

***KENSTON SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED JUNE 30, 2007***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Kenston Local School District  
17149 Snyder Road  
Chagrin Falls, Ohio 44023

We have reviewed the *Independent Auditor's Report* of the Kenston Local School District, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Kenston Local School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 6, 2008

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GEAUGA COUNTY  
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**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>Pass through Ohio Department of Education</i>						
Food Distribution - Commodities - See Note 2	10.550	N/A	-	\$ 47,416	-	\$ 47,416
Nutrition Cluster: See Note 3						
National School Lunch Program	10.555	047191-LLP4-2006	\$ 24,774	-	\$ 24,774	-
National School Lunch Program	10.555	047191-LLP4-2007	52,344	-	52,344	-
Total Nutrition Cluster			<u>77,118</u>	<u>-</u>	<u>77,118</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			77,118	47,416	77,118	47,416
<b>U.S. Department of Education</b>						
<i>Pass through Ohio Department of Education</i>						
Title I - Financial Assistance to Meet Special Educational Needs of Disadvantaged Children						
Title I - FY07	84.010	047191-C1S1-2007	184,027	-	184,027	-
Total Title I			<u>184,027</u>	<u>-</u>	<u>184,027</u>	<u>-</u>
Special Education Cluster:						
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children						
IDEA - B - FY07	84.027	047191-6BSF-2007	589,909	-	589,909	-
Total Special Education Cluster			<u>589,909</u>	<u>-</u>	<u>589,909</u>	<u>-</u>
Safe and Drug Free Schools and Communities State Grant						
Title IV - FY06	84.186	047191-DRS1-2006	1,051	-	3,029	-
Title IV - FY07	84.186	047191-DRS1-2007	4,545	-	7,836	-
Total Safe and Drug Free Schools and Communities			<u>5,596</u>	<u>-</u>	<u>10,865</u>	<u>-</u>
Innovative Education Program Strategies						
Title V - FY07	84.298	047191-C2S1-2007	2,869	-	4,220	-
Total Innovative Education Program Strategies			<u>2,869</u>	<u>-</u>	<u>4,220</u>	<u>-</u>
Technology Literacy Challenge Funds						
Title II - D - FY06	84.318	044191-TJS1-2006	-	-	50	-
Title II - D - FY07	84.318	044191-TJS1-2007	1,135	-	1,914	-
Total Tecnology Literacy Challenge Funds			<u>1,135</u>	<u>-</u>	<u>1,964</u>	<u>-</u>
Improving Teacher Quality State Grant						
Title IIA - FY07	84.367	047191-TRS1-2007	64,086	-	72,659	-
Total Improving Teacher Quality State Grant			<u>64,086</u>	<u>-</u>	<u>72,659</u>	<u>-</u>
<b>Total U.S. Department of Education</b>			<u>847,622</u>	<u>-</u>	<u>863,644</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 924,740</u>	<u>\$ 47,416</u>	<u>\$ 940,762</u>	<u>\$ 47,416</u>

See Notes to the Schedule of Awards Expenditures

**KENSTON GEAUGA LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. FOOD DISTRIBUTION - COMMODITIES**

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. The non-monetary assistance (expenditures) is reported in the schedule at the fair market value of the commodities received.

**3. CHILD NUTRITION CLUSTER**

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

**4. MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the federally funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.

**5. CFDA – Catalog of Federal Domestic Assistance**

**6. N/A – Not Applicable**



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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
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, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the District, in a separate letter dated December 10, 2007.

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

***Charles E. Harris & Associates, Inc.***

December 10, 2007

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

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

To The Board of Education:

Compliance

We have audited the compliance of the Kenston Local School District with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the 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 program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We have also audited financial statements of the governmental activities, 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, 2007, and have issued our report thereon dated December 10, 2007. Our audit was performed to form opinions on the financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by *OMB Circular A-133* and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

***Charles E. Harris & Associates, Inc.***  
December 10, 2007

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
June 30, 2007**

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

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

**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  
June 30, 2007**

The prior audit report, for the year ending June 30, 2006, reported no material citations or recommendations.

# **KENSTON LOCAL SCHOOL DISTRICT**

**CHAGRIN FALLS, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**





# **KENSTON LOCAL SCHOOL DISTRICT**

**CHAGRIN FALLS, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

# **INTRODUCTORY SECTION**

**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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*

**Jack K. Thompson, Ed. D.**  
*Assistant Superintendent*

**Linda M. Hein**  
*Treasurer*

December 10, 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 Charles E. Harris and Associates, CPAs, Inc. conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2007.

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 Amendment of 1996. 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 Charles E. Harris and Associates, CPAs, Inc. 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, 2007, 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 18 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 2008, Geauga Lake Amusement Park announced its decision to close. This amusement park has been one of the School District's major individual taxpayers. The timing of the park's closing, along with the phase out of personal property taxes in the State of Ohio, will have a significant financial impact to the School District.

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 20 which details the latest ruling.

## **Major Initiatives**

During the summer of 2007, the School District completed several major infrastructure projects. The Gardiner Early Learning Center had the parking lot and bus stop areas paved, as well as roof replacement. The shared Kenston Intermediate/Kenston Middle School also had the parking lot and bus stop areas repaved, as well as roof replacement. The bus garage parking area at the Intermediate/Middle School was expanded to better accommodate the bus/van fleet. The roof systems selected provide a 20 year warranty.

## **Future Projects**

In December 2006, the School District received a State grant through Cleveland State University for \$295,000 to be used for a wind turbine project. The Cleveland Foundation also committed \$50,000 toward this project. The School District is continuing to explore funding sources for a \$600,000 - \$1,200,000 wind power project. Several corporate sources have shown interest in partnering with the School District in this endeavor.

Another project in the revenue development phase is the renovation of the School District's stadium. A group of citizens initiated the idea to fund a \$2.4 million renovation through private and corporate contributions. The renovation plans include an all-weather playing field, light replacement, and stadium seating replacement. The project was endorsed by the Kenston Board of Education at its July 2007 meeting. The citizen group's goal is to have the project completed in two years.

## **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 seventh consecutive designation as an "Excellent District" by the Ohio Department of Education makes it one of only six districts in the state to have achieved an "Excellent" rating for seven straight years. The School District applied and was granted two waiver days by the State Department of Education for the purpose of engaging in high quality staff development. These days will be dedicated to raising student achievement through attainment mapping, the development of essential understandings, and common assessments.

This initiative will help to ensure the curriculum is aligned horizontally and vertically to determine when students should attain mastery of each indicator in a subject. The staff worked collaboratively in developing essential understandings and common assessments to establish a means to provide meaningful feedback about student achievement to improve instruction and conduct targeted intervention for students in a timely fashion. Leadership teams continued to meet throughout the school year to develop opportunities for teachers to work collaboratively on a regular basis within the school day to ensure academic excellence and maximize personal growth.

Following a pilot program, the School District adopted a new elementary math program with a prescribed approach for specific content areas to increase critical thinking skills by solving real problems. A Web-based program known as Study Island was utilized to supplement the School District's students' preparation for the Ohio Achievement tests and the Ohio Graduation test. Being web-based, students and parents can access the site to work on specific skills from any computer with an internet connection. This user friendly and fun program records usage statistics and real-time reports that measure student program and identify deficiencies as they relate to specific outcomes. Teachers can then access these reports to help plan their instruction. Kenston High School was also designated a school of distinction by the Ohio Department of Education for strong achievement in state defined subgroups.

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, parents and faculty have all contributed to the School District's initiatives for sustaining academic excellence.

### **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 \$988,923 for the year ended June 30, 2007, which was credited directly to the general fund, capital projects fund, debt service, and food service. 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, 2006. 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.

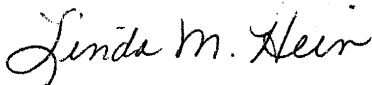
## Acknowledgments

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  
Kenston Local School District

# 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**KENSTON LOCAL SCHOOL DISTRICT  
CHAGRIN FALLS, OHIO  
PRINCIPAL OFFICIALS  
JUNE 30, 2007**

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**BOARD OF EDUCATION**

Ms. Joan Hamilton	President
Mr. William Timmons	Vice-President
Mr. Jerry Moreno	Member
Mr. Ralph Hastings	Member
Ms. Anne Randall	Member

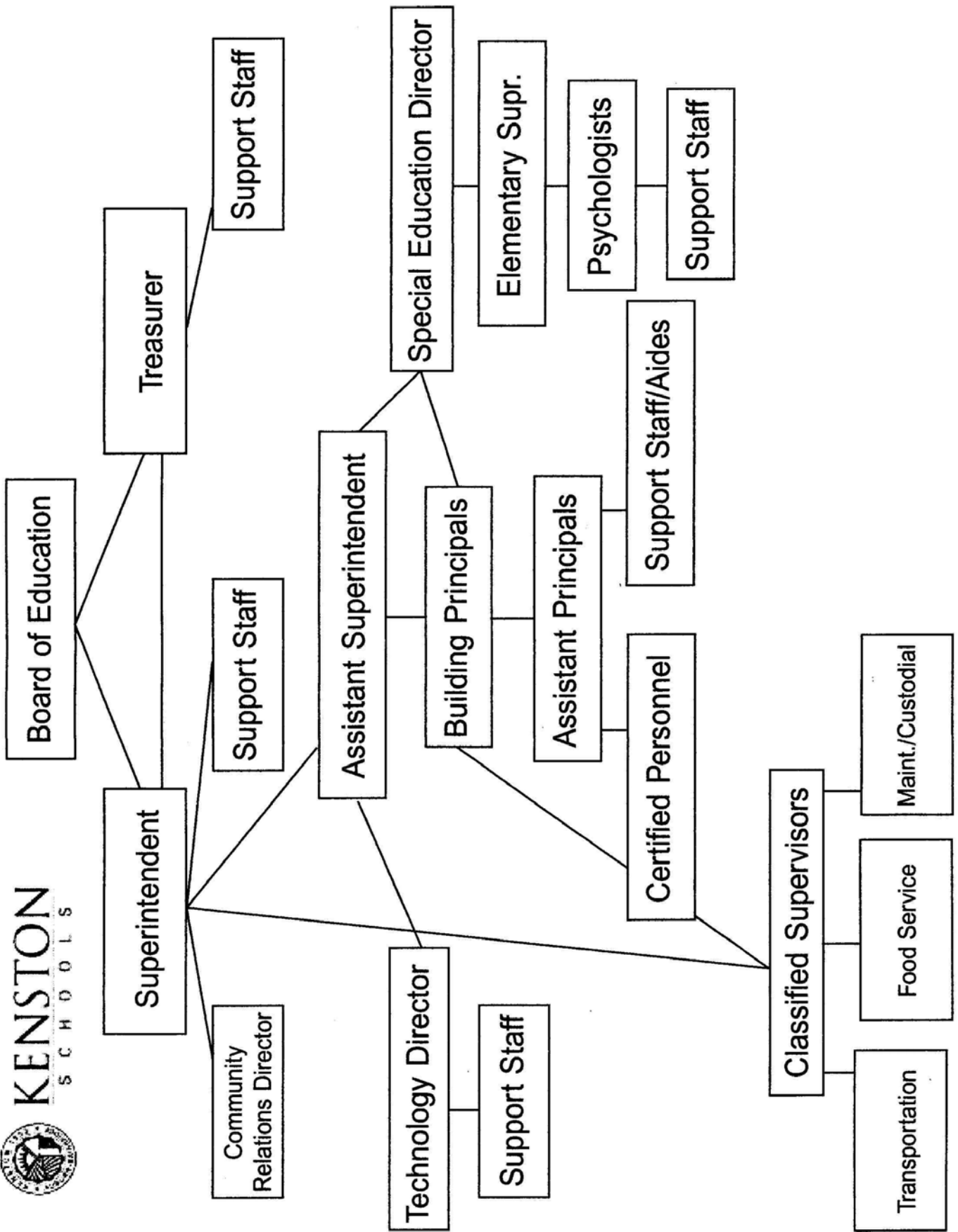
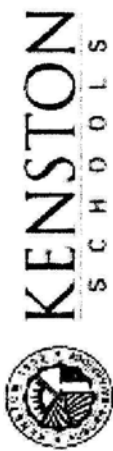
**Treasurer**

Ms. Linda M. Hein

**Administration**

Dr. Robert A. Lee	Superintendent
Dr. Jack Thompson	Assistant Superintendent
Ms. Rita Pressman	Director, Special Education







# FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Kenston Local School District  
17149 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 Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2007, 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007, on our consideration of the District's internal control over financial reporting and our test 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 controls 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 are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



*Charles E. Harris and Associates, Inc.*  
December 10, 2007

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2007**  
**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, 2007. 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 2007 are as follows:

- In total, net assets increased \$3,033,750. Net assets of governmental activities increased \$3,027,711, which represents a 20 percent increase from 2006. Net assets of business-type activities increased \$6,039 or 3 percent from 2006.
- General revenues accounted for \$37,148,039 in revenue or 91 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,599,883 or 9 percent of total revenues of \$40,748,222.
- Total assets of governmental activities increased by \$2,362,717 as taxes receivable increased by \$621,087, cash and investments decreased by \$4,020,606, and capital assets increased by \$5,963,749.
- The School District had \$36,481,095 in expenses related to governmental activities; only \$2,382,566 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$37,126,240 were adequate to provide for these programs.
- Among major funds, the general fund had \$33,825,891 in revenues and \$31,446,098 in expenditures. The general fund's fund balance increased to \$7,244,071 from \$4,980,789. The bond retirement fund increased its fund balance to \$4,626,333 from \$4,248,531. Building improvement capital project fund decreased its fund balance to \$1,444,490 from \$8,111,734.

**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, 2007**  
**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 significant due to construction of a new high school complex and major renovations. The bond retirement fund is significant due to the receipt of property taxes and the payment of principal and interest on the School District's debt.

***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 2007?" 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, 2007**  
**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 2007 compared to 2006:

**Table 1 - Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b><u>Assets</u></b>						
Current and Other Assets	\$ 43,177,167	\$ 46,778,199	\$ 287,407	\$ 282,893	\$ 43,464,574	\$ 47,061,092
Capital Assets	<u>54,648,643</u>	<u>48,684,894</u>	<u>35,018</u>	<u>42,181</u>	<u>54,683,661</u>	<u>48,727,075</u>
<b>Total Assets</b>	<u>97,825,810</u>	<u>95,463,093</u>	<u>322,425</u>	<u>325,074</u>	<u>98,148,235</u>	<u>95,788,167</u>
<b><u>Liabilities</u></b>						
Long-Term Liabilities	51,341,314	52,439,325	19,695	22,302	51,361,009	52,461,627
Other Liabilities	<u>28,662,696</u>	<u>28,229,679</u>	<u>94,167</u>	<u>100,248</u>	<u>28,756,863</u>	<u>28,329,927</u>
<b>Total Liabilities</b>	<u>80,004,010</u>	<u>80,669,004</u>	<u>113,862</u>	<u>122,550</u>	<u>80,117,872</u>	<u>80,791,554</u>
<b><u>Net Assets</u></b>						
Invested in Capital Assets						
Net of Debt	5,984,643	5,555,035	35,018	42,181	6,019,661	5,597,216
Restricted	5,765,276	5,456,061	0	0	5,765,276	5,456,061
Unrestricted (Deficit)	<u>6,071,881</u>	<u>3,782,993</u>	<u>173,545</u>	<u>160,343</u>	<u>6,245,426</u>	<u>3,943,336</u>
<b>Total Net Assets</b>	<u>\$17,821,800</u>	<u>\$14,794,089</u>	<u>\$ 208,563</u>	<u>\$ 202,524</u>	<u>\$18,030,363</u>	<u>\$ 14,996,613</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Total assets increased \$2,360,068. Equity in pooled cash and cash equivalents decreased \$4,006,275 due to expenses for construction projects. Taxes receivable increased \$621,087 due to continual growth of business within the School District. Capital assets increased \$5,956,586 due to construction of a new high school complex and other major improvements.

The net assets of the School District's business-type activities increased by \$6,039 or 3 percent. The increase was due to an increase in investment earnings.

Table 2 shows the changes in net assets for fiscal year 2007 and 2006.

**Table 2 - Change in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,019,092	\$ 801,029	\$ 1,150,818	\$ 1,172,494	\$ 2,169,910	\$ 1,973,523
Operating Grants and Contributions	1,331,227	1,148,600	66,799	88,220	1,398,026	1,236,820
Capital Grants and Contributions	32,247	62,558	0	0	32,247	62,558
General Revenues:						
Property Taxes	27,120,000	26,390,339	0	0	27,120,000	26,390,339
Grants and Entitlements	9,066,238	7,198,356	0	0	9,066,238	7,198,356
Investment Earnings	928,329	1,126,198	21,799	13,465	950,128	1,139,663
Other	<u>11,673</u>	<u>26,297</u>	<u>0</u>	<u>0</u>	<u>11,673</u>	<u>26,297</u>
<b>Total Revenues</b>	<b><u>39,508,806</u></b>	<b><u>36,753,377</u></b>	<b><u>1,239,416</u></b>	<b><u>1,274,179</u></b>	<b><u>40,748,222</u></b>	<b><u>38,027,556</u></b>
<b>Program Expenses</b>						
Instruction	19,070,383	18,383,717	0	0	19,070,383	18,383,717
Support Services:						
Pupil/Instructional Staff	3,307,157	3,348,161	0	0	3,307,157	3,348,161
Board of Education, Administration, Fiscal, and Business	4,000,520	3,945,132	0	0	4,000,520	3,945,132
Operation and Maintenance of Plant	3,964,286	3,360,914	0	0	3,964,286	3,360,914
Pupil Transportation	2,268,414	2,275,087	0	0	2,268,414	2,275,087
Central	6,844	10,362	0	0	6,844	10,362
Operation of Non-Instructional Services						
Extracurricular Activities	150,143	86,262	0	0	150,143	86,262
Interest and Fiscal Charges	1,413,965	1,220,162	0	0	1,413,965	1,220,162
Food Service	2,299,383	2,226,140	0	0	2,299,383	2,226,140
Uniform School Supplies	0	0	857,404	859,639	857,404	859,639
Kindergarten Fees	0	0	143,971	146,748	143,971	146,748
Adult Education	0	0	231,375	283,357	231,375	283,357
	<u>0</u>	<u>0</u>	<u>627</u>	<u>54,031</u>	<u>627</u>	<u>54,031</u>
<b>Total Program Expenses</b>	<b><u>36,481,095</u></b>	<b><u>34,855,937</u></b>	<b><u>1,233,377</u></b>	<b><u>1,343,775</u></b>	<b><u>37,714,472</u></b>	<b><u>36,199,712</u></b>
Increase (Decrease) in Net Assets	<b><u>\$ 3,027,711</u></b>	<b><u>\$ 1,897,440</u></b>	<b><u>\$ 6,039</u></b>	<b><u>\$ (69,596)</u></b>	<b><u>\$ 3,033,750</u></b>	<b><u>\$ 1,827,844</u></b>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Total revenues increased \$2,720,666. Property taxes increased \$729,661 due to a full year of the new levy collections. Grants and entitlements increased by \$1,867,882 due to Tax Value Loss Recovery from State funds to cover personal property tax loss as a result of the passage of H.B. 66.

Total expenses increased \$1,514,760. Instruction expenses increased \$686,666 due to an increase in salaries and benefits. Operation and Maintenance of Plant Services expenses increased \$603,372 due to salary increases.

***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 69 percent of revenues for governmental activities for the District in fiscal year 2007.

