHOOL DISTRICT  
ACT COMPOSITE SCORES  
LAST SEVEN SCHOOL YEARS**

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<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Composite</u>	<u>Ohio Composite</u>	<u>National Composite</u>
1999(1)	-	-	-	22.9	21.4	21.0
2000(1)	-	232	-	22.7	21.4	21.0
2001(1)	-	214	-	22.9	21.4	21.0
2002(1)	-	211	-	22.1	21.4	20.8
2003	88	227	39%	22.4	21.4	20.8
2004	87	229	38%	22.8	21.4	20.9
2005	140	231	61%	23.3	21.4	20.9
2006	81	211	38%	22.8	21.5	21.1

**Source:** Guidance Office, Kenston Local School District

(1) Number of students not available for this school year.

**KENSTON LOCAL SCHOOL DISTRICT  
SCHOOL DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TWO FISCAL YEARS**

<u>Function/Program</u>	<u>2006</u>	<u>2005</u>
Regular Instruction:		
Elementary Classroom Teachers	71.50	71.50
Middle School Classroom Teachers	44.50	43.50
High School Classroom Teachers	55.00	52.00
Special Instruction:		
Elementary Classroom Teachers	7.00	7.00
Gifted Education Teachers	5.00	5.00
Middle School Classroom Teachers	4.50	4.50
High School Classroom Teachers	4.00	4.00
Vocational Instruction:		
High School Classroom Teachers	2.00	2.00
Pupil Support Services:		
Guidance Counselors	7.00	7.00
Librarians	1.00	1.00
Speech and Language Pathologists	3.00	3.00
Non-Teaching Support Staff Central	18.50	18.50
Instructional Support Service:		
Non-Teaching Support Staff Elementary	34.00	34.00
Non-Teaching Support Staff Middle	15.50	15.50
Non-Teaching Support Staff High	18.50	18.50
Non-Teaching Support Staff Central	19.50	19.50
Administration:		
Elementary	4.00	4.00
Middle School	2.00	2.00
High School	4.00	4.00
Business:		
Central	1.50	1.50
Fiscal:		
Treasurer's Office	5.00	5.00
Operation of Plant:		
Custodial Department	24.00	24.00
Maintenance Department	4.00	4.00
Pupil Transportation:		
Bus Drivers	28.50	28.50
Bus Aides	2.00	2.00
Mechanics	3.00	3.00
Transportation Support Staff	2.00	2.00
Central:		
Community Relations	0.50	0.50
Technology	2.00	2.00
Personnel	0.50	0.50
Extracurricular:		
Athletic Department	1.00	1.00
Food Service Program:		
Elementary	6.50	6.50
Middle	2.50	2.50
High School Cooks	5.00	5.00
Totals	<u>408.50</u>	<u>404.50</u>

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee.



**KENSTON LOCAL SCHOOL DISTRICT  
CAPITAL ASSETS (NET OF DEPRECIATION)  
LAST FOUR FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Capital Assets</u></b>				
Land	\$ 125,211	\$ 125,211	\$ 125,211	\$ 704,063
Land Improvements	171,606	331,261	266,317	230,017
Building and Improvements	11,429,739	10,763,236	10,268,462	9,853,883
Furniture and Equipment	1,184,314	766,539	673,164	523,008
Vehicles	1,287,523	1,146,631	932,795	761,564
Construction in Progress	<u>320,704</u>	<u>2,546,374</u>	<u>18,181,846</u>	<u>36,612,359</u>
<b>Total Capital Assets</b>	<u>\$ 14,519,097</u>	<u>\$ 15,679,252</u>	<u>\$ 30,447,795</u>	<u>\$ 48,684,894</u>

**KENSTON LOCAL SCHOOL DISTRICT  
FREE OR REDUCED LUNCH PROGRAM PERCENTAGES  
JUNE 30, 2006**

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School Year (1) 2006	<u>Students</u> 3,557	Students Applicable for Free Lunch <u>157</u>	Percentage of Applicable Students for the Free Lunch Program <u>4.41%</u>	Students Applicable for Reduced Lunch <u>66</u>	Percentage of Applicable Students for the Reduced Lunch Program <u>1.86%</u>	Total Students Applicable for the Free and Reduced Lunch Program <u>223</u>	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs <u>6.27%</u>
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**Source:** "Lunch MR 81 Report for October 2005" obtained from the Ohio Department of Education

(1) The latest information available.



Mary Taylor, CPA  
Auditor of State

**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**  
**MARCH 13, 2007**