Instruction comprises 52 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 increase in net assets of \$3,027,711 is due to an increase in tax revenues as a result of a full year of collections from the new levy and additional State funds related to the Tax Value Loss Recovery.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2007 and 2006. 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 2007	Total Cost of Services 2006	Net Cost of Services 2007	Net Cost of Services 2006
Instruction	\$ 19,070,383	\$ 18,383,717	\$ 17,580,543	\$ 17,181,746
Support Services:				
Pupil and Instructional Staff	3,307,157	3,348,161	3,282,792	3,326,233
Board of Education, Administration, Fiscal, and Business	4,000,520	3,945,132	3,991,723	3,931,918
Operation and Maintenance of Plant	3,964,286	3,360,914	3,959,957	3,360,914
Pupil Transportation	2,268,414	2,275,087	2,244,259	2,164,277
Central	6,844	10,362	6,844	10,362
Operation of Non-Instructional Services	150,143	86,262	122,710	61,360
Extracurricular Activities	1,413,965	1,220,162	610,318	580,800
Interest and Fiscal Charges	2,299,383	2,226,140	2,299,383	2,226,140
<b>Total Expenses</b>	<u>\$ 36,481,095</u>	<u>\$ 34,855,937</u>	<u>\$ 34,098,529</u>	<u>\$ 32,843,750</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2007**  
**Unaudited**

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The dependence upon tax revenues for governmental activities is apparent. Over 92 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is over 93 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District's students.

***Business-Type Activities***

Business-type activities include adult/community education, the food service operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,239,416 and expenses of \$1,233,377 for fiscal year 2007. The increase in net assets of \$6,039 is due to increases in kindergarten fees and investment earnings. 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 \$39,386,557 and expenditures of \$43,389,764. The net change in fund balance for the year in the general fund experienced an increase of \$2,263,282 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 \$6,667,244 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 \$377,802, 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 2007, 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 \$32,585,050, which was above original budget estimate of \$32,006,272. Of this \$578,778 difference, most was due to the School District's conservative estimates of real estate tax revenues and the collection of delinquent taxes.

The original appropriations of \$32,916,694 were increased to \$33,216,694, which includes prior year encumbrances. Regular instruction proved to be higher than anticipated in the original budget.

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2007**  
**Unaudited**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2007, the School District had \$54,683,661 invested in land, buildings, improvements, vehicles, equipment, and construction in progress, \$54,648,643 in governmental activities. Table 4 shows fiscal 2007 balances compared to 2006:

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 704,063	\$ 704,063	\$ 0	\$ 0	\$ 704,063	\$ 704,063
Construction in Progress	43,305,939	36,612,359	0	0	43,305,939	36,612,359
Land and Buildings/ Improvements	9,677,418	10,083,900	0	0	9,677,418	10,083,900
Furniture and Equipment	388,050	523,008	35,018	42,181	423,068	565,189
Vehicles	573,173	761,564	0	0	573,173	761,564
	<u>\$54,648,643</u>	<u>\$48,684,894</u>	<u>\$ 35,018</u>	<u>\$ 42,181</u>	<u>\$54,683,661</u>	<u>\$48,727,075</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 2007, this amounted to \$477,719 for each set aside. For fiscal year 2007, the School District had qualifying disbursements or offsets exceeding these requirements.

As of June 30, 2007, 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 \$1,328,600.

See Note 9 for additional information on capital assets.

***Debt***

At June 30, 2007, the District had \$48,664,000 in bonds outstanding, \$1,253,500 due within one year. Table 5 summarizes bonds and notes outstanding.

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2007**  
**Unaudited**

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

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
1986 General Obligation Bonds	\$ 410,000	\$ 615,000
GES Septic System	54,000	67,500
2003 School Improvement Bonds	42,715,000	43,315,000
2003 School Improvement Refunding Bonds	5,370,000	5,720,000
2003 Capital Appreciation Bonds	<u>115,000</u>	<u>115,000</u>
<b>Total Long-Term Bonds</b>	<u>\$48,664,000</u>	<u>\$49,832,500</u>

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

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

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

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,100,000 current interest bonds and \$115,000 Capital Appreciation 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, 2007, the School District's overall voted legal debt margin was \$21,167,454 with an unvoted debt margin of \$724,501.

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

**Current Issues**

Kenston Local School District has been strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. The loss of valuation in the personal property taxes due to the passage of H.B. 66 will continue to shift the tax burden to property taxpayers.

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
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**Unaudited**

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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. Proceeds from the 9.3 mill operating levy, passed in 2005, will fund the School District's operations through 2009.

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 [Linda.Hein@KenstonLocal.org](mailto:Linda.Hein@KenstonLocal.org).

## *Basic Financial Statements*



**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 11,300,135	\$ 275,322	\$ 11,575,457
Investments	2,750,134	0	2,750,134
Accrued Interest Receivable	12,322	0	12,322
Accounts Receivable	17,192	594	17,786
Intergovernmental Receivable	80,309	0	80,309
Inventory Held for Resale	0	10,283	10,283
Materials and Supplies Inventory	87,919	1,208	89,127
Taxes Receivable	28,867,656	0	28,867,656
Deferred Charges (Deferred Loss on Early Retirement)	61,500	0	61,500
Nondepreciable Capital Assets	44,010,002	0	44,010,002
Depreciable Capital Assets, Net	<u>10,638,641</u>	<u>35,018</u>	<u>10,673,659</u>
<b>Total Assets</b>	<b><u>\$ 97,825,810</u></b>	<b><u>\$ 322,425</u></b>	<b><u>\$ 98,148,235</u></b>
<b>Liabilities</b>			
Accounts Payable	\$ 246,075	\$ 8,397	\$ 254,472
Contracts Payable	894,414	0	894,414
Accrued Wages	2,680,168	47,498	2,727,666
Matured Compensated Absences Payable	88,277	0	88,277
Intergovernmental Payable	938,847	38,272	977,119
Deferred Revenue	23,422,508	0	23,422,508
Accrued Interest Payable	171,051	0	171,051
Claims Payable	50,667	0	50,667
Deferred Credits	170,689	0	170,689
Long-Term Liabilities:			
Due Within One Year	2,047,795	5,013	2,052,808
Due in More Than One Year	<u>49,293,519</u>	<u>14,682</u>	<u>49,308,201</u>
<b>Total Liabilities</b>	<b><u>80,004,010</u></b>	<b><u>113,862</u></b>	<b><u>80,117,872</u></b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,984,643	35,018	6,019,661
Restricted for:			
Capital Projects	1,265,709	0	1,265,709
Debt Service	4,489,787	0	4,489,787
Other Purposes	9,780	0	9,780
Unrestricted (Deficit)	<u>6,071,881</u>	<u>173,545</u>	<u>6,245,426</u>
<b>Total Net Assets</b>	<b><u>\$ 17,821,800</u></b>	<b><u>\$ 208,563</u></b>	<b><u>\$ 18,030,363</u></b>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	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	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
Instruction:							
Regular	\$ 14,628,745	\$ 199,494	\$ 891,632	\$ 0	\$ (13,537,619)	\$ 0	\$ (13,537,619)
Special	3,990,362	60,868	337,846	0	(3,591,648)	0	(3,591,648)
Vocational	122,097	0	0	0	(122,097)	0	(122,097)
Other	329,179	0	0	0	(329,179)	0	(329,179)
Support Services:							
Pupil	2,147,048	3,183	12,671	0	(2,131,194)	0	(2,131,194)
Instructional Staff	1,160,109	8,511	0	0	(1,151,598)	0	(1,151,598)
Board of Education	123,440	120	0	0	(123,320)	0	(123,320)
Administration	2,810,452	8,677	0	0	(2,801,775)	0	(2,801,775)
Fiscal	1,022,597	0	0	0	(1,022,597)	0	(1,022,597)
Business	44,031	0	0	0	(44,031)	0	(44,031)
Operation and Maintenance of Plant	3,964,286	4,329	0	0	(3,959,957)	0	(3,959,957)
Pupil Transportation	2,268,414	0	0	24,155	(2,244,259)	0	(2,244,259)
Central	6,844	0	0	0	(6,844)	0	(6,844)
Operation of Non-Instructional Services	150,143	0	27,433	0	(122,710)	0	(122,710)
Extracurricular Activities	1,413,965	733,910	61,645	8,092	(610,318)	0	(610,318)
Interest and Fiscal Charges	2,299,383	0	0	0	(2,299,383)	0	(2,299,383)
<b>Total Governmental Activities</b>	<u>36,481,095</u>	<u>1,019,092</u>	<u>1,331,227</u>	<u>32,247</u>	<u>(34,098,529)</u>	<u>0</u>	<u>(34,098,529)</u>
<b>Business-Type Activities</b>							
Food Service	857,404	723,780	66,799	0	0	(66,825)	(66,825)
Uniform School Supplies	143,971	155,142	0	0	0	11,171	11,171
Kindergarten Fees	231,375	256,720	0	0	0	25,345	25,345
Adult Education	627	15,176	0	0	0	14,549	14,549
<b>Total Business-Type Activities</b>	<u>1,233,377</u>	<u>1,150,818</u>	<u>66,799</u>	<u>0</u>	<u>0</u>	<u>(15,760)</u>	<u>(15,760)</u>
<b>Total Primary Government</b>	<u>\$ 37,714,472</u>	<u>\$ 2,169,910</u>	<u>\$ 1,398,026</u>	<u>\$ 32,247</u>	<u>(34,098,529)</u>	<u>(15,760)</u>	<u>(34,114,289)</u>
<b>General Revenues</b>							
Property Taxes Levied for:							
General Purposes					23,687,775	0	23,687,775
Debt Service					3,432,225	0	3,432,225
Grants and Entitlements not Restricted to Special Programs					9,066,238	0	9,066,238
Investment Earnings					928,329	21,799	950,128
Miscellaneous					11,673	0	11,673
<b>Total General Revenues</b>					<u>37,126,240</u>	<u>21,799</u>	<u>37,148,039</u>
Change in Net Assets					3,027,711	6,039	3,033,750
Net Assets Beginning of Year					14,794,089	202,524	14,996,613
<b>Net Assets End of Year</b>					<u>\$ 17,821,800</u>	<u>\$ 208,563</u>	<u>\$ 18,030,363</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<u>General</u>	<u>Building Improvement</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 3,949,807	\$ 2,330,812	\$ 3,979,624	\$ 406,049	\$ 10,666,292
Investments	2,750,134	0	0	0	2,750,134
Receivables:					
Taxes	25,513,746	0	3,353,910	0	28,867,656
Accounts	9,100	8,092	0	0	17,192
Intergovernmental	66,315	0	0	13,994	80,309
Accrued Interest	12,322	0	0	0	12,322
Due from Other Funds	13,994	0	0	0	13,994
Materials and Supplies Inventory	87,919	0	0	0	87,919
<b>Total Assets</b>	<b><u>\$32,403,337</u></b>	<b><u>\$ 2,338,904</u></b>	<b><u>\$ 7,333,534</u></b>	<b><u>\$ 420,043</u></b>	<b><u>\$ 42,495,818</u></b>
<b><u>Liabilities and Fund Balance</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 226,328	\$ 0	\$ 0	\$ 19,747	\$ 246,075
Contracts Payable	0	894,414	0	0	894,414
Accrued Wages	2,680,168	0	0	0	2,680,168
Due to Other Funds	0	0	0	13,994	13,994
Matured Compensated Absences Payable	88,277	0	0	0	88,277
Intergovernmental Payable	935,102	0	0	3,745	938,847
Deferred Revenue	21,229,391	0	2,707,201	0	23,936,592
<b>Total Liabilities</b>	<b><u>25,159,266</u></b>	<b><u>894,414</u></b>	<b><u>2,707,201</u></b>	<b><u>37,486</u></b>	<b><u>28,798,367</u></b>
<b><u>Fund Balance</u></b>					
Reserved for:					
Taxes	4,284,355	0	646,709	0	4,931,064
Encumbrances	1,289,060	669,186	8,000	77,890	2,044,136
Unreserved, Undesignated, Reported in:					
General Fund	1,670,656	0	0	0	1,670,656
Special Revenue Fund	0	0	0	281,669	281,669
Debt Service Fund	0	0	3,971,624	0	3,971,624
Capital Projects Fund	0	775,304	0	22,998	798,302
<b>Total Fund Balance</b>	<b><u>7,244,071</u></b>	<b><u>1,444,490</u></b>	<b><u>4,626,333</u></b>	<b><u>382,557</u></b>	<b><u>13,697,451</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$32,403,337</u></b>	<b><u>\$ 2,338,904</u></b>	<b><u>\$ 7,333,534</u></b>	<b><u>\$ 420,043</u></b>	<b><u>\$ 42,495,818</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007**

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<b>Total Governmental Fund Balances</b>		\$ 13,697,451
<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.		54,648,643
Other long-term assets are not available to pay for current period expenditures and therefore are not deferred in the funds.		
Taxes	\$ 514,084	
Total		514,084
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.		583,176
Bond premium on the refunding issuance in governmental activities is deferred and to be amortized over the life of the new issuance.		(170,689)
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.		61,500
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	(48,664,000)	
Compensated Absences	(2,569,569)	
Bond Accretion	(107,745)	
Accrued Interest Payable	(171,051)	
Total		<u>(51,512,365)</u>
<b>Net Assets of Governmental Activities</b>		<u>\$ 17,821,800</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Building Improvement</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$24,482,685	\$ 0	\$ 3,399,400	\$ 0	\$ 27,882,085
Intergovernmental	8,155,462	0	388,414	918,737	9,462,613
Tuition	149,581	0	0	0	149,581
Earnings on Investments	944,906	18,244	3,500	474	967,124
Extracurricular Activities	0	0	0	745,064	745,064
Classroom Materials and Fees	1,087	0	0	0	1,087
Miscellaneous	<u>92,170</u>	<u>8,092</u>	<u>0</u>	<u>78,741</u>	<u>179,003</u>
<b>Total Revenues</b>	<u>33,825,891</u>	<u>26,336</u>	<u>3,791,314</u>	<u>1,743,016</u>	<u>39,386,557</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	14,113,796	0	0	96,752	14,210,548
Special	3,648,833	0	0	300,203	3,949,036
Vocational	120,164	0	0	0	120,164
Other	329,179	0	0	0	329,179
Support Services:					
Pupils	1,743,168	0	0	378,750	2,121,918
Instructional Staff	1,047,951	0	0	42,795	1,090,746
Board of Education	123,440	0	0	0	123,440
Administration	2,575,975	0	0	229,487	2,805,462
Fiscal Services	974,455	0	65,045	0	1,039,500
Business	43,407	0	0	0	43,407
Operation and Maintenance of Plant Services	3,839,342	0	0	0	3,839,342
Pupil Transportation	2,097,042	0	0	0	2,097,042
Central	6,844	0	0	0	6,844
Operation of Non-Instructional Services:					
Food Service Operations	4,247	0	0	0	4,247
Community Services	86,739	0	0	34,891	121,630
Other	16,446	0	0	0	16,446
Extracurricular Activities	657,413	0	0	753,696	1,411,109
Capital Outlay	656	6,693,580	0	0	6,694,236
Debt Service:					
Principal Retirement	13,500	0	1,155,000	0	1,168,500
Interest and Fiscal Charges	<u>3,501</u>	<u>0</u>	<u>2,193,467</u>	<u>0</u>	<u>2,196,968</u>
<b>Total Expenditures</b>	<u>31,446,098</u>	<u>6,693,580</u>	<u>3,413,512</u>	<u>1,836,574</u>	<u>43,389,764</u>
Excess of Revenues Over (Under) Expenditures	<u>2,379,793</u>	<u>(6,667,244)</u>	<u>377,802</u>	<u>(93,558)</u>	<u>(4,003,207)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Assets	74	0	0	0	74
Transfers In	0	0	0	116,585	116,585
Transfers Out	<u>(116,585)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(116,585)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(116,511)</u>	<u>0</u>	<u>0</u>	<u>116,585</u>	<u>74</u>
Net Change in Fund Balances	2,263,282	(6,667,244)	377,802	23,027	(4,003,133)
Fund Balances at Beginning of Year	<u>4,980,789</u>	<u>8,111,734</u>	<u>4,248,531</u>	<u>359,530</u>	<u>17,700,584</u>
<b>Fund Balance at End of Year</b>	<u>\$ 7,244,071</u>	<u>\$1,444,490</u>	<u>\$ 4,626,333</u>	<u>\$ 382,557</u>	<u>\$ 13,697,451</u>

**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, 2007**

**Net Change in Fund Balances - Total Governmental Funds** \$ (4,003,133)

*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	\$ 6,730,050	
Current Year Depreciation	<u>(766,282)</u>	
Total		5,963,768

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>(19)</u>	
Total		(19)

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

Taxes	<u>122,279</u>	
Total		122,279

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,168,500
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		3,500
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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, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Bond Accretion	(107,745)	
Compensated Absences Payable	<u>37,256</u>	
Total		(70,489)

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.

(158,525)

**Change in Net Assets of Governmental Activities** \$ 3,027,711

**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes	\$24,548,064	\$25,053,750	\$25,499,589	\$ 445,839
Intergovernmental	6,443,613	7,059,143	7,271,088	211,945
Tuition and Fees	104,982	118,463	118,463	0
Earnings on Investments	834,584	269,030	942,078	673,048
Miscellaneous	<u>75,029</u>	<u>84,664</u>	<u>84,664</u>	<u>0</u>
<b>Total Revenues</b>	<u>32,006,272</u>	<u>32,585,050</u>	<u>33,915,882</u>	<u>1,330,832</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular	14,488,475	14,788,475	14,373,251	415,224
Special	3,954,840	3,954,840	3,954,840	0
Vocational	117,271	117,271	117,271	0
Other	327,378	327,378	327,378	0
Support Services:				
Pupils	1,807,650	1,807,650	1,807,650	0
Instructional Staff	1,124,717	1,124,717	1,124,717	0
Board of Education	126,021	126,021	126,021	0
Administration	2,613,698	2,613,698	2,613,698	0
Fiscal Services	983,874	983,874	983,874	0
Business	43,288	43,288	43,288	0
Operation and Maintenance of				
Plant Services	4,106,907	4,106,907	4,106,907	0
Pupil Transportation	2,147,140	2,147,140	2,147,140	0
Central	242,605	242,605	242,605	0
Operation of Non-Instructional Services:				
Food Services	962	962	962	0
Community Services	143,176	143,176	143,176	0
Other	15,272	15,272	15,272	0
Extracurricular Activities:				
Academic-Subject Oriented	167,570	167,570	167,570	0
Sports-Oriented	488,193	488,193	488,193	0
Capital Outlay	656	656	656	0
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	<u>3,501</u>	<u>3,501</u>	<u>3,501</u>	<u>0</u>
<b>Total Expenditures</b>	<u>32,916,694</u>	<u>33,216,694</u>	<u>32,801,470</u>	<u>415,224</u>
Excess of Revenue Over (Under) Expenditures	<u>(910,422)</u>	<u>(631,644)</u>	<u>1,114,412</u>	<u>1,746,056</u> (Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from Sale of Assets	0	74	74	0
Advances In	0	0	3,000	3,000
Advances Out	(16,994)	(16,994)	(16,994)	0
Transfers Out	(116,585)	(116,585)	(116,585)	0
Refund of Prior Year Receipts	(16,000)	(16,000)	(16,000)	0
Refund of Prior Year Expenditures	<u>0</u>	<u>30,611</u>	<u>30,611</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(149,579)</u>	<u>(118,894)</u>	<u>(115,894)</u>	<u>3,000</u>
Net Change in Fund Balances	(1,060,001)	(750,538)	998,518	1,749,056
Fund Balance - Beginning of Year	2,962,894	2,962,894	2,962,894	0
Prior Year Encumbrances Appropriated	<u>1,251,273</u>	<u>1,251,273</u>	<u>1,251,273</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 3,154,166</u>	<u>\$ 3,463,629</u>	<u>\$ 5,212,685</u>	<u>\$ 1,749,056</u>



**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<b><u>Assets</u></b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 275,322	\$ 633,843
Receivables:		
Accounts	594	0
Inventory Held for Resale	10,283	0
Materials and Supplies Inventory	<u>1,208</u>	<u>0</u>
Total Current Assets	287,407	633,843
Capital Assets, Net of Depreciation	<u>35,018</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 322,425</u></b>	<b><u>\$ 633,843</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accounts Payable	\$ 8,397	\$ 0
Accrued Wages	47,498	0
Intergovernmental Payable	38,272	0
Claims Payable	0	50,667
Compensated Absences Payable	<u>5,013</u>	<u>0</u>
Total Current Liabilities	99,180	50,667
Long-Term Liabilities:		
Compensated Absences Payable	<u>14,682</u>	<u>0</u>
<b>Total Liabilities</b>	<b><u>113,862</u></b>	<b><u>50,667</u></b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets	35,018	0
Unrestricted	<u>173,545</u>	<u>583,176</u>
<b>Total Net Assets</b>	<b><u>\$ 208,563</u></b>	<b><u>\$ 583,176</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Business-Type <u>Activities</u> Enterprise <u>Funds</u>	Governmental <u>Activities</u> Internal <u>Service Fund</u>
<b><u>Operating Revenues</u></b>		
Tuition	\$ 271,896	\$ 0
Food Services	676,364	0
Classroom Materials and Fees	154,961	0
Charges for Services	0	3,294,921
Miscellaneous	<u>181</u>	<u>0</u>
<b>Total Operating Revenues</b>	<u>1,103,402</u>	<u>3,294,921</u>
<b><u>Operating Expenses</u></b>		
Salaries and Wages	441,282	0
Fringe Benefits	131,119	0
Claims	0	3,453,446
Purchased Services	427,993	0
Supplies and Materials	224,954	0
Depreciation	7,163	0
Other	<u>866</u>	<u>0</u>
<b>Total Operating Expenses</b>	<u>1,233,377</u>	<u>3,453,446</u>
Operating Income (Loss)	<u>(129,975)</u>	<u>(158,525)</u>
<b><u>Non-Operating Revenues</u></b>		
Earnings on Investments	21,799	0
Operating Grants	66,799	0
Donated Commodities	<u>47,416</u>	<u>0</u>
<b>Total Non-Operating Revenues</b>	<u>136,014</u>	<u>0</u>
Change in Net Assets	6,039	(158,525)
Net Assets at Beginning of Year	<u>202,524</u>	<u>741,701</u>
<b>Net Assets at End of Year</b>	<u>\$ 208,563</u>	<u>\$ 583,176</u>

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 1,099,900	\$ 3,294,921
Cash Payments for Goods and Services	(603,931)	0
Cash Payments to Employees for Services	(449,460)	0
Cash Payments for Employee Benefits	(133,201)	0
Cash Payments for Claims	0	(3,191,122)
Cash Payments for Other Operating Expenses	(866)	0
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(87,558)</b>	<b>103,799</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Operating Grants Received	80,090	0
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>80,090</b>	<b>0</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Earnings on Investments	21,799	0
<b>Net Cash Provided by Investing Activities</b>	<b>21,799</b>	<b>0</b>
Net Increase (Decrease) in Cash and Cash Equivalents	14,331	103,799
Cash and Cash Equivalents at Beginning of Year	260,991	530,044
<b>Cash and Cash Equivalents at End of year</b>	<b>\$ 275,322</b>	<b>\$ 633,843</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>		
Operating Income (Loss)	\$ (129,975)	\$ (158,525)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	7,163	0
Federal Donated Commodities	47,416	0
(Increase) Decrease in Assets:		
Accounts Receivable	(428)	0
Prepaid Expenses	0	214,520
Inventory Held for Resale	(10,283)	0
Materials and Supplies Inventory	7,237	0
Increase (Decrease) in Liabilities:		
Accounts Payable	5,140	(2,863)
Accrued Salaries and Benefits Payable	(11,242)	0
Intergovernmental Payable	21	0
Compensated Absences Payable	(2,607)	0
Claims Payable	0	50,667
Total Adjustments	42,417	262,324
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (87,558)</b>	<b>\$ 103,799</b>

**Schedule of Noncash Non-Capital Financing Activities**

During fiscal year 2007, the Food Service fund received noncash items of donated commodities in the amount of \$47,416.

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2007**

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	<u>Agency</u>
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$ 64,916
Intergovernmental Receivable	<u>41,483</u>
<b>Total Assets</b>	<b><u>\$ 106,399</u></b>
<b><u>Liabilities</u></b>	
Due to Others	\$ 53,762
Due to Students	<u>52,637</u>
<b>Total Liabilities</b>	<b><u>\$ 106,399</u></b>

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, 2007**

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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 197 non-certificated employees and 217.5 certificated full-time teaching personnel that provide services to 3,264 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, 2007  
(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 17 to the basic financial statements. The School District is also associated with five jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools' Council Association, and the East Shore Regional Transportation Authority. These organizations are presented in Note 18 to the basic financial statements.

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

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

A. **Basis of Presentation**

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

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. 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, 2007  
(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, 2007  
(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, 2007  
(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, 2007**  
**(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, 2007  
(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, 2007, but which were levied to finance fiscal year 2008 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, 2007  
(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. **Equity in Pooled 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 2007, 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, 2007.

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 2007 amounted to \$944,906, which includes \$492,591 assigned from other School District funds.

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

E. **Equity in Pooled 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, 2007 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, 2007  
 (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 "due to/from other funds". 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, 2007  
(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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term obligations are recognized as a liability on the governmental fund financial statements when due.



**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

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

**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.

**P. Interfund Activity**

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

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

P. **Interfund Activity** (Continued)

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.

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

R. **Budgetary Data** (Continued)

*Tax Budget*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for 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 2007.

*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

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (CONTINUED)**

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

R. **Budgetary Data** (Continued)

*Appropriations* (Continued)

set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final 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: **ACCOUNTABILITY**

Fund balances at June 30, 2007, included the following individual fund deficits:

	Deficit
Special Revenue Funds:	
Ohio Reads Grant	\$ 58
Title I	659
Drug Free School Grant	6
Improving Teacher Quality	314
Miscellaneous Federal Grants	6
Enterprise Fund:	
Food Services	36,142

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (CONTINUED)**

NOTE 3: **ACCOUNTABILITY** (Continued)

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 4: **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.

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	\$ 2,263,282
Net Adjustments for Revenue Accruals	123,602
Net Adjustments for Expenditure Accruals	98,890
Adjustments for Encumbrances	<u>(1,487,256)</u>
Budget Basis	<u>\$ 998,518</u>

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

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**NOTE 5: DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing 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;
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;

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

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, 2007, the School District had \$1,686 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".

Deposits

At June 30, 2007, the carrying amount of the School District's deposits was \$9,886,443, (including \$2,519,591 in non-negotiable certificates of deposits) and the bank balance was \$10,019,722. \$358,582 of the School District's bank balance was covered by Federal Depository Insurance and \$9,661,140 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.

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

*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, 2007, fair value was \$1,333 above the School District's net cost for investments. At June 30, 2006, fair value was \$60,504 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.

*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.



**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

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

*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 54 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, 2007, the School District had no exposure to foreign currency risk.

Cash and investments at year-end were as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Credit Rating (*)</u>	<u>Investment Maturities (in Years) &lt; 1</u>
STAROhio	\$ 1,352,393	AAA	\$ 1,352,393
Repurchase Agreement	723,020	N/A	723,020
U.S. Agencies	2,426,965	AAA	2,426,965
Carrying Amount of Deposits	9,886,443		0
Petty Cash	1,686		0
Total	<u>\$ 14,390,507</u>		<u>\$ 4,502,378</u>

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

NOTE 6: **PROPERTY TAXES**

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

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 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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.

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and 0 percent for 2009. 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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2007, 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, 2007, was \$4,284,355 in the general fund and \$646,709 in the debt service fund. 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.

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.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (CONTINUED)**

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006		2007	
	<u>Second Half Collections</u>		<u>First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 684,778,330	94.69%	\$ 698,594,890	96.43%
Public Utility	11,557,610	1.60%	11,409,340	1.57%
Tangible Personal Property	<u>26,818,070</u>	<u>3.71%</u>	<u>14,497,115</u>	<u>2.00%</u>
Total Assessed Value	<u>\$ 723,154,010</u>	<u>100.00%</u>	<u>\$ 724,501,345</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 87.19		\$ 87.19	

NOTE 7: **RECEIVABLES**

Receivables at June 30, 2007, 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 \$80,309 in intergovernmental receivables.

NOTE 8: **CONTRACTUAL COMMITMENTS**

As of June 30, 2007, the School District had \$1,328,000 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, 2007**  
**(CONTINUED)**

**NOTE 9: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance</u> <u>at 6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 6/30/07</u>
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 704,063	\$ 0	\$ 0	\$ 704,063
Construction in Progress	<u>36,612,359</u>	<u>6,693,580</u>	<u>0</u>	<u>43,305,939</u>
<i>Total Capital Assets, not being depreciated</i>	<u>37,316,422</u>	<u>6,693,580</u>	<u>0</u>	<u>44,010,002</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,057,097	0	0	1,057,097
Buildings and Improvements	17,912,169	6,800	0	17,918,969
Furniture and Equipment	3,477,679	29,670	(28,303)	3,479,046
Vehicles	<u>2,869,150</u>	<u>0</u>	<u>(74,880)</u>	<u>2,794,270</u>
<i>Total Capital Assets, being depreciated</i>	<u>25,316,095</u>	<u>36,470</u>	<u>(103,183)</u>	<u>25,249,382</u>
Less Accumulated Depreciation:				
Land Improvements	(827,080)	(27,044)	0	(854,124)
Buildings and Improvements	(8,058,286)	(386,238)	0	(8,444,524)
Furniture and Equipment	(2,954,671)	(164,609)	28,284	(3,090,996)
Vehicles	<u>(2,107,586)</u>	<u>(188,391)</u>	<u>74,880</u>	<u>(2,221,097)</u>
<i>Total Accumulated Depreciation</i>	<u>(13,947,623)</u>	<u>(766,282)</u>	<u>103,164</u>	<u>(14,610,741)</u>
<b><i>Total Capital Assets being depreciated, net</i></b>	<u>11,368,472</u>	<u>(729,812)</u>	<u>(19)</u>	<u>10,638,641</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 48,684,894</u>	<u>\$ 5,963,768</u>	<u>\$ (19)</u>	<u>\$ 54,648,643</u>
<b><u>Business-Type Activities</u></b>				
Furniture and Equipment	\$ 427,213	\$ 0	\$ 0	\$ 427,213
Less Accumulated Depreciation	<u>(385,032)</u>	<u>(7,163)</u>	<u>0</u>	<u>(392,195)</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 42,181</u>	<u>\$ (7,163)</u>	<u>\$ 0</u>	<u>\$ 35,018</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 350,433
Special		4,953
Support Services:		
Pupil		2,329
Instructional Staff		51,013
Administration		9,954
Fiscal		767
Operation and Maintenance of Plant		156,055
Pupil Transportation		174,961
Operation of Non-Instructional Services:		
Community Services		5,610
Extracurricular Activities:		
Student Activities		1,008
Sport Oriented Activities		7,790
School and Public Service Co-Curricular		<u>1,409</u>
Total Depreciation Expense		<u>\$ 766,282</u>

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

**NOTE 10: 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 2007, 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	500,000
	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 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10: **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 pays quarterly advances to cover the next three months of claims. Therefore, depending on the amount of claims incurred in the next three months, there could be a prepaid claims balance or a claims payable balance. 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>
2005	\$ 602,047	\$ 2,066,187	\$ (3,040,186)	\$ (371,952)
2006	\$ (371,952)	\$ 3,202,509	\$ (3,045,077)	\$ (214,520)
2007	\$ (214,520)	\$ 3,453,446	\$ (3,188,259)	\$ 50,667

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11: 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 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), under Forms and Publications.

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 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 a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$512,656, \$478,526, and \$451,673, respectively; 44.24 percent has been contributed for fiscal year 2007 and 100 percent for the fiscal years 2006 and 2005.

**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.strsoh.org](http://www.strsoh.org).

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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NOTE 11: **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, 2007, 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. For fiscal year 2006, the portion used to fund pension obligations was 13 percent. 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, 2007, 2006, and 2005, were \$1,996,250, \$1,931,421, and \$1,838,709, respectively; 82.98 percent has been contributed for fiscal year 2007 and 100 percent for the fiscal years 2006 and 2005.



**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
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**NOTE 12: 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-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All 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 cost 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, 2007, 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 \$153,558 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000, and STRS Ohio had 119,184 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 health care premium. 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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, 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 School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$262,900.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (CONTINUED)**

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**NOTE 12: 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 the projected claims less premium contributions for the next year. Expenses for health at June 30, 2006 (the latest information available) were \$158,751,207. As of June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

**NOTE 13: 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.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (CONTINUED)**

NOTE 13: **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 14: **INTERFUND RECEIVABLES, PAYABLES, TRANSFERS**

**A. Interfund Receivables and Payables**

As of June 30, 2007, interfund receivables and payables were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title V Fund	\$ 1,350
General Fund	Drug Free Schools Grant Fund	3,291
General Fund	Improving Teacher Quality Fund	8,573
General Fund	Miscellaneous Federal Grants Fund	780
		<u>\$ 13,994</u>

On the fund financial statements, the general fund reported an interfund receivable and the special revenue funds mentioned above reported interfund payables of \$13,994. The general fund provided temporary funding for the special revenue funds mentioned above until funds are received from the granting entity. These will be repaid within one year.

**B. Interfund Transfers**

As of June 30, 2007, 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, 2007  
(CONTINUED)**

**NOTE 15: SHORT-TERM OBLIGATIONS**

The changes in the School District's short-term obligations for the fiscal year 2007 were as follows:

	Principal Outstanding 06/30/06	Additions	Deductions	Principal Outstanding 06/30/07
<b><u>Governmental Activities</u></b>				
\$100,000 Land Acquisition Notes, Series 2005, 3.5%, due 11/29/06	\$ 100,000	\$ 0	\$ (100,000)	\$ 0

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. As of June 30, 2007, the note was paid in full.

**NOTE 16: LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	Principal Outstanding 06/30/07	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	\$ 615,000	\$ 0	\$ 205,000	\$ 410,000	\$ 205,000
\$135,000 GES Septic System - 5.7%, due 2010	67,500	0	13,500	54,000	13,500
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	43,315,000	0	600,000	42,715,000	665,000
\$6,610,000 School Improvement Refunding Bonds 2003 - 2.1-4.375%, due 2017	5,720,000	0	350,000	5,370,000	370,000
\$115,000 Capital Appreciation Bonds - 15.136%, due 2013	115,000	0	0	115,000	0
<b>Total Long-Term Bonds</b>	<b>49,832,500</b>	<b>0</b>	<b>1,168,500</b>	<b>48,664,000</b>	<b>1,253,500</b>
<b><u>Other General Long-Term Obligations</u></b>					
Accretion on Bonds	0	107,745	0	107,745	0
Compensated Absences	2,606,825	794,295	831,551	2,569,569	794,295
<b>Total Governmental Long- Term Liabilities</b>	<b>52,439,325</b>	<b>902,040</b>	<b>2,000,051</b>	<b>51,341,314</b>	<b>2,047,795</b>
<b><u>Business-Type Activities</u></b>					
Compensated Absences	\$ 22,302	\$ 5,013	\$ 7,620	\$ 19,695	\$ 5,013
<b>Total Business-Type Activities</b>	<b>22,302</b>	<b>5,013</b>	<b>7,670</b>	<b>19,695</b>	<b>5,013</b>

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(CONTINUED)**

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

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,110,000 are current interest bonds and \$115,000 are capital appreciation bonds) for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the School District's government-wide financial statements. As of June 30, 2007, the amount of defeased debt outstanding but removed from the financial statements amounted to \$2,535,000.

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 \$21,167,454 with an unvoted debt margin of \$724,501 at June 30, 2007.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (CONTINUED)**

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

Principal and interest requirements to retire general obligation debt at June 30, 2007, are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,253,500	\$ 2,152,879	\$ 3,406,379
2009	1,353,500	2,117,433	3,470,933
2010	1,358,500	2,048,538	3,407,038
2011	1,488,500	1,993,297	3,481,797
2012	1,595,000	1,940,733	3,535,733
2013-2017	10,545,000	9,108,929	19,653,929
2018-2022	10,525,000	6,055,863	16,580,863
2023-2027	11,935,000	3,428,063	15,363,063
2028-2032	8,610,000	592,425	9,202,425
	<u>\$ 48,664,000</u>	<u>\$ 29,438,160</u>	<u>\$ 78,102,160</u>

NOTE 17: **PUBLIC ENTITY RISK POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS**

**Auburn Career Center**

The Auburn Career Center is a joint vocational school district which is a jointly governed board appointment organization among eleven school districts. Each participating school district appoints one member to the Auburn Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Auburn Career Center is limited to its representation on the Board. The Auburn Career Center receives 1.5 mills of the School District's property tax, which is paid to the Auburn Career Center directly by Geauga County. No other contribution by the School District is required. Continued existence of the Auburn Career Center is not dependent on the School District's continued participation. Financial information can be obtained from 8140 Auburn Road, Painesville, Ohio 44077.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

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NOTE 18: **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 \$88,809 to LGCA during fiscal year 2007. 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 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. 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 2007, the School District paid \$912,239 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, 2007  
(CONTINUED)**

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NOTE 18: **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 \$1,560 to ESRTA during fiscal year 2007. 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

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NOTE 19: **CONTINGENCIES**

A. **Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. **Litigation**

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

NOTE 20: **STATE SCHOOL FUNDING DECISION**

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

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

NOTE 21: **SET-ASIDE REQUIREMENTS**

**Set-Aside Calculations**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(CONTINUED)**

NOTE 21: **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, 2006	\$ (1,613,517)	\$ 0
Current Year Set-Aside Requirements	477,719	477,719
Qualifying Disbursements	(655,885)	(7,305,695)
Reduction in Required Set-Aside	<u>0</u>	<u>0</u>
Total	<u>\$ (1,791,683)</u>	<u>\$ (6,827,976)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ (1,791,683)</u>	<u>\$ 0</u>
Set-Aside Reserve Balance as of June 30, 2007	<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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes	\$24,548,064	\$25,053,750	\$25,499,589	\$ 445,839
Intergovernmental	6,443,613	7,059,143	7,271,088	211,945
Tuition	104,982	118,463	118,463	0
Earnings on Investment	834,584	269,030	942,078	673,048
Miscellaneous	<u>75,029</u>	<u>84,664</u>	<u>84,664</u>	<u>0</u>
<b>Total Revenues</b>	<u>32,006,272</u>	<u>32,585,050</u>	<u>33,915,882</u>	<u>1,330,832</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	10,332,894	10,632,894	10,217,671	415,223
Fringe Benefits	3,230,019	3,230,019	3,230,019	0
Purchased Services	230,094	230,094	230,094	0
Supplies and Materials	478,177	478,177	478,176	1
Capital Outlay - New	194,507	194,507	194,507	0
Capital Outlay - Replacement	21,134	21,134	21,134	0
Other	<u>1,650</u>	<u>1,650</u>	<u>1,650</u>	<u>0</u>
Total Regular Instruction	<u>14,488,475</u>	<u>14,788,475</u>	<u>14,373,251</u>	<u>415,224</u>
Special Instruction:				
Salaries and Wages	2,049,503	2,049,503	2,049,503	0
Fringe Benefits	501,445	501,445	501,445	0
Purchased Services	1,389,515	1,389,515	1,389,515	0
Supplies and Materials	6,303	6,303	6,303	0
Capital Outlay - New	<u>8,074</u>	<u>8,074</u>	<u>8,074</u>	<u>0</u>
Total Special Instruction	<u>3,954,840</u>	<u>3,954,840</u>	<u>3,954,840</u>	<u>0</u>
Vocational Education:				
Salaries and Wages	60,285	60,285	60,285	0
Fringe Benefits	12,424	12,424	12,424	0
Purchased Services	<u>44,562</u>	<u>44,562</u>	<u>44,562</u>	<u>0</u>
Total Vocational Education	<u>117,271</u>	<u>117,271</u>	<u>117,271</u>	<u>0</u>
Other Instruction:				
Salaries and Wages	156,753	156,753	156,753	0
Purchased Services	<u>170,625</u>	<u>170,625</u>	<u>170,625</u>	<u>0</u>
Total Other Instruction	<u>327,378</u>	<u>327,378</u>	<u>327,378</u>	<u>0</u>
Total Instruction	<u>18,887,964</u>	<u>19,187,964</u>	<u>18,772,740</u>	<u>415,224</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Support Services:				
Pupils:				
Salaries and Wages	1,003,078	1,003,078	1,003,078	0
Fringe Benefits	330,010	330,010	330,010	0
Purchased Services	260,698	260,698	260,698	0
Supplies and Materials	22,280	22,280	22,280	0
Capital Outlay - New	8,600	8,600	8,600	0
Capital Outlay - Replacement	2,100	2,100	2,100	0
Other	<u>180,884</u>	<u>180,884</u>	<u>180,884</u>	<u>0</u>
Total Pupils	<u>1,807,650</u>	<u>1,807,650</u>	<u>1,807,650</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	646,355	646,355	646,355	0
Fringe Benefits	277,044	277,044	277,044	0
Purchased Services	64,566	64,566	64,566	0
Supplies and Materials	104,873	104,873	104,873	0
Capital Outlay - New	29,596	29,596	29,596	0
Capital Outlay - Replacement	1,182	1,182	1,182	0
Other	<u>1,101</u>	<u>1,101</u>	<u>1,101</u>	<u>0</u>
Total Instructional Staff	<u>1,124,717</u>	<u>1,124,717</u>	<u>1,124,717</u>	<u>0</u>
Board of Education:				
Salaries and Wages	14,750	14,750	14,750	0
Fringe Benefits	3,558	3,558	3,558	0
Purchased Services	51,057	51,057	51,057	0
Supplies and Materials	394	394	394	0
Other	<u>56,262</u>	<u>56,262</u>	<u>56,262</u>	<u>0</u>
Total Board of Education	<u>126,021</u>	<u>126,021</u>	<u>126,021</u>	<u>0</u>
Administration:				
Salaries and Wages	1,635,296	1,635,296	1,635,296	0
Fringe Benefits	774,977	774,977	774,977	0
Purchased Services	64,908	64,908	64,908	0
Supplies and Materials	48,840	48,840	48,840	0
Capital Outlay - New	32,479	32,479	32,479	0
Capital Outlay - Replacement	8,907	8,907	8,907	0
Other	<u>48,291</u>	<u>48,291</u>	<u>48,291</u>	<u>0</u>
Total Administration	<u>2,613,698</u>	<u>2,613,698</u>	<u>2,613,698</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Fiscal Services:</b>				
Salaries and Wages	309,117	309,117	309,117	0
Fringe Benefits	158,681	158,681	158,681	0
Purchased Services	18,521	18,521	18,521	0
Supplies and Materials	7,057	7,057	7,057	0
Capital Outlay - New	1,355	1,355	1,355	0
Other	<u>489,143</u>	<u>489,143</u>	<u>489,143</u>	<u>0</u>
Total Fiscal Services	<u>983,874</u>	<u>983,874</u>	<u>983,874</u>	<u>0</u>
<b>Business:</b>				
Salaries and Wages	35,946	35,946	35,946	0
Fringe Benefits	6,893	6,893	6,893	0
Purchased Services	<u>449</u>	<u>449</u>	<u>449</u>	<u>0</u>
Total Business	<u>43,288</u>	<u>43,288</u>	<u>43,288</u>	<u>0</u>
<b>Operation and Maintenance of Plant Services:</b>				
Salaries and Wages	1,392,646	1,392,646	1,392,646	0
Fringe Benefits	490,839	490,839	490,839	0
Purchased Services	2,088,699	2,088,699	2,088,699	0
Supplies and Materials	105,120	105,120	105,120	0
Capital Outlay - New	11,650	11,650	11,650	0
Capital - Replacement	16,465	16,465	16,465	0
Dues and Fees	<u>1,488</u>	<u>1,488</u>	<u>1,488</u>	<u>0</u>
Total Operation and Maintenance of Plant Services	<u>4,106,907</u>	<u>4,106,907</u>	<u>4,106,907</u>	<u>0</u>
<b>Pupil Transportation:</b>				
Salaries and Wages	1,109,574	1,109,574	1,109,574	0
Fringe Benefits	531,733	531,733	531,733	0
Purchased Services	100,360	100,360	100,360	0
Supplies and Materials	404,504	404,504	404,504	0
Capital Outlay - Replacement	<u>969</u>	<u>969</u>	<u>969</u>	<u>0</u>
Total Pupil Transportation	<u>2,147,140</u>	<u>2,147,140</u>	<u>2,147,140</u>	<u>0</u>
<b>Central Services:</b>				
Purchased Services	3,584	3,584	3,584	0
Capital Outlay - Replacement	235,521	235,521	235,521	0
Other	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>0</u>
Total Central Services	<u>242,605</u>	<u>242,605</u>	<u>242,605</u>	<u>0</u>
Total Support Services	<u>13,195,900</u>	<u>13,195,900</u>	<u>13,195,900</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
GENERAL FUND (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Operation of Non-Instructional Services:				
Food Services:				
Salaries and Wages	962	962	962	0
Total Food Services	<u>962</u>	<u>962</u>	<u>962</u>	<u>0</u>
Community Services:				
Salaries and Wages	38,472	38,472	38,472	0
Fringe Benefits	11,180	11,180	11,180	0
Purchased Services	74,892	74,892	74,892	0
Supplies and Materials	18,115	18,115	18,115	0
Capital Outlay - Replacement	517	517	517	0
Total Community Services	<u>143,176</u>	<u>143,176</u>	<u>143,176</u>	<u>0</u>
Other:				
Salaries and Wages	12,970	12,970	12,970	0
Fringe Benefits	2,302	2,302	2,302	0
Total Other	<u>15,272</u>	<u>15,272</u>	<u>15,272</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>159,410</u>	<u>159,410</u>	<u>159,410</u>	<u>0</u>
Extracurricular Activities:				
Academic-Subject Oriented:				
Salaries and Wages	145,149	145,149	145,149	0
Fringe Benefits	22,421	22,421	22,421	0
Total Academic-Subject Oriented	<u>167,570</u>	<u>167,570</u>	<u>167,570</u>	<u>0</u>
Sports Oriented:				
Salaries and Wages	410,038	410,038	410,038	0
Fringe Benefits	70,382	70,382	70,382	0
Purchased Services	7,773	7,773	7,773	0
Total Sports-Oriented	<u>488,193</u>	<u>488,193</u>	<u>488,193</u>	<u>0</u>
Total Extracurricular Activities	<u>655,763</u>	<u>655,763</u>	<u>655,763</u>	<u>0</u>
Capital Outlay:				
Other Facilities Acquisition and Construction:				
Purchased Services	656	656	656	0
Total Other Facilities Acquisition and Construction	<u>656</u>	<u>656</u>	<u>656</u>	<u>0</u>
Total Capital Outlay	<u>656</u>	<u>656</u>	<u>656</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
GENERAL FUND (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	<u>3,501</u>	<u>3,501</u>	<u>3,501</u>	<u>0</u>
Total Debt Service	<u>17,001</u>	<u>17,001</u>	<u>17,001</u>	<u>0</u>
<b>Total Expenditures</b>	<u>32,916,694</u>	<u>33,216,694</u>	<u>32,801,470</u>	<u>415,224</u>
Excess of Revenue Over (Under) Expenditures	<u>(910,422)</u>	<u>(631,644)</u>	<u>1,114,412</u>	<u>1,746,056</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	0	74	74	0
Advances In	0	0	3,000	3,000
Advances Out	(16,994)	(16,994)	(16,994)	0
Transfers Out	(116,585)	(116,585)	(116,585)	0
Refund of Prior Year Receipts	(16,000)	(16,000)	(16,000)	0
Refund of Prior Year Expenditures	<u>0</u>	<u>30,611</u>	<u>30,611</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(149,579)</u>	<u>(118,894)</u>	<u>(115,894)</u>	<u>3,000</u>
Net Change in Fund Balance	(1,060,001)	(750,538)	998,518	1,749,056
Fund Balance at Beginning of Year	2,962,894	2,962,894	2,962,894	0
Prior Year Encumbrances Appropriated	<u>1,251,273</u>	<u>1,251,273</u>	<u>1,251,273</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 3,154,166</u>	<u>\$ 3,463,629</u>	<u>\$ 5,212,685</u>	<u>\$ 1,749,056</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, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>			
Intergovernmental	\$ 387,318	\$ 388,414	\$ 1,096
Taxes	3,346,221	3,412,187	65,966
Earnings on Investments	0	3,500	3,500
<b>Total Revenues</b>	<u>3,733,539</u>	<u>3,804,101</u>	<u>70,562</u>
<b><u>Expenditures</u></b>			
Fiscal Services:			
Other Expenses	351,533	73,045	278,488
Total Fiscal Services	<u>351,533</u>	<u>73,045</u>	<u>278,488</u>
Debt Service:			
Principal Retirement	1,155,000	1,155,000	0
Interest and Fiscal Charges	2,193,467	2,193,467	0
Total Debt Service	<u>3,348,467</u>	<u>3,348,467</u>	<u>0</u>
<b>Total Expenditures</b>	<u>3,700,000</u>	<u>3,421,512</u>	<u>278,488</u>
Excess of Revenue Over (Under) Expenditures	<u>33,539</u>	<u>382,589</u>	<u>349,050</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Advances In	0	100,000	100,000
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	33,539	482,589	449,050
Fund Balance at Beginning of Year	<u>3,489,035</u>	<u>3,489,035</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 3,522,574</u>	<u>\$ 3,971,624</u>	<u>\$ 449,050</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, 2007**

	<u>Budgeted Amounts</u> Final	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Earnings on Investments	\$ 38,620	\$ 38,620	\$ 0
<b>Total Revenues</b>	<u>38,620</u>	<u>38,620</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Site Acquisition Services:			
Purchased Services	271,806	271,805	1
Total Site Acquisition Service	<u>271,806</u>	<u>271,805</u>	<u>1</u>
Architecture and Engineering Services:			
Purchased Services	560,238	560,238	0
Miscellaneous Objects	500	500	0
Total Architecture and Engineering Services	<u>560,738</u>	<u>560,738</u>	<u>0</u>
Building Acquisition and Construction:			
Purchased Services	21,647	21,647	0
Capital Outlay	5,524,673	5,524,673	0
Total Building Acquisition and Construction	<u>5,546,320</u>	<u>5,546,320</u>	<u>0</u>
Building Improvement Services:			
Purchased Services	1,678,957	755,495	923,462
Capital Outlay	1,068,602	1,068,602	0
Total Building Improvement Services	<u>2,747,559</u>	<u>1,824,097</u>	<u>923,462</u>
Other Facilities Acquisition and Construction Services:			
Purchased Services	41,437	41,437	0
Capital Outlay	18,817	18,817	0
Total Other Facilities Acquisition and Construction Services	<u>60,254</u>	<u>60,254</u>	<u>0</u>
<b>Total Expenditures</b>	<u>9,186,677</u>	<u>8,263,214</u>	<u>923,463</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,148,057)</u>	<u>(8,224,594)</u>	<u>923,463</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Refund of Prior Year Expenditures	24,380	38,795	14,415
Advances Out	(100,000)	(100,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(75,620)</u>	<u>(61,205)</u>	<u>14,415</u>
Net Change in Fund Balance	(9,223,677)	(8,285,799)	937,878
Fund Balance at Beginning of Year	2,448,235	2,448,235	0
Prior Year Encumbrances Appropriated	6,838,443	6,838,443	0
<b>Fund Balance at End of Year</b>	<u>\$ 63,001</u>	<u>\$ 1,000,879</u>	<u>\$ 937,878</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.

**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.

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

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

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

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

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

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

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

(Continued)

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

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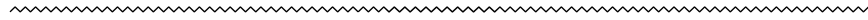
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***Nonmajor Capital Projects Funds***

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, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 383,051	\$ 22,998	\$ 406,049
Receivables:			
Intergovernmental	<u>13,994</u>	<u>0</u>	<u>13,994</u>
<b>Total Assets</b>	<b><u>\$ 397,045</u></b>	<b><u>\$ 22,998</u></b>	<b><u>\$ 420,043</u></b>
<b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 19,747	\$ 0	\$ 19,747
Due to Other Funds	13,994	0	13,994
Intergovernmental Payable	<u>3,745</u>	<u>0</u>	<u>3,745</u>
Total Liabilities	<u>37,486</u>	<u>0</u>	<u>37,486</u>
<b><u>Fund Balances</u></b>			
Reserved for:			
Encumbrances	77,890	0	77,890
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	281,669	0	281,669
Capital Projects Funds	<u>0</u>	<u>22,998</u>	<u>22,998</u>
Total Fund Balances	<u>359,559</u>	<u>22,998</u>	<u>382,557</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 397,045</u></b>	<b><u>\$ 22,998</u></b>	<b><u>\$ 420,043</u></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, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$ 918,737	\$ 0	\$ 918,737
Earnings on Investments	474	0	474
Extracurricular Activities	745,064	0	745,064
Miscellaneous	<u>78,741</u>	<u>0</u>	<u>78,741</u>
<b>Total Revenues</b>	<u>1,743,016</u>	<u>0</u>	<u>1,743,016</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular	96,752	0	96,752
Special	300,203	0	300,203
Support Services:			
Pupils	378,750	0	378,750
Instructional Staff	42,795	0	42,795
Administration	229,487	0	229,487
Operation of Non-Instructional Services:			
Community Services	34,891	0	34,891
Extracurricular Activities	<u>753,696</u>	<u>0</u>	<u>753,696</u>
<b>Total Expenditures</b>	<u>1,836,574</u>	<u>0</u>	<u>1,836,574</u>
Excess of Revenues Over (Under) Expenditures	<u>(93,558)</u>	<u>0</u>	<u>(93,558)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>116,585</u>	<u>0</u>	<u>116,585</u>
<b>Total Other Financing Sources (Uses)</b>	<u>116,585</u>	<u>0</u>	<u>116,585</u>
Net Change in Fund Balances	23,027	0	23,027
Fund Balance at Beginning of Year	<u>336,532</u>	<u>22,998</u>	<u>359,530</u>
<b>Fund Balance at End of Year</b>	<u>\$ 359,559</u>	<u>\$ 22,998</u>	<u>\$ 382,557</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007**

	<u>Private Purpose Trust Scholarship</u>	<u>Public School Support</u>	<u>District Managed Student Activity</u>	<u>Professional Development</u>	<u>Management Information Systems</u>
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 169	\$ 115,129	\$ 254,292	\$ 156	\$ 5,557
Receivables:					
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u><u>\$ 169</u></u>	<u><u>\$ 115,129</u></u>	<u><u>\$ 254,292</u></u>	<u><u>\$ 156</u></u>	<u><u>\$ 5,557</u></u>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 5,564	\$ 14,183	\$ 0	\$ 0
Due to Other Funds	0	0	0	0	0
Intergovernmental Payable	<u>0</u>	<u>21</u>	<u>43</u>	<u>0</u>	<u>900</u>
<b>Total Liabilities</b>	<u>0</u>	<u>5,585</u>	<u>14,226</u>	<u>0</u>	<u>900</u>
<b><u>Fund Balances</u></b>					
Reserved for:					
Encumbrances	0	8,017	69,873	0	0
Unreserved, Undesignated (Deficit)	<u>169</u>	<u>101,527</u>	<u>170,193</u>	<u>156</u>	<u>4,657</u>
<b>Total Fund Balances (Deficit)</b>	<u>169</u>	<u>109,544</u>	<u>240,066</u>	<u>156</u>	<u>4,657</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 169</u></u>	<u><u>\$ 115,129</u></u>	<u><u>\$ 254,292</u></u>	<u><u>\$ 156</u></u>	<u><u>\$ 5,557</u></u>

(Continued)



**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2007**

	<u>School Net Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Miscellaneous State Grants</u>	<u>IDEA Education of Handicapped Children</u>	<u>Title I</u>
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 16	\$ 0	\$ 2,000	\$ 1,994	\$ 60
Receivables:					
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u><u>\$ 16</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 1,994</u></u>	<u><u>\$ 60</u></u>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Funds	0	0	0	0	0
Intergovernmental Payable	<u>6</u>	<u>58</u>	<u>0</u>	<u>1,672</u>	<u>719</u>
<b>Total Liabilities</b>	<u><u>6</u></u>	<u><u>58</u></u>	<u><u>0</u></u>	<u><u>1,672</u></u>	<u><u>719</u></u>
<b><u>Fund Balances</u></b>					
Reserved for:					
Encumbrances	0	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>10</u>	<u>(58)</u>	<u>2,000</u>	<u>322</u>	<u>(659)</u>
<b>Total Fund Balances (Deficit)</b>	<u><u>10</u></u>	<u><u>(58)</u></u>	<u><u>2,000</u></u>	<u><u>322</u></u>	<u><u>(659)</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 16</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 1,994</u></u>	<u><u>\$ 60</u></u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2007**

	<u>Title V</u>	<u>Drug Free Schools Grant</u>	<u>Tele- communications Act</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Totals</u>
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0	\$ 3,678	\$ 0	\$ 0	\$ 383,051
Receivables:						
Intergovernmental	<u>1,350</u>	<u>3,291</u>	<u>0</u>	<u>8,573</u>	<u>780</u>	<u>13,994</u>
<b>Total Assets</b>	<b><u>\$ 1,350</u></b>	<b><u>\$ 3,291</u></b>	<b><u>\$ 3,678</u></b>	<b><u>\$ 8,573</u></b>	<b><u>\$ 780</u></b>	<b><u>\$ 397,045</u></b>
<b><u>Liabilities and Fund Balances</u></b>						
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,747
Due to Other Funds	1,350	3,291	0	8,573	780	13,994
Intergovernmental Payable	<u>0</u>	<u>6</u>	<u>0</u>	<u>314</u>	<u>6</u>	<u>3,745</u>
<b>Total Liabilities</b>	<b><u>1,350</u></b>	<b><u>3,297</u></b>	<b><u>0</u></b>	<b><u>8,887</u></b>	<b><u>786</u></b>	<b><u>37,486</u></b>
<b><u>Fund Balances</u></b>						
Reserved for:						
Encumbrances	0	0	0	0	0	77,890
Unreserved, Undesignated (Deficit)	<u>0</u>	<u>(6)</u>	<u>3,678</u>	<u>(314)</u>	<u>(6)</u>	<u>281,669</u>
<b>Total Fund Balances (Deficit)</b>	<b><u>0</u></b>	<b><u>(6)</u></b>	<b><u>3,678</u></b>	<b><u>(314)</u></b>	<b><u>(6)</u></b>	<b><u>359,559</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,350</u></b>	<b><u>\$ 3,291</u></b>	<b><u>\$ 3,678</u></b>	<b><u>\$ 8,573</u></b>	<b><u>\$ 780</u></b>	<b><u>\$ 397,045</u></b>

**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, 2007**

	Private Purpose Trust Scholarship	Public School Support	District Managed Student Activity	Auxiliary Services	Professional Development
<b>Revenues</b>					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 19,848	\$ 0
Earnings on Investments	0	0	0	474	0
Extracurricular Activities	0	386,493	358,571	0	0
Miscellaneous	0	20,591	58,120	0	0
<b>Total Revenues</b>	<u>0</u>	<u>407,084</u>	<u>416,691</u>	<u>20,322</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupils	0	115,726	0	0	0
Instructional Staff	0	1,609	0	0	0
Administration	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	34,891	0
Extracurricular Activities	0	279,585	474,111	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>396,920</u>	<u>474,111</u>	<u>34,891</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>10,164</u>	<u>(57,420)</u>	<u>(14,569)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	96,585	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 Balance	0	10,164	39,165	(14,569)	0
Fund Balance (Deficit) at Beginning of Year	<u>169</u>	<u>99,380</u>	<u>200,901</u>	<u>14,569</u>	<u>156</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 169</u>	<u>\$ 109,544</u>	<u>\$ 240,066</u>	<u>\$ 0</u>	<u>\$ 156</u>

(Continued)

**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, 2007**

	Management Information <u>Systems</u>	Entry Year <u>Teachers</u>	Data <u>Communication</u>	School Net Professional <u>Development</u>	Ohio <u>Reads Grant</u>
<b>Revenues</b>					
Intergovernmental	\$ 10,975	\$ 0	\$ 15,000	\$ 3,300	\$ 6,000
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	30	0	0	0
<b>Total Revenues</b>	<u>10,975</u>	<u>30</u>	<u>15,000</u>	<u>3,300</u>	<u>6,000</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	15,000	5,292	0
Special	0	0	0	0	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administration	40,670	0	0	0	6,004
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>40,670</u>	<u>0</u>	<u>15,000</u>	<u>5,292</u>	<u>6,004</u>
Excess of Revenues Over (Under) Expenditures	<u>(29,695)</u>	<u>30</u>	<u>0</u>	<u>(1,992)</u>	<u>(4)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(9,695)	30	0	(1,992)	(4)
Fund Balance (Deficit) at Beginning of Year	<u>14,352</u>	<u>(30)</u>	<u>0</u>	<u>2,002</u>	<u>(54)</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 4,657</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ (58)</u>

(Continued)

**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, 2007**

	Miscellaneous State Grants	IDEA Education of Handicapped Children	Title I	Title V	Drug Free Schools Grant
<b>Revenues</b>					
Intergovernmental	\$ 2,000	\$ 589,909	\$ 184,027	\$ 4,220	\$ 8,885
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>2,000</u>	<u>589,909</u>	<u>184,027</u>	<u>4,220</u>	<u>8,885</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	0	0	1,818
Special	0	116,502	183,701	0	0
Support Services:					
Pupils	0	263,024	0	0	0
Instructional Staff	0	27,926	0	4,207	9,053
Administration	0	182,813	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>590,265</u>	<u>183,701</u>	<u>4,207</u>	<u>10,871</u>
Excess of Revenues Over (Under) Expenditures	<u>2,000</u>	<u>(356)</u>	<u>326</u>	<u>13</u>	<u>(1,986)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<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 Balance	2,000	(356)	326	13	(1,986)
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>678</u>	<u>(985)</u>	<u>(13)</u>	<u>1,980</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 2,000</u>	<u>\$ 322</u>	<u>\$ (659)</u>	<u>\$ 0</u>	<u>\$ (6)</u>

(Continued)

**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, 2007**

	Tele- communications Act	Improving Teacher Quality	Miscellaneous Federal Grants	Totals
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 72,659	\$ 1,914	\$ 918,737
Earnings on Investments	0	0	0	474
Extracurricular Activities	0	0	0	745,064
Miscellaneous	0	0	0	78,741
<b>Total Revenues</b>	<u>0</u>	<u>72,659</u>	<u>1,914</u>	<u>1,743,016</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	72,672	1,970	96,752
Special	0	0	0	300,203
Support Services:				
Pupils	0	0	0	378,750
Instructional Staff	0	0	0	42,795
Administration	0	0	0	229,487
Operation of Non-Instructional Services:				
Community Services	0	0	0	34,891
Extracurricular Activities	0	0	0	753,696
<b>Total Expenditures</b>	<u>0</u>	<u>72,672</u>	<u>1,970</u>	<u>1,836,574</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(13)</u>	<u>(56)</u>	<u>(93,558)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>116,585</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>116,585</u>
Net Change in Fund Balance	0	(13)	(56)	23,027
Fund Balance (Deficit) at Beginning of Year	<u>3,678</u>	<u>(301)</u>	<u>50</u>	<u>336,532</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 3,678</u>	<u>\$ (314)</u>	<u>\$ (6)</u>	<u>\$ 359,559</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, 2007**

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	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	(Negative)
<b>Total Revenues</b>	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>			
Instruction:			
Regular:			
Supplies and Materials	168	0	168
Total Regular Instruction	168	0	168
Total Instruction	168	0	168
<b>Total Expenditures</b>	168	0	168
Net Change in Fund Balance	(168)	0	168
 Fund Balance at Beginning of Year	 169	 169	 0
 <b>Fund Balance at End of Year</b>	 \$ 1	 \$ 169	 \$ 168

**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, 2007**

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$ 389,409	\$ 386,492	\$ (2,917)
Miscellaneous	20,591	20,591	0
<b>Total Revenues</b>	<u>410,000</u>	<u>407,083</u>	<u>(2,917)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Pupils:			
Salaries and Wages	1,835	1,835	0
Fringe Benefits	281	281	0
Purchased Services	42,994	42,994	0
Supplies and Materials	66,921	66,921	0
Capital Outlay	5,922	5,922	0
Other	3,754	3,754	0
Total Pupils	<u>121,707</u>	<u>121,707</u>	<u>0</u>
Instructional Staff:			
Supplies and Materials	1,609	1,609	0
Total Instructional Staff	<u>1,609</u>	<u>1,609</u>	<u>0</u>
Total Support Services	<u>123,316</u>	<u>123,316</u>	<u>0</u>
Extracurricular Activities:			
Academic-Subject Oriented:			
Purchased Services	95,266	60,690	34,576
Total Academic-Subject Oriented	<u>95,266</u>	<u>60,690</u>	<u>34,576</u>
Co-Curricular Activities:			
Purchased Services	233,018	229,018	4,000
Supplies and Materials	12,077	12,077	0
Total Co-Curricular Activities	<u>245,095</u>	<u>241,095</u>	<u>4,000</u>
Total Extracurricular Activities	<u>340,361</u>	<u>301,785</u>	<u>38,576</u>
<b>Total Expenditures</b>	<u>463,677</u>	<u>425,101</u>	<u>38,576</u>
Net Change in Fund Balance	(53,677)	(18,018)	35,659
Fund Balance at Beginning of Year	85,889	85,889	0
Prior Year Encumbrances Appropriated	<u>33,677</u>	<u>33,677</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 65,889</u>	<u>\$ 101,548</u>	<u>\$ 35,659</u>



**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
DISTRICT MANAGED STUDENT ACTIVITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Extracurricular Activities	\$ 360,295	\$ 358,571	\$ (1,724)
Miscellaneous	<u>58,120</u>	<u>58,120</u>	<u>0</u>
<b>Total Revenues</b>	<u>418,415</u>	<u>416,691</u>	<u>(1,724)</u>
<b><u>Expenditures</u></b>			
Current:			
Extracurricular Activities:			
Academic-Subject Oriented:			
Purchased Services	8,517	8,517	0
Supplies and Materials	24,845	24,845	0
Capital Outlay	3,439	3,439	0
Other	<u>2,318</u>	<u>2,318</u>	<u>0</u>
Total Academic-Subject Oriented	<u>39,119</u>	<u>39,119</u>	<u>0</u>
Sport-Oriented Activities:			
Salaries and Wages	3,045	3,045	0
Fringe Benefits	336	336	0
Purchased Services	311,168	226,262	84,906
Supplies and Materials	193,889	193,889	0
Capital Outlay	24,485	24,485	0
Other	<u>50,989</u>	<u>50,998</u>	<u>0</u>
Total Sport-Oriented Activities	<u>583,921</u>	<u>499,015</u>	<u>84,906</u>
Co-Curricular Activities:			
Purchased Services	6,526	6,526	0
Supplies and Materials	675	675	0
Other	<u>182</u>	<u>182</u>	<u>0</u>
Total Co-Curricular Activities	<u>7,383</u>	<u>7,383</u>	<u>0</u>
Total Extracurricular Activities	<u>630,423</u>	<u>545,517</u>	<u>84,906</u>
<b>Total Expenditures</b>	<u>630,423</u>	<u>545,517</u>	<u>84,906</u>
Excess of Revenues Over (Under) Expenditures	<u>(212,008)</u>	<u>(128,826)</u>	<u>83,182</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>96,585</u>	<u>96,585</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>96,585</u>	<u>96,585</u>	<u>0</u>
Net Change in Fund Balance	(115,423)	(32,241)	83,182
Fund Balance at Beginning of Year	147,053	147,053	0
Prior Year Encumbrances Appropriated	<u>55,423</u>	<u>55,423</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 87,053</u>	<u>\$ 170,235</u>	<u>\$ 83,182</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, 2007**

	<u>Budgeted Amounts</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 19,847	\$ 19,847	\$ 0
Earnings on Investments	475	475	0
<b>Total Revenues</b>	<u>20,322</u>	<u>20,322</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,580	1,580	0
Supplies and Materials	17,580	17,580	0
Capital Outlay	<u>21,281</u>	<u>21,281</u>	<u>0</u>
Total Community Services	<u>40,441</u>	<u>40,441</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>40,441</u>	<u>40,441</u>	<u>0</u>
<b>Total Expenditures</b>	<u>40,441</u>	<u>40,441</u>	<u>0</u>
Net Change in Fund Balance	(20,119)	(20,119)	0
Fund Balance at Beginning of Year	4,317	4,317	0
Prior Year Encumbrances Appropriated	<u>15,802</u>	<u>15,802</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	Budgeted Amounts		Actual		Variance with Final Budget Positive (Negative)
	Final	\$	0	\$	0
<b>Total Revenues</b>	0	\$	0	\$	0
<b>Total Expenditures</b>	0		0		0
Net Change in Fund Balance	0		0		0
Fund Balance at Beginning of Year	156		156		0
<b>Fund Balance at End of Year</b>	156	\$	156	\$	0

**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, 2007**

	<u>Budgeted Amounts</u> Final	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 10,974	\$ 10,974	\$ 0
<b>Total Revenues</b>	<u>10,974</u>	<u>10,974</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Support Services:			
Administrative:			
Salaries and Wages	981	981	0
Fringe Benefits	1,510	1,510	0
Purchased Services	26,116	26,116	0
Other	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Total Administrative	<u>40,607</u>	<u>40,607</u>	<u>0</u>
Total Support Services	<u>40,607</u>	<u>40,607</u>	<u>0</u>
<b>Total Expenditures</b>	<u>40,607</u>	<u>40,607</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(29,633)</u>	<u>(29,633)</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers 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	(9,633)	(9,633)	0
Fund Balance at Beginning of Year	<u>15,190</u>	<u>15,190</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 5,557</u>	<u>\$ 5,557</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
DATA COMMUNICATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
SCHOOL NET PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 3,300	\$ 3,300	\$ 0
<b>Total Revenues</b>	<u>3,300</u>	<u>3,300</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	546	546	0
Fringe Benefits	112	112	0
Purchased Services	<u>4,638</u>	<u>4,638</u>	<u>0</u>
Total Regular	<u>5,296</u>	<u>5,296</u>	<u>0</u>
Total Instruction	<u>5,296</u>	<u>5,296</u>	<u>0</u>
<b>Total Expenditures</b>	<u>5,296</u>	<u>5,296</u>	<u>0</u>
Net Change in Fund Balance	(1,996)	(1,996)	0
Fund Balance at Beginning of Year	17	17	0
Prior Year Encumbrances Appropriated	<u>1,995</u>	<u>1,995</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
OHIO READS GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 6,000	\$ 6,000	\$ 0
<b>Total Revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Support Services:			
Administration:			
Salaries and Wages	5,029	5,029	0
Fringe Benefits	971	971	0
Total Administration	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Total Support Services	<u>6,000</u>	<u>6,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
MISCELLANEOUS STATE GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	<u>Budgeted Amounts</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Final</u>		<u>(Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 2,000	\$ 2,000	\$ 0
<b>Total Revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Support Services:			
Pupils:			
Purchased Services	2,000	0	2,000
Total Pupils	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Support Services	<u>2,000</u>	<u>0</u>	<u>2,000</u>
<b>Total Expenditures</b>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Net Change in Fund Balance	0	2,000	2,000
 Fund Balance at Beginning of Year	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <b>Fund Balance at End of Year</b>	 <u><u>\$ 0</u></u>	 <u><u>\$ 2,000</u></u>	 <u><u>\$ 2,000</u></u>



**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
IDEA - EDUCATION OF HANDICAPPED CHILDREN FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 589,909	\$ 589,909	\$ 0
<b>Total Revenues</b>	<u>589,909</u>	<u>589,909</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	83,494	83,494	0
Fringe Benefits	32,824	32,824	0
Total Special	<u>116,318</u>	<u>116,318</u>	<u>0</u>
Total Instruction	<u>116,318</u>	<u>116,318</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	34,717	34,717	0
Fringe Benefits	5,798	5,798	0
Purchased Services	<u>222,750</u>	<u>222,750</u>	<u>0</u>
Total Pupils	<u>263,265</u>	<u>263,265</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	11,827	11,827	0
Fringe Benefits	<u>15,971</u>	<u>15,971</u>	<u>0</u>
Total Instructional Staff	<u>27,798</u>	<u>27,798</u>	<u>0</u>
Administration:			
Salaries and Wages	127,473	127,473	0
Fringe Benefits	<u>55,055</u>	<u>55,055</u>	<u>0</u>
Total Administration	<u>182,528</u>	<u>182,528</u>	<u>0</u>
Total Support Services	<u>473,591</u>	<u>473,591</u>	<u>0</u>
<b>Total Expenditures</b>	<u>589,909</u>	<u>589,909</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>1,995</u>	<u>1,995</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,995</u>	<u>\$ 1,995</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
TITLE I - DISADVANTAGED CHILDREN/TARGETED ASSISTANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	Final		
Intergovernmental	\$ 184,028	\$ 184,028	\$ 0
<b>Total Revenues</b>	184,028	184,028	0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	132,875	132,875	0
Fringe Benefits	22,586	22,586	0
Purchased Services	28,567	28,567	0
Total Special	184,028	184,028	0
Total Instruction	184,028	184,028	0
<b>Total Expenditures</b>	184,028	184,028	0
Excess of Revenue Over (Under) Expenditures	0	0	0
<b>Other Financing Sources (Uses)</b>			
Advances In	3,000	3,000	0
Advances Out	(3,000)	(3,000)	0
<b>Total Other Financing Sources (Uses)</b>	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	60	60	0
<b>Fund Balance at End of Year</b>	\$ 60	\$ 60	\$ 0

**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, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 2,870	\$ 2,870	\$ 0
<b>Total Revenues</b>	<u>2,870</u>	<u>2,870</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	4,220	4,220	0
Total Instructional Staff	4,220	4,220	0
Total Support Services	4,220	4,220	0
<b>Total Expenditures</b>	<u>4,220</u>	<u>4,220</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,350)</u>	<u>(1,350)</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Advances In	1,350	1,350	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,350</u>	<u>1,350</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
DRUG FREE SCHOOLS GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 5,595	\$ 5,595	\$ 0
<b>Total Revenues</b>	<u>5,595</u>	<u>5,595</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	278	278	0
Supplies and Materials	1,540	1,540	0
Total Regular	<u>1,818</u>	<u>1,818</u>	<u>0</u>
Total Instruction	<u>1,818</u>	<u>1,818</u>	<u>0</u>
Support Services:			
Instructional Staff:			
Salaries and Wages	3,223	3,223	0
Fringe Benefits	371	371	0
Purchased Services	1,200	1,200	0
Supplies and Materials	1,144	1,144	0
Capital Outlay	3,109	3,109	0
Total Instructional Staff	<u>9,047</u>	<u>9,047</u>	<u>0</u>
Total Support Services	<u>9,047</u>	<u>9,047</u>	<u>0</u>
<b>Total Expenditures</b>	<u>10,865</u>	<u>10,865</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(5,270)</u>	<u>(5,270)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
Advances In	3,291	3,291	0
<b>Total Other Financing Sources (Uses)</b>	<u>3,291</u>	<u>3,291</u>	<u>0</u>
Net Change in Fund Balance	(1,979)	(1,979)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>1,979</u>	<u>1,979</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
 BUDGET (NON-GAAP BASIS) AND ACTUAL -  
 TELECOMMUNICATIONS ACT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	<u>Budgeted Amounts</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Final</u>		<u>(Negative)</u>
<b>Total Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
 Fund Balance at Beginning of Year	 <u>3,678</u>	 <u>3,678</u>	 <u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 3,678</u>	<u>\$ 3,678</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
IMPROVING TEACHER QUALITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Final		(Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 64,086	\$ 64,086	\$ 0
<b>Total Revenues</b>	64,086	64,086	0
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	61,507	61,507	0
Fringe Benefits	10,012	10,012	0
Purchased Services	1,140	1,140	0
Total Regular	72,659	72,659	0
Total Instruction	72,659	72,659	0
<b>Total Expenditures</b>	72,659	72,659	0
Excess of Revenue Over (Under) Expenditures	(8,573)	(8,573)	0
<b><u>Other Financing Sources (Uses)</u></b>			
Advances In	8,573	8,573	0
<b>Total Other Financing Sources (Uses)</b>	8,573	8,573	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	1	1	0
<b>Fund Balance at End of Year</b>	\$ 1	\$ 1	\$ 0

**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, 2007**

	<u>Budgeted Amounts</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 1,134	\$ 1,134	\$ 0
<b>Total Revenues</b>	<u>1,134</u>	<u>1,134</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	1,632	1,632	0
Fringe Benefits	282	282	0
Purchased Services	<u>50</u>	<u>50</u>	<u>0</u>
Total Regular	<u>1,964</u>	<u>1,964</u>	<u>0</u>
Total Instruction	<u>1,964</u>	<u>1,964</u>	<u>0</u>
<b>Total Expenditures</b>	<u>1,964</u>	<u>1,964</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(830)</u>	<u>(830)</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Advances In	<u>780</u>	<u>780</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>780</u>	<u>780</u>	<u>0</u>
Net Change in Fund Balance	(50)	(50)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>50</u>	<u>50</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2007**

	<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
Receivables:			
Accounts	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u><u>\$ 21,224</u></u>	<u><u>\$ 1,774</u></u>	<u><u>\$ 22,998</u></u>
 <b><u>Total Liabilities and Fund Balances</u></b>			
<b><u>Fund Balances</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><u>\$ 21,224</u></u>	<u><u>\$ 1,774</u></u>	<u><u>\$ 22,998</u></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, 2007**

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	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Total Nonmajor Capital Projects</u>
<b>Total Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>21,224</u>	<u>1,774</u>	<u>22,998</u>
<b>Fund Balances at End of Year</b>	<u>\$ 21,224</u>	<u>\$ 1,774</u>	<u>\$ 22,998</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, 2007**

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	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Total Revenues</b>	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>			
Capital Outlay:			
Permanent Services	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Capital Outlay	<u>10,000</u>	<u>0</u>	<u>10,000</u>
<b>Total Expenditures</b>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Net Change in Fund Balance	(10,000)	0	10,000
 Fund Balance at Beginning of Year	 <u>21,224</u>	 <u>21,224</u>	 <u>0</u>
 <b>Fund Balance at End of Year</b>	 <u>\$ 11,224</u>	 <u>\$ 21,224</u>	 <u>\$ 10,000</u>

**KENSTON LOCAL SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
 BUDGET (NON-GAAP BASIS) AND ACTUAL -  
 SCHOOL NET PLUS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	<u>Budgeted Amounts</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Final</u>		<u>(Negative)</u>
<b>Total Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>1,774</u>	<u>1,774</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,774</u>	<u>\$ 1,774</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT**

**COMBINING STATEMENTS - NONMAJOR FUNDS**

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***Nonmajor Enterprise Funds***

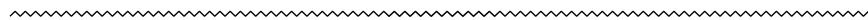
Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily 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, 2007**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<b><u>Assets</u></b>					
<b><u>Current Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 38,355	\$ 40,332	\$ 195,890	\$ 745	\$ 275,322
Accounts Receivable	0	594	0	0	594
Inventory Held for Resale	0	10,283	0	0	10,283
Materials and Supplies Inventory	<u>1,208</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,208</u>
<b>Total Current Assets</b>	<b>39,563</b>	<b>51,209</b>	<b>195,890</b>	<b>745</b>	<b>287,407</b>
Capital Assets, Net of Depreciation	<u>35,018</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35,018</u>
<b>Total Assets</b>	<b><u>\$ 74,581</u></b>	<b><u>\$ 51,209</u></b>	<b><u>\$ 195,890</u></b>	<b><u>\$ 745</u></b>	<b><u>\$ 322,425</u></b>
<b><u>Liabilities and Net Assets</u></b>					
<b><u>Current Liabilities</u></b>					
Accounts Payable	\$ 7,909	\$ 488	\$ 0	\$ 0	\$ 8,397
Accrued Wages	47,498	0	0	0	47,498
Intergovernmental Payable	35,621	0	2,252	399	38,272
Compensated Absences Payable	<u>5,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,013</u>
<b>Total Current Liabilities</b>	<b><u>96,041</u></b>	<b><u>488</u></b>	<b><u>2,252</u></b>	<b><u>399</u></b>	<b><u>99,180</u></b>
<b><u>Long-Term Liabilities</u></b>					
Compensated Absences Payable	<u>14,682</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,682</u>
<b>Total Long-Term Liabilities</b>	<b><u>14,682</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>14,682</u></b>
<b>Total Liabilities</b>	<b><u>110,723</u></b>	<b><u>488</u></b>	<b><u>2,252</u></b>	<b><u>399</u></b>	<b><u>113,862</u></b>
<b><u>Net Assets</u></b>					
Invested in Capital Assets	35,018	0	0	0	35,018
Retained Earnings:					
Unrestricted (Deficit)	<u>(71,160)</u>	<u>50,721</u>	<u>193,638</u>	<u>346</u>	<u>173,545</u>
<b>Total Net Assets (Deficit)</b>	<b><u>(36,142)</u></b>	<b><u>50,721</u></b>	<b><u>193,638</u></b>	<b><u>346</u></b>	<b><u>208,563</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 74,581</u></b>	<b><u>\$ 51,209</u></b>	<b><u>\$ 195,890</u></b>	<b><u>\$ 745</u></b>	<b><u>\$ 322,425</u></b>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<b><u>Operating Revenues</u></b>					
Tuition	\$ 0	\$ 0	\$ 256,720	\$ 15,176	\$ 271,896
Food Services	676,364	0	0	0	676,364
Classroom Materials and Fees	0	154,961	0	0	154,961
Miscellaneous	<u>0</u>	<u>181</u>	<u>0</u>	<u>0</u>	<u>181</u>
<b>Total Operating Revenues</b>	<u>676,364</u>	<u>155,142</u>	<u>256,720</u>	<u>15,176</u>	<u>1,103,402</u>
<b><u>Operating Expenses</u></b>					
Salaries and Wages	245,576	0	195,706	0	441,282
Fringe Benefits	99,823	0	30,669	627	131,119
Purchased Services	427,993	0	0	0	427,993
Supplies and Materials	75,983	143,971	5,000	0	224,954
Depreciation	7,163	0	0	0	7,163
Other Expenses	<u>866</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>866</u>
<b>Total Operating Expenses</b>	<u>857,404</u>	<u>143,971</u>	<u>231,375</u>	<u>627</u>	<u>1,233,377</u>
Operating Income (Loss)	<u>(181,040)</u>	<u>11,171</u>	<u>25,345</u>	<u>14,549</u>	<u>(129,975)</u>
<b><u>Non-Operating Revenues</u></b>					
Earnings on Investments	17,139	0	4,660	0	21,799
Operating Grants	66,799	0	0	0	66,799
Donated Commodities	<u>47,416</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,416</u>
<b>Total Non-Operating Revenues</b>	<u>131,354</u>	<u>0</u>	<u>4,660</u>	<u>0</u>	<u>136,014</u>
Change in Net Assets	(49,686)	11,171	30,005	14,549	6,039
Net Assets (Deficit) at Beginning of Year	<u>13,544</u>	<u>39,550</u>	<u>163,633</u>	<u>(14,203)</u>	<u>202,524</u>
<b>Net Assets (Deficit) at End of Year</b>	<u>\$ (36,142)</u>	<u>\$ 50,721</u>	<u>\$ 193,638</u>	<u>\$ 346</u>	<u>\$ 208,563</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>					
<b><u>Cash Flows from Operating Activities</u></b>					
Cash Received from Customers	\$ 676,364	\$ 154,714	\$ 256,720	\$ 12,102	\$ 1,099,900
Cash Payments for Goods and Services	(441,908)	(157,023)	(5,000)	0	(603,931)
Cash Payments to Employees for Services	(244,682)	0	(196,000)	(8,778)	(449,460)
Cash Payments for Employee Benefits	(99,208)	0	(30,669)	(3,324)	(133,201)
Cash Payments for Other Operating Expenses	(866)	0	0	0	(866)
<b>Net Cash Provided by (Used for)</b>					
<b>Operating Activities</b>	<u>(110,300)</u>	<u>(2,309)</u>	<u>25,051</u>	<u>0</u>	<u>(87,558)</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>					
Operating Grants Received	80,090	0	0	0	80,090
<b>Net Cash Provided by Noncapital</b>					
<b>Financing Activities</b>	<u>80,090</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>80,090</u>
<b><u>Cash Flows from Investing Activities</u></b>					
Earnings on Investments	17,139	0	4,660	0	21,799
<b>Net Cash Provided by Investing Activities</b>	<u>17,139</u>	<u>0</u>	<u>4,660</u>	<u>0</u>	<u>21,799</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,071)	(2,309)	29,711	0	14,331
Cash and Cash Equivalents at Beginning of Year	51,426	42,641	166,179	745	260,991
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 38,355</u>	<u>\$ 40,332</u>	<u>\$ 195,890</u>	<u>\$ 745</u>	<u>\$ 275,322</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>					
Operating Income (Loss)	\$ (181,040)	\$ 11,171	\$ 25,345	\$ 14,549	\$ (129,975)
Adjustments:					
Depreciation	7,163	0	0	0	7,163
Federal Donated Commodities	47,416	0	0	0	47,416
(Increase) Decrease in Assets:					
Accounts Receivable	0	(428)	0	0	(428)
Inventory Held for Resale	0	(10,283)	0	0	(10,283)
Materials and Supplies Inventory	7,237	0	0	0	7,237
Increase (Decrease) in Liabilities:					
Accounts Payable	7,909	(2,769)	0	0	5,140
Accrued Wages and Benefits Payable	945	0	0	(12,187)	(11,242)
Intergovernmental Payable	2,677	0	(294)	(2,362)	21
Compensated Absences Payable	(2,607)	0	0	0	(2,607)
Total Adjustments	<u>70,740</u>	<u>(13,480)</u>	<u>(294)</u>	<u>(14,549)</u>	<u>42,417</u>
<b>Net Cash Provided by (Used for)</b>					
<b>Operating Activities</b>	<u>\$ (110,300)</u>	<u>\$ (2,309)</u>	<u>\$ 25,051</u>	<u>\$ 0</u>	<u>\$ (87,558)</u>

**Schedule of Noncash Non-Capital Financing Activities**

During fiscal year 2007, the Food Service fund received noncash items of donated commodities in the amount of \$47,416.

**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, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>			
Earnings on Investments	\$ 17,139	\$ 17,139	\$ 0
Operating Grants	91,497	80,090	(11,407)
Food Services	<u>676,364</u>	<u>676,364</u>	<u>0</u>
<b>Total Revenues</b>	<u>785,000</u>	<u>773,593</u>	<u>(11,407)</u>
<b><u>Expenses</u></b>			
Salaries and Wages:			
Food Services	<u>244,682</u>	<u>244,682</u>	<u>0</u>
Total Salaries and Wages	<u>244,682</u>	<u>244,682</u>	<u>0</u>
Fringe Benefits:			
Food Services	<u>99,208</u>	<u>99,208</u>	<u>0</u>
Total Fringe Benefits	<u>99,208</u>	<u>99,208</u>	<u>0</u>
Purchased Services:			
Operation and Maintenance of Plant Services	10,725	10,725	0
Food Services	<u>457,578</u>	<u>457,578</u>	<u>0</u>
Total Purchased Services	<u>468,303</u>	<u>468,303</u>	<u>0</u>
Supplies and Materials:			
Food Services	<u>10,605</u>	<u>10,605</u>	<u>0</u>
Total Supplies and Materials	<u>10,605</u>	<u>10,605</u>	<u>0</u>
Other:			
Food Services	<u>971</u>	<u>971</u>	<u>0</u>
Total Other	<u>971</u>	<u>971</u>	<u>0</u>
<b>Total Expenses</b>	<u>823,769</u>	<u>823,769</u>	<u>0</u>
Net Change in Fund Equity	(38,769)	(50,176)	(11,407)
Fund Equity at Beginning of Year	<u>51,425</u>	<u>51,425</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 12,656</u>	<u>\$ 1,249</u>	<u>\$ (11,407)</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, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b><u>Revenues</u></b>			
Classroom Materials and Supplies	\$ 154,714	\$ 154,714	\$ 0
<b>Total Revenues</b>	<u>154,714</u>	<u>154,714</u>	<u>0</u>
<b><u>Expenses</u></b>			
Supplies and Materials:			
Regular Instruction	<u>183,973</u>	<u>163,184</u>	<u>20,789</u>
Total Supplies and Materials	<u>183,973</u>	<u>163,184</u>	<u>20,789</u>
<b>Total Expenses</b>	<u>183,973</u>	<u>163,184</u>	<u>20,789</u>
Excess of Revenue Over (Under) Expenditures	<u>(29,259)</u>	<u>(8,470)</u>	<u>20,789</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>5,286</u>	<u>0</u>	<u>(5,286)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>5,286</u>	<u>0</u>	<u>(5,286)</u>
Net Change in Fund Equity	<u>(23,973)</u>	<u>(8,470)</u>	<u>15,503</u>
Fund Equity at Beginning of Year	33,668	33,668	0
Prior Year Encumbrances Appropriated	<u>8,973</u>	<u>8,973</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 18,668</u>	<u>\$ 34,171</u>	<u>\$ 15,503</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
KINDERGARTEN FEES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>			
Earnings on Investments	\$ 4,660	\$ 4,660	\$ 0
Tuition	249,340	256,720	7,380
<b>Total Revenues</b>	<u>254,000</u>	<u>261,380</u>	<u>7,380</u>
<b><u>Expenses</u></b>			
Salaries and Wages:			
Regular Instruction	183,344	149,013	34,331
Pupil Support Services	40,617	40,617	0
Food Services	6,370	6,370	0
Total Salaries and Wages	<u>230,331</u>	<u>196,000</u>	<u>34,331</u>
Fringe Benefits:			
Food Services	30,669	30,669	0
Total Fringe Benefits	<u>30,669</u>	<u>30,669</u>	<u>0</u>
Supplies and Materials:			
Food Services	5,000	5,000	0
Total Supplies and Materials	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<b>Total Expenses</b>	<u>266,000</u>	<u>231,669</u>	<u>34,331</u>
Net Change in Fund Equity	(12,000)	29,711	41,711
Fund Equity at Beginning of Year	<u>166,179</u>	<u>166,179</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 154,179</u>	<u>\$ 195,890</u>	<u>\$ 41,711</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, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b><u>Revenues</u></b>			
Earnings on Investments	\$ 12,102	\$ 12,102	\$ 0
<b>Total Revenues</b>	<u>12,102</u>	<u>12,102</u>	<u>0</u>
<b><u>Expenses</u></b>			
Salaries and Wages:			
Community Services	<u>9,523</u>	<u>8,778</u>	<u>745</u>
Total Salaries and Wages	<u>9,523</u>	<u>8,778</u>	<u>745</u>
Fringe Benefits:			
Community Services	<u>3,324</u>	<u>3,324</u>	<u>0</u>
Total Fringe Benefits	<u>3,324</u>	<u>3,324</u>	<u>0</u>
<b>Total Expenses</b>	<u>12,847</u>	<u>12,102</u>	<u>745</u>
Net Change in Fund Equity	(745)	0	745
Fund Equity at Beginning of Year	<u>745</u>	<u>745</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 745</u></u>	<u><u>\$ 745</u></u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
EMPLOYEE BENEFITS SELF-INSURANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Charges for Services	\$ 3,275,000	\$3,294,921	\$ 19,921
<b>Total Revenues</b>	<u>3,275,000</u>	<u>3,294,921</u>	<u>19,921</u>
<b><u>Expenses</u></b>			
Purchased Services:			
Support Services - Central	<u>3,202,481</u>	<u>3,196,921</u>	<u>5,560</u>
Total Purchased Services	<u>3,202,481</u>	<u>3,196,921</u>	<u>5,560</u>
<b>Total Expenses</b>	<u>3,202,481</u>	<u>3,196,921</u>	<u>5,560</u>
Net Change in Fund Equity	72,519	98,000	25,481
Fund Equity at Beginning of Year	527,563	527,563	0
Prior Year Encumbrances Appropriated	<u>2,481</u>	<u>2,481</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 602,563</u>	<u>\$ 628,044</u>	<u>\$ 25,481</u>

**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.

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**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

|                                            | Balance<br>06/30/2006   | Additions                | Deductions              | Balance<br>06/30/2007    |
|--------------------------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| <b><i>Student Activities</i></b>           |                         |                          |                         |                          |
| <b><u>Assets</u></b>                       |                         |                          |                         |                          |
| Equity in Pooled Cash and Cash Equivalents | \$ 51,842               | \$ 62,264                | \$ 61,469               | \$ 52,637                |
| <b>Total Assets</b>                        | <b><u>\$ 51,842</u></b> | <b><u>\$ 62,264</u></b>  | <b><u>\$ 61,469</u></b> | <b><u>\$ 52,637</u></b>  |
| <b><u>Liabilities</u></b>                  |                         |                          |                         |                          |
| Due to Students                            | \$ 51,842               | \$ 795                   | \$ 0                    | \$ 52,637                |
| <b>Total Liabilities</b>                   | <b><u>\$ 51,842</u></b> | <b><u>\$ 795</u></b>     | <b><u>\$ 0</u></b>      | <b><u>\$ 52,637</u></b>  |
| <b><i>Unclaimed Funds</i></b>              |                         |                          |                         |                          |
| <b><u>Assets</u></b>                       |                         |                          |                         |                          |
| Equity in Pooled Cash and Cash Equivalents | \$ 11,005               | \$ 1,274                 | \$ 0                    | \$ 12,279                |
| Intergovernmental Receivable               | 0                       | 41,483                   | 0                       | 41,483                   |
| <b>Total Assets</b>                        | <b><u>\$ 11,005</u></b> | <b><u>\$ 42,757</u></b>  | <b><u>\$ 0</u></b>      | <b><u>\$ 53,762</u></b>  |
| <b><u>Liabilities</u></b>                  |                         |                          |                         |                          |
| Due to Others                              | \$ 11,005               | \$ 42,757                | \$ 0                    | \$ 53,762                |
| <b>Total Liabilities</b>                   | <b><u>\$ 11,005</u></b> | <b><u>\$ 42,757</u></b>  | <b><u>\$ 0</u></b>      | <b><u>\$ 53,762</u></b>  |
| <b><i>Total Agency Funds</i></b>           |                         |                          |                         |                          |
| <b><u>Assets</u></b>                       |                         |                          |                         |                          |
| Equity in Pooled Cash and Cash Equivalents | \$ 62,847               | \$ 63,538                | \$ 61,469               | \$ 64,916                |
| Intergovernmental Receivable               | 0                       | 41,483                   | 0                       | 41,483                   |
| <b>Total Assets</b>                        | <b><u>\$ 62,847</u></b> | <b><u>\$ 105,021</u></b> | <b><u>\$ 61,469</u></b> | <b><u>\$ 106,399</u></b> |
| <b><u>Liabilities</u></b>                  |                         |                          |                         |                          |
| Due to Others                              | \$ 11,005               | \$ 42,757                | \$ 0                    | \$ 53,762                |
| Due to Students                            | 51,842                  | 795                      | 0                       | 52,637                   |
| <b>Total Liabilities</b>                   | <b><u>\$ 62,847</u></b> | <b><u>\$ 43,552</u></b>  | <b><u>\$ 0</u></b>      | <b><u>\$ 106,399</u></b> |

# **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><br>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><br>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><br>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><br>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><br>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 FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

|                                                    | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</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         | \$ 5,984,643         |
| Restricted for:                                    |                      |                      |                      |                      |                      |
| Capital Projects                                   | 0                    | 0                    | 1,320,815            | 1,230,983            | 1,265,709            |
| Debt Service                                       | 2,865,975            | 3,012,684            | 3,803,581            | 4,188,996            | 4,489,787            |
| Set Asides                                         | 455,658              | 103,108              | 0                    | 0                    | 0                    |
| Other Purposes                                     | 81,913               | 116,083              | 41,515               | 36,082               | 9,780                |
| Unrestricted                                       | <u>1,534,094</u>     | <u>2,140,702</u>     | <u>2,515,789</u>     | <u>3,782,993</u>     | <u>6,071,881</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>    | <u>17,821,800</u>    |
| <b><u>Business-Type Activities</u></b>             |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt    | 70,711               | 57,742               | 49,529               | 42,181               | 35,018               |
| Unrestricted                                       | <u>55,679</u>        | <u>75,201</u>        | <u>222,591</u>       | <u>160,343</u>       | <u>173,545</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>       | <u>208,563</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            | 6,019,661            |
| Restricted for:                                    |                      |                      |                      |                      |                      |
| Capital Projects                                   | 0                    | 0                    | 1,320,815            | 1,230,983            | 1,265,709            |
| Debt Service                                       | 2,865,975            | 3,012,684            | 3,803,581            | 4,188,996            | 4,489,787            |
| Set Asides                                         | 455,658              | 103,108              | 0                    | 0                    | 0                    |
| Other Purposes                                     | 81,913               | 116,083              | 41,515               | 36,082               | 9,780                |
| Unrestricted                                       | <u>1,589,773</u>     | <u>2,215,903</u>     | <u>2,738,380</u>     | <u>3,943,336</u>     | <u>6,245,426</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> | <u>\$ 18,030,363</u> |

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

|                                                  | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>         | <u>2007</u>         |
|--------------------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| <b><u>EXPENSES</u></b>                           |                      |                      |                      |                     |                     |
| <b><u>Governmental Activities</u></b>            |                      |                      |                      |                     |                     |
| Regular Instruction                              | \$12,473,615         | \$12,660,016         | \$13,299,834         | \$14,287,966        | \$14,628,745        |
| Special Instruction                              | 2,566,138            | 2,993,982            | 3,358,790            | 3,776,698           | 3,990,362           |
| Vocational Instruction                           | 178,858              | 87,691               | 128,652              | 147,135             | 122,097             |
| Other Instruction                                | 42,357               | 50,620               | 123,949              | 171,918             | 329,179             |
| Pupil Support                                    | 1,988,980            | 2,000,613            | 1,996,694            | 2,218,401           | 2,147,048           |
| Instruction Staff Support                        | 725,441              | 893,193              | 939,039              | 1,129,760           | 1,160,109           |
| Board of Education                               | 84,565               | 59,496               | 84,658               | 110,039             | 123,440             |
| Administration                                   | 2,169,439            | 2,548,908            | 2,463,540            | 2,743,520           | 2,810,452           |
| Fiscal                                           | 764,488              | 866,883              | 879,831              | 1,045,476           | 1,022,597           |
| Business                                         | 37,748               | 40,691               | 40,017               | 46,097              | 44,031              |
| Operation and Maintenance of Plant Services      | 3,187,029            | 3,251,788            | 3,053,972            | 3,360,914           | 3,964,286           |
| Pupil Transportation                             | 2,010,267            | 1,974,489            | 2,034,878            | 2,275,087           | 2,268,414           |
| Central                                          | 23,029               | 117,910              | 4,439                | 10,362              | 6,844               |
| Operation of Non-Instructional Services          | 129,766              | 84,727               | 91,506               | 86,262              | 150,143             |
| Extracurricular Activities                       | 1,032,012            | 1,342,710            | 1,170,417            | 1,220,162           | 1,413,965           |
| Interest and Fiscal Charges                      | 1,185,659            | 2,408,185            | 2,245,781            | 2,226,140           | 2,299,383           |
| Other                                            | <u>12,458</u>        | <u>0</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>   | <u>36,481,095</u>   |
| <b><u>Business-Type Activities:</u></b>          |                      |                      |                      |                     |                     |
| Food Service                                     | 703,830              | 752,938              | 705,672              | 859,639             | 857,404             |
| Uniform School Supplies                          | 133,242              | 134,610              | 138,654              | 146,748             | 143,971             |
| Kindergarten Fees                                | 182,926              | 196,069              | 180,156              | 283,357             | 231,375             |
| Special Rotary                                   | 125,216              | 98,989               | 0                    | 0                   | 0                   |
| Adult Education                                  | <u>0</u>             | <u>0</u>             | <u>81,201</u>        | <u>54,031</u>       | <u>627</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>    | <u>1,233,377</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> | <u>\$37,714,472</u> |

(Continued)

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

|                                                          | <u>2003</u>      | <u>2004</u>      | <u>2005</u>      | <u>2006</u>      | <u>2007</u>      |
|----------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| <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       | \$ 199,494       |
| Special                                                  | 0                | 0                | 0                | 0                | 60,868           |
| Pupil Support                                            | 0                | 0                | 3,017            | 3,000            | 3,183            |
| Instructional Staff Support                              | 0                | 0                | 800              | 710              | 8,511            |
| Board of Education                                       | 0                | 0                | 0                | 0                | 120              |
| Administration                                           | 23,646           | 13,408           | 25,106           | 13,214           | 8,677            |
| Pupil Transportation                                     | 57,548           | 63,013           | 64,367           | 92,805           | 0                |
| Operation and Maintenance of Plant Services              | 0                | 0                | 0                | 0                | 4,329            |
| Operation of Non-Instructional Services                  | 15,894           | 41,881           | 6,382            | 5,247            | 0                |
| Extracurricular Activities                               | 0                | 577,677          | 484,978          | 551,433          | 733,910          |
| Other                                                    | 0                | 32,556           | 0                | 0                | 0                |
| Operating Grants and Contributions:                      |                  |                  |                  |                  |                  |
| Regular Instruction                                      | 246,041          | 741,124          | 945,302          | 853,408          | 891,632          |
| Special Instruction                                      | 140,456          | 11,200           | 290,946          | 213,943          | 337,846          |
| Pupil Support                                            | 375,016          | 12,606           | 11,399           | 15,018           | 12,671           |
| Instructional Staff Support                              | 23,053           | 6,912            | 15,400           | 3,200            | 0                |
| Administration                                           | 152,447          | 0                | 0                | 0                | 0                |
| Fiscal                                                   | 1,822            | 0                | 0                | 0                | 0                |
| Central                                                  | 500              | 0                | 0                | 0                | 0                |
| Operation of Non-Instructional Services                  | 22,431           | 0                | 15,537           | 19,655           | 27,433           |
| Extracurricular Activities                               | 196,074          | 40,659           | 107,866          | 43,376           | 61,645           |
| Interest and Fiscal Charges                              | 0                | 638,581          | 0                | 0                | 0                |
| Capital Grants and Contributions:                        |                  |                  |                  |                  |                  |
| Regular Instruction                                      | 47,827           | 0                | 29,190           | 0                | 0                |
| Pupil Support                                            | 0                | 20,376           | 0                | 0                | 0                |
| Pupil Transportation                                     | 39,567           | 0                | 22,815           | 18,005           | 24,155           |
| Extracurricular Activities                               | <u>224,824</u>   | <u>39,883</u>    | <u>298</u>       | <u>44,553</u>    | <u>8,092</u>     |
| <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> | <u>2,382,566</u> |
| <b><u>Business-Type Activities</u></b>                   |                  |                  |                  |                  |                  |
| Charges for Services:                                    |                  |                  |                  |                  |                  |
| Food Service                                             | 564,157          | 648,239          | 640,325          | 697,596          | 723,780          |
| Uniform School Supplies                                  | 127,786          | 144,148          | 148,520          | 154,265          | 155,142          |
| Kindergarten Fees                                        | 184,749          | 198,740          | 265,713          | 267,226          | 256,720          |
| Special Rotary                                           | 102,426          | 113,661          | 0                | 0                | 0                |
| Adult Education                                          | 0                | 0                | 88,997           | 53,407           | 15,176           |
| Operating Grants and Contributions:                      |                  |                  |                  |                  |                  |
| Food Service                                             | <u>69,651</u>    | <u>85,338</u>    | <u>87,097</u>    | <u>88,220</u>    | <u>66,799</u>    |
| <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> | <u>1,217,617</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> | <u>3,600,183</u> |

(Continued)

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

|                                                                                    | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         |
|------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b><u>NET (EXPENSE) REVENUES</u></b>                                               |                     |                     |                     |                     |                     |
| Governmental Activities                                                            | (26,870,795)        | (28,937,544)        | (29,741,687)        | (32,843,750)        | (34,098,529)        |
| Business-Type Activities                                                           | <u>(96,445)</u>     | <u>7,520</u>        | <u>124,969</u>      | <u>(83,061)</u>     | <u>(15,760)</u>     |
| <b>Total Net (Expense) Revenues - Primary Government</b>                           | <u>(26,967,240)</u> | <u>(28,930,024)</u> | <u>(29,616,718)</u> | <u>(32,926,811)</u> | <u>(34,114,289)</u> |
| <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          | 23,687,775          |
| Debt Service                                                                       | 2,513,309           | 3,149,913           | 4,188,559           | 3,245,570           | 3,432,225           |
| Other Taxes                                                                        | 0                   | 814                 | 0                   | 0                   | 0                   |
| Grants and Entitlements not Restricted to Specified Programs                       | 6,772,184           | 7,002,579           | 6,990,425           | 7,198,356           | 9,066,238           |
| Investment Earnings                                                                | 903,723             | (246,305)           | 852,888             | 1,126,198           | 928,329             |
| Transfers                                                                          | (4,550)             | 0                   | 0                   | 0                   | 0                   |
| Loss on Sale of Capital Assets                                                     | 0                   | (5,900)             | 0                   | 0                   | 0                   |
| Miscellaneous                                                                      | <u>0</u>            | <u>6,336</u>        | <u>48,663</u>       | <u>26,297</u>       | <u>11,673</u>       |
| <b>Total Governmental Activities</b>                                               | <u>27,749,187</u>   | <u>29,035,401</u>   | <u>31,702,381</u>   | <u>34,741,190</u>   | <u>37,126,240</u>   |
| <b><u>Business-Type Activities</u></b>                                             |                     |                     |                     |                     |                     |
| Investment Earnings                                                                | 1,195               | 2,228               | 14,208              | 13,465              | 21,799              |
| Transfers                                                                          | 4,550               | 0                   | 0                   | 0                   | 0                   |
| Loss on Sale of Capital Assets                                                     | <u>0</u>            | <u>(3,195)</u>      | <u>0</u>            | <u>0</u>            | <u>0</u>            |
| <b>Total Business-Type Activities</b>                                              | <u>5,745</u>        | <u>(967)</u>        | <u>14,208</u>       | <u>13,465</u>       | <u>21,799</u>       |
| <b>Total General Revenues and Other Changes in Net Assets - Primary Government</b> | <u>27,754,932</u>   | <u>29,034,434</u>   | <u>31,716,589</u>   | <u>34,754,655</u>   | <u>37,148,039</u>   |
| <b><u>CHANGE IN NET ASSETS</u></b>                                                 |                     |                     |                     |                     |                     |
| Governmental Activities                                                            | 878,392             | 97,857              | 1,960,694           | 1,897,440           | 3,027,711           |
| Business-Type Activities                                                           | <u>(90,700)</u>     | <u>6,553</u>        | <u>139,177</u>      | <u>(69,596)</u>     | <u>6,039</u>        |
| <b>Total Change in Net Assets - Primary Government</b>                             | <u>\$ 787,692</u>   | <u>\$ 104,410</u>   | <u>\$ 2,099,871</u> | <u>\$ 1,827,844</u> | <u>\$ 3,033,750</u> |

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

|                                             | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b><u>Governmental Activities</u></b>       |                     |                     |                     |                     |                     |
| Regular Instruction                         | \$ 467,776          | \$ 945,606          | \$ 1,125,399        | \$ 988,028          | \$ 1,091,126        |
| Special Instruction                         | 140,456             | 11,200              | 290,946             | 213,943             | 398,714             |
| Pupil Support                               | 375,016             | 32,982              | 14,416              | 18,018              | 15,854              |
| Instruction Staff Support                   | 23,053              | 6,912               | 16,200              | 3,910               | 8,511               |
| Board of Education                          | 0                   | 0                   | 0                   | 0                   | 120                 |
| Administration                              | 176,093             | 13,408              | 25,106              | 13,214              | 8,677               |
| Fiscal                                      | 1,822               | 0                   | 0                   | 0                   | 0                   |
| Operation and Maintenance of Plant Services | 0                   | 0                   | 0                   | 0                   | 4,329               |
| Pupil Transportation                        | 97,115              | 63,013              | 87,182              | 110,810             | 24,155              |
| Central                                     | 500                 | 0                   | 0                   | 0                   | 0                   |
| Operation of Non-Instructional Services     | 38,325              | 41,881              | 21,919              | 24,902              | 27,433              |
| Extracurricular Activities                  | 420,898             | 658,219             | 593,142             | 639,362             | 803,647             |
| Interest and Fiscal Charges                 | 0                   | 638,581             | 0                   | 0                   | 0                   |
| Other                                       | <u>0</u>            | <u>32,556</u>       | <u>0</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>    | <u>2,382,566</u>    |
| <b><u>Business-Type Activities</u></b>      |                     |                     |                     |                     |                     |
| Food Service                                | 633,808             | 733,577             | 727,422             | 785,816             | 790,579             |
| Uniform School Supplies                     | 127,786             | 144,148             | 148,520             | 154,265             | 155,142             |
| Kindergarten Fees                           | 184,749             | 198,740             | 265,713             | 267,226             | 256,720             |
| Special Rotary                              | 102,426             | 113,661             | 0                   | 0                   | 0                   |
| Adult Education                             | <u>0</u>            | <u>0</u>            | <u>88,997</u>       | <u>53,407</u>       | <u>15,176</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>    | <u>1,217,617</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> | <u>\$ 3,600,183</u> |

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

|                                            | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         | <u>2007</u>          |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| <b><u>General Fund</u></b>                 |                     |                     |                     |                     |                      |
| Reserved                                   | \$ 2,835,821        | \$ 4,130,985        | \$ 5,232,597        | \$ 5,426,147        | \$ 5,573,415         |
| Unreserved                                 | <u>674,629</u>      | <u>(771,874)</u>    | <u>(3,087,765)</u>  | <u>(445,358)</u>    | <u>1,670,656</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>    | <u>7,244,071</u>     |
| <b><u>All Other Governmental Funds</u></b> |                     |                     |                     |                     |                      |
| Reserved                                   | 4,550,137           | 3,179,713           | 22,067,919          | 6,693,986           | 1,401,785            |
| Unreserved, Undesignated, Reported in:     |                     |                     |                     |                     |                      |
| Special Revenue Funds                      | 216,092             | 225,226             | 218,665             | 254,859             | 281,669              |
| Debt Service Funds                         | 2,873,552           | 2,527,064           | 2,929,187           | 3,612,033           | 3,971,624            |
| Capital Projects Funds                     | <u>40,752,923</u>   | <u>39,847,159</u>   | <u>5,964,290</u>    | <u>2,158,917</u>    | <u>798,302</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>   | <u>6,453,380</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> | <u>\$ 13,697,451</u> |

Information prior to 2003 is not available.

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

|                                                         | 2003                 | 2004                  | 2005                  | 2006                  | 2007                  |
|---------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenues</b>                                         |                      |                       |                       |                       |                       |
| Taxes                                                   | \$ 20,173,473        | \$ 22,327,480         | \$ 22,629,841         | \$ 27,559,206         | \$ 27,882,085         |
| Intergovernmental                                       | 7,718,952            | 7,809,374             | 8,321,490             | 8,312,743             | 9,462,613             |
| Tuition and Fees                                        | 128,009              | 148,588               | 103,131               | 105,815               | 149,581               |
| Transportation Fees                                     | 57,548               | 63,013                | 64,367                | 92,805                | 0                     |
| Earnings on Investments                                 | 903,723              | 392,277               | 852,888               | 1,126,396             | 967,124               |
| Extracurricular Activities                              | 453,361              | 648,218               | 533,063               | 603,536               | 745,064               |
| Classroom Materials and Fees                            | 0                    | 0                     | 0                     | 0                     | 1,087                 |
| Miscellaneous                                           | 158,902              | 130,573               | 188,557               | 121,742               | 179,003               |
| <b>Total Revenues</b>                                   | <u>29,593,968</u>    | <u>31,519,523</u>     | <u>32,693,337</u>     | <u>37,922,243</u>     | <u>39,386,557</u>     |
| <b>Expenditures</b>                                     |                      |                       |                       |                       |                       |
| Current:                                                |                      |                       |                       |                       |                       |
| Instruction:                                            |                      |                       |                       |                       |                       |
| Regular                                                 | 11,641,690           | 12,581,978            | 13,239,574            | 13,732,730            | 14,210,548            |
| Special                                                 | 2,469,900            | 2,916,002             | 3,432,940             | 3,679,377             | 3,949,036             |
| Vocational                                              | 172,060              | 103,612               | 127,387               | 145,506               | 120,164               |
| Other                                                   | 41,215               | 50,620                | 117,889               | 171,918               | 329,179               |
| Support Services:                                       |                      |                       |                       |                       |                       |
| Pupil                                                   | 1,991,830            | 1,980,420             | 2,035,843             | 2,172,612             | 2,121,918             |
| Instructional Staff                                     | 715,578              | 838,278               | 939,359               | 1,050,643             | 1,090,746             |
| Board of Education                                      | 84,151               | 105,542               | 118,440               | 104,694               | 123,440               |
| Administration                                          | 2,158,033            | 2,425,348             | 2,611,184             | 2,636,417             | 2,805,462             |
| Fiscal                                                  | 752,809              | 873,539               | 904,599               | 1,024,876             | 1,039,500             |
| Business                                                | 37,569               | 77,596                | 43,211                | 43,965                | 43,407                |
| Operations and Maintenance of Plant Services            | 3,199,574            | 3,172,725             | 3,114,284             | 3,179,229             | 3,839,342             |
| Pupil Transportation                                    | 2,044,844            | 1,856,708             | 1,949,854             | 2,039,923             | 2,097,042             |
| Central                                                 | 6,029                | 575,968               | 780,834               | 10,362                | 6,844                 |
| Operation of Non-Instructional Services:                |                      |                       |                       |                       |                       |
| Food Service Operations                                 | 0                    | 0                     | 0                     | 0                     | 4,247                 |
| Community Services                                      | 116,522              | 98,558                | 88,491                | 95,768                | 121,630               |
| Other                                                   | 12,187               | 18,821                | 23,313                | 13,947                | 16,446                |
| Extracurricular Activities                              | 1,024,349            | 1,243,188             | 1,182,244             | 1,218,033             | 1,411,109             |
| Capital Outlay                                          | 305,360              | 1,505,619             | 14,613,583            | 19,004,040            | 6,694,236             |
| Debt Service:                                           |                      |                       |                       |                       |                       |
| Principal Retirement                                    | 828,500              | 1,313,500             | 923,500               | 993,500               | 1,168,500             |
| Interest and Fiscal Charges                             | 894,943              | 2,546,531             | 2,260,576             | 2,230,637             | 2,196,968             |
| <b>Total Expenditures</b>                               | <u>28,497,143</u>    | <u>34,284,553</u>     | <u>48,507,105</u>     | <u>53,548,177</u>     | <u>43,389,764</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>   | <u>(4,003,207)</u>    |
| <b>Other Financing Sources (Uses)</b>                   |                      |                       |                       |                       |                       |
| Proceeds from Sale of Assets                            | 70                   | 149                   | 62                    | 1,700                 | 74                    |
| Proceeds from Sale of Bonds                             | 45,000,000           | 0                     | 0                     | 0                     | 0                     |
| Refund of Prior Year Receipts                           | 0                    | 0                     | 0                     | (75)                  | 0                     |
| Proceeds of Refunded Debt                               | 6,725,000            | 0                     | 0                     | 0                     | 0                     |
| Payment of Refunded Debt-Escrow Agent                   | (6,725,000)          | 0                     | 0                     | 0                     | 0                     |
| Transfers In                                            | 136,985              | 96,985                | 116,985               | 116,585               | 116,585               |
| Transfers Out                                           | (141,535)            | (96,985)              | (116,985)             | (116,585)             | (116,585)             |
| <b>Total Other Financing Sources (Uses)</b>             | <u>44,995,520</u>    | <u>149</u>            | <u>62</u>             | <u>1,625</u>          | <u>74</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> | <u>\$ (4,003,133)</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.

Information prior to 2003 is not available.

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

| Tax<br>Year | Real Property               |                              |                           | Tangible Personal Property |                           |                      |                           | Total<br>Assessed Value | Total<br>Estimated<br>Actual Value | Ratio  | Weighted<br>Average<br>Tax Rate |
|-------------|-----------------------------|------------------------------|---------------------------|----------------------------|---------------------------|----------------------|---------------------------|-------------------------|------------------------------------|--------|---------------------------------|
|             | Assessed Value              |                              | Estimated<br>Actual Value | Public Utility             |                           | General Business (1) |                           |                         |                                    |        |                                 |
|             | Residential/<br>Agriculture | Commercial/<br>Industrial/PU |                           | Assessed Value             | Estimated<br>Actual Value | Assessed Value       | Estimated<br>Actual Value |                         |                                    |        |                                 |
| 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                   | 35.13% | 42.874380                       |
| 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                      | 35.03% | 41.689687                       |
| 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                      | 34.96% | 37.690157                       |
| 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                      | 34.92% | 37.591070                       |
| 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                      | 34.70% | 37.737392                       |
| 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                      | 34.63% | 37.780090                       |
| 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                      | 34.71% | 37.471349                       |
| 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                      | 34.93% | 36.666536                       |
| 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                      | 34.82% | 42.296994                       |
| 2006        | 617,028,640                 | 81,566,250                   | 1,995,985,400             | 11,409,304                 | 12,965,118                | 14,497,115           | 57,988,460                | 724,501,345             | 2,066,938,978                      | 35.05% | 41.445757                       |

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 was assessed in previous years at 25 percent for everything except inventories, which are assessed at 23 percent. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and 0 percent for 2009.

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, Ohio.

(1) Information provided by Geauga County Auditor is at 50 percent of value.



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

|                                               | 1997             | 1998             | 1999             | 2000             | 2001             | 2002             | 2003             | 2004             | 2005             | 2006             |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <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                 | 8.971819         | 8.912588         | 7.847558         | 7.811965         | 7.766337         | 7.075786         | 7.031988         | 7.016708         | 6.319051         | 6.302825         |
| Commercial/Industrial and Public Utility Real | 13.109815        | 13.023683        | 11.174102        | 11.183648        | 11.174010        | 10.016291        | 9.910517         | 9.904265         | 8.638240         | 8.748986         |
| 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                 | 2.206185         | 2.191620         | 1.929727         | 1.920975         | 1.909755         | 1.739947         | 1.729177         | 1.725420         | 1.553865         | 1.549875         |
| Commercial/Industrial and Public Utility Real | 3.223725         | 3.202545         | 2.747730         | 2.750077         | 2.747707         | 2.463022         | 2.437012         | 2.435475         | 2.124157         | 2.151390         |
| 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                 | 2.020832         | 2.007489         | 1.767601         | 1.759587         | 1.749308         | 1.593762         | 1.583901         | 1.580458         | 1.423317         | 1.419660         |
| Commercial/Industrial and Public Utility Real | 2.824272         | 2.805715         | 2.407251         | 2.409308         | 2.407229         | 2.157820         | 2.135028         | 2.133681         | 1.860941         | 1.884795         |
| 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                 | 1.835995         | 1.823871         | 1.605922         | 1.598639         | 1.589301         | 1.447985         | 1.439025         | 1.435896         | 1.293127         | 1.289802         |
| Commercial/Industrial and Public Utility Real | 2.247350         | 2.232583         | 1.915515         | 1.917149         | 1.915497         | 1.717037         | 1.698900         | 1.697825         | 1.480801         | 1.499781         |
| 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         | 0.200000         | 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                 | 3.125359         | 3.104721         | 2.733711         | 2.721316         | 2.705415         | 2.464854         | 2.449597         | 2.444269         | 2.201236         | 2.195578         |
| Commercial/Industrial and Public Utility Real | 3.789440         | 3.764542         | 3.229907         | 3.232663         | 3.229878         | 2.895236         | 2.864656         | 2.862845         | 2.496897         | 2.528905         |
| 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                 | 5.080786         | 5.047238         | 4.444102         | 4.423949         | 4.398103         | 4.007032         | 3.982232         | 3.973566         | 3.578478         | 3.569282         |
| Commercial/Industrial and Public Utility Real | 5.954096         | 5.914978         | 5.074943         | 5.079276         | 5.074893         | 4.549097         | 4.501048         | 4.498201         | 3.923210         | 3.973500         |
| 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         | 1.200000         | 1.200000         | 1.200000         | 1.000000         | 1.000000         |
| 1997 Operating - Continuing                   | 7.900000         | 6.900000         | 6.900000         | 6.900000         | 6.900000         | 6.900000         | 6.900000         | 6.900000         | 6.900000         | 6.900000         |
| Residential/Agricultural Real                 | 7.834264         | 6.797397         | 5.985115         | 5.957970         | 5.923160         | 5.396483         | 5.363080         | 5.351412         | 4.819325         | 4.806933         |
| Commercial/Industrial and Public Utility Real | 7.900000         | 6.854660         | 5.881173         | 5.886196         | 5.881118         | 5.271786         | 5.216103         | 5.212805         | 4.546472         | 4.604749         |
| Tangible/Public Utility Personal              | 7.900000         | 6.900000         | 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         | 4.300000         | 4.300000         | 4.300000         | 4.000000         | 4.000000         |
| 2005 Operating - Continuing                   | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 9.390000         | 9.390000         |
| Residential/Agricultural Real                 | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 8.456352         | 8.434605         |
| Commercial/Industrial and Public Utility Real | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 8.189704         | 8.294675         |
| Tangible/Public Utility Personal              | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 0.000000         | 9.390000         | 9.390000         |
| <b>Total Voted Millage</b>                    | <b>72.300000</b> | <b>71.300000</b> | <b>71.300000</b> | <b>71.300000</b> | <b>71.300000</b> | <b>73.800000</b> | <b>73.800000</b> | <b>73.800000</b> | <b>82.690000</b> | <b>82.690000</b> |

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

|                                                | 1997      | 1998      | 1999      | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      |
|------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Total Voted Millage by Type of Property</b> |           |           |           |           |           |           |           |           |           |           |
| Residential/Agricultural Real                  | 34.275240 | 33.084924 | 29.513736 | 29.394401 | 29.241379 | 29.425849 | 29.279000 | 29.227729 | 34.844751 | 34.768560 |
| Commercial/Industrial and Public Utility Real  | 42.248698 | 40.998706 | 35.630621 | 35.658317 | 35.630332 | 34.770289 | 34.463264 | 34.445097 | 38.460422 | 38.886781 |
| Tangible/Public Utility Personal               | 72.300000 | 71.300000 | 71.300000 | 71.300000 | 71.300000 | 73.800000 | 73.800000 | 73.800000 | 82.690000 | 82.690000 |
| <b>Overlapping Rates by Taxing District</b>    |           |           |           |           |           |           |           |           |           |           |
| <b>Geauga County</b>                           | 12.450000 | 12.450000 | 12.650000 | 13.400000 | 14.400000 | 14.600000 | 15.100000 | 15.100000 | 15.100000 | 15.100000 |
| Residential/Agricultural Real                  | 9.229701  | 9.188474  | 9.122794  | 10.020950 | 10.991590 | 10.387579 | 10.858588 | 11.876713 | 10.891352 | 10.875137 |
| Commercial/Industrial and Public Utility Real  | 10.368604 | 10.332681 | 9.700071  | 10.595040 | 11.582869 | 11.298447 | 11.755403 | 12.603699 | 11.414258 | 11.503548 |
| Tangible/Public Utility Personal               | 12.450000 | 12.450000 | 12.650000 | 13.400000 | 14.400000 | 14.600000 | 15.100000 | 15.100000 | 15.100000 | 15.100000 |
| <b>Geauga County Library District</b>          | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  |
| Residential/Agricultural Real                  | 0.754100  | 0.749500  | 0.641400  | 0.638500  | 0.636400  | 0.907900  | 0.904763  | 0.902200  | 0.807751  | 0.806111  |
| Commercial/Industrial and Public Utility Real  | 0.865800  | 0.861500  | 0.727300  | 0.728000  | 0.727000  | 0.946200  | 0.941362  | 0.938700  | 0.827379  | 0.835383  |
| Tangible/Public Utility Personal               | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  | 1.000000  |
| <b>Auburn JVSD</b>                             | 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  |
| <b>Auburn Township</b>                         | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 |
| Residential/Agricultural Real                  | 7.734261  | 7.690403  | 7.092177  | 7.054108  | 7.020288  | 6.601939  | 6.559812  | 6.549713  | 6.750730  | 7.078057  |
| Commercial/Industrial and Public Utility Real  | 8.705086  | 8.491645  | 7.412102  | 7.411360  | 7.410513  | 7.415548  | 7.411119  | 7.422720  | 6.972101  | 7.385100  |
| Tangible/Public Utility Personal               | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 | 11.170000 |
| <b>Bainbridge Township</b>                     | 21.500000 | 22.500000 | 22.500000 | 22.500000 | 22.500000 | 22.500000 | 22.500000 | 22.500000 | 22.500000 | 22.500000 |
| Residential/Agricultural Real                  | 14.401600 | 15.335400 | 13.887900 | 13.863100 | 13.800900 | 12.913200 | 12.881000 | 13.113200 | 12.937900 | 12.939277 |
| Commercial/Industrial and Public Utility Real  | 15.968200 | 16.960200 | 15.152600 | 15.133400 | 15.127000 | 13.663800 | 13.536500 | 13.785900 | 13.383400 | 13.512704 |
| Tangible/Public Utility Personal               | 21.500000 | 22.500000 | 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 on S9, 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.

Overlapping rates are those of local and County governments that apply to property owners within the School District.

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

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

| <u>Collection<br/>Year (2)</u> | <u>Total Tax Levy</u> | <u>Current Tax<br/>Collections</u> | <u>Percent of<br/>Current Tax<br/>Collections<br/>Tax Levy</u> | <u>Delinquent<br/>Tax<br/>Collections (3)</u> | <u>Total Tax<br/>Collections</u> | <u>Percent of<br/>Total Tax<br/>Collections<br/>to Tax Levy</u> |
|--------------------------------|-----------------------|------------------------------------|----------------------------------------------------------------|-----------------------------------------------|----------------------------------|-----------------------------------------------------------------|
| 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%                                                         |
| 2006                           | 27,249,464            | 27,412,330                         | 100.00%                                                        | 626,536                                       | 28,038,866                       | 102.90%                                                         |

**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 2007 information cannot be presented because all collections have not been made by June 30, 2007.

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

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
REAL PROPERTY TAX  
DECEMBER 31, 2006 AND DECEMBER 31, 1998**

| <u>Name of Taxpayer</u>         | <u>December 31, 2006</u>     |                                                       |
|---------------------------------|------------------------------|-------------------------------------------------------|
|                                 | <u>Assessed Value</u>        | <u>Percentage of<br/>Total Assessed<br/>Valuation</u> |
| Bainbridge Shopping Center      | \$ 14,035,160                | 2.00%                                                 |
| Cedar Fair                      | 8,924,910                    | 1.28%                                                 |
| Tanglewood Square               | 2,555,740                    | 0.37%                                                 |
| 422 Company, Ltd.               | 2,158,420                    | 0.31%                                                 |
| McFarland Commons               | 2,049,250                    | 0.29%                                                 |
| Bainbridge Land                 | 1,780,320                    | 0.25%                                                 |
| Bainbridge Associates, Ltd.     | 1,727,720                    | 0.25%                                                 |
| Stock Equipment Co.             | 1,405,432                    | 0.20%                                                 |
| Squires Woods, Inc.             | 1,231,410                    | 0.18%                                                 |
| Key Trust Co.                   | 1,229,150                    | 0.18%                                                 |
| Totals                          | <u>\$ 37,097,512</u>         | <u>5.31%</u>                                          |
| <b>Total Assessed Valuation</b> | <b><u>\$ 698,594,890</u></b> |                                                       |

| <u>Name of Taxpayer</u>         | <u>December 31, 1998 (1)</u> |                                                       |
|---------------------------------|------------------------------|-------------------------------------------------------|
|                                 | <u>Assessed Value</u>        | <u>Percentage of<br/>Total Assessed<br/>Valuation</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%                                                 |
| Totals                          | <u>\$ 15,688,730</u>         | <u>4.03%</u>                                          |
| <b>Total Assessed Valuation</b> | <b><u>\$ 389,537,360</u></b> |                                                       |

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

(1) Information prior to 1998 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX  
DECEMBER 31, 2006 AND DECEMBER 31, 1998**

| <u>Name of Taxpayer</u>         | <u>December 31, 2006</u>    |                                                  |
|---------------------------------|-----------------------------|--------------------------------------------------|
|                                 | <u>Assessed Value (2)</u>   | <u>(2) Percentage of Tangible Assessed Value</u> |
| Cedar Fair, LP                  | \$ 6,553,250                | 45.20%                                           |
| Stock Equipment                 | 738,200                     | 5.09%                                            |
| Wal-Mart                        | 602,895                     | 4.16%                                            |
| Johnsonite                      | 471,935                     | 3.26%                                            |
| Noueon, Inc.                    | 382,035                     | 2.64%                                            |
| MarBal, Inc.                    | 363,275                     | 2.51%                                            |
| Dick's Sporting Goods           | 335,425                     | 2.31%                                            |
| Riser Foods                     | 294,135                     | 2.03%                                            |
| Kohl's Department Store         | 234,235                     | 1.62%                                            |
| <b>Totals</b>                   | <b><u>\$ 9,975,385</u></b>  | <b><u>68.82%</u></b>                             |
| <b>Total Assessed Valuation</b> | <b><u>\$ 14,497,115</u></b> |                                                  |

| <u>Name of Taxpayer</u>         | <u>December 31, 1998 (1)</u> |                                              |
|---------------------------------|------------------------------|----------------------------------------------|
|                                 | <u>Assessed Value</u>        | <u>Percentage of Tangible 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%                                        |
| <b>Totals</b>                   | <b><u>\$ 11,740,510</u></b>  | <b><u>51.93%</u></b>                         |
| <b>Total Assessed Valuation</b> | <b><u>\$ 22,608,970</u></b>  |                                              |

**Source:** Geauga County Auditor

(1) Information prior to 1998 is not available.

(2) Information provided by the County Auditor is at 50 percent value.

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
PUBLIC UTILITY PERSONAL PROPERTY TAX  
DECEMBER 31, 2006 AND DECEMBER 31, 1998**

| <u>Name of Taxpayer</u>             | <u>December 31, 2006</u>    |                                                          |
|-------------------------------------|-----------------------------|----------------------------------------------------------|
|                                     | <u>Assessed Value</u>       | Percentage of<br>Public Utility<br><u>Assessed Value</u> |
| Cleveland Electric Illuminating Co. | \$ 6,369,690                | 55.83%                                                   |
| Western Reserve Telephone Co.       | 2,405,720                   | 21.08%                                                   |
| American Transmission               | 512,350                     | 4.49%                                                    |
| East Ohio Gas Co.                   | 440,130                     | 3.86%                                                    |
| Totals                              | <u>\$ 9,727,890</u>         | <u>85.26%</u>                                            |
| <b>Total Assessed Valuation</b>     | <b><u>\$ 11,409,304</u></b> |                                                          |

| <u>Name of Taxpayer</u>             | <u>December 31, 1998 (1)</u> |                                                          |
|-------------------------------------|------------------------------|----------------------------------------------------------|
|                                     | <u>Assessed Value</u>        | Percentage of<br>Public Utility<br><u>Assessed Value</u> |
| 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                              | <u>\$ 14,601,870</u>         | <u>93.72%</u>                                            |
| <b>Total Assessed Valuation</b>     | <b><u>\$ 15,580,050</u></b>  |                                                          |

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

(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, 2006**

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| <u>Jurisdiction</u>       | <u>General<br/>Obligation<br/>Bonded Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable to<br/>School District(1)</u> | <u>Applicable to<br/>School District</u> |
|---------------------------|---------------------------------------------------------------|------------------------------------------------------------|------------------------------------------|
| <b><u>Direct</u></b>      |                                                               |                                                            |                                          |
| Kenston Local School      | \$ 48,664,000                                                 | 100.00%                                                    | \$ 48,664,000                            |
| <b>Total Direct</b>       | <u>48,664,000</u>                                             |                                                            | <u>48,664,000</u>                        |
| <b><u>Overlapping</u></b> |                                                               |                                                            |                                          |
| Geauga County             | <u>9,413,586</u>                                              | 23.38%                                                     | <u>2,200,896</u>                         |
| <b>Total Overlapping</b>  | <u>9,413,586</u>                                              |                                                            | <u>2,200,896</u>                         |
| <b>Grand Total</b>        | <u>\$ 58,077,586</u>                                          |                                                            | <u>\$ 50,864,896</u>                     |

Source: Office of the County Auditor, Geauga County, Ohio - 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 2006 collection year.

**KENSTON LOCAL SCHOOL DISTRICT  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS (1)**

| <u>Fiscal<br/>Year</u> | <u>General<br/>Bonded Debt<br/>General<br/>Obligation Bonds</u> | <u>Percentage<br/>of Actual<br/>Taxable Value<br/>of Property (2)</u> | <u>Percentage<br/>of Personal<br/>Income (3)</u> | <u>Per<br/>Capita (3)</u> |
|------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|---------------------------|
| 2000                   | \$ 10,255,000                                                   | 0.73%                                                                 | 2.06%                                            | \$ 789.33                 |
| 2001                   | 9,697,000                                                       | 0.66%                                                                 | 1.58%                                            | 603.27                    |
| 2002                   | 8,891,5000                                                      | 0.57%                                                                 | 1.44%                                            | 553.16                    |
| 2003                   | 53,063,000                                                      | 3.02%                                                                 | 8.62%                                            | 3,301.17                  |
| 2004                   | 51,749,5000                                                     | 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                  |
| 2007                   | 48,664,000                                                      | 2.35%                                                                 | 7.90%                                            | 3,027.49                  |

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

- (1) Information prior to 2000 is not available.
- (2) See Schedule S19 for taxable property value data
- (3) See Schedule S20 for population and personal income data



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

|                                                                             | 1998           | 1999          | 2000          | 2001           | 2002          | 2003           | 2004           | 2005           | 2006           | 2007           |
|-----------------------------------------------------------------------------|----------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Assessed Valuations                                                         | \$ 406,774,480 | \$427,722,630 | \$492,188,580 | \$ 514,370,530 | \$540,071,680 | \$ 608,266,890 | \$ 636,495,800 | \$ 637,821,330 | \$ 723,154,010 | \$ 724,501,345 |
| Debt Limit - 9% of Assessed Value (1)                                       | \$ 36,609,703  | \$ 38,495,037 | \$ 44,296,972 | \$ 46,293,348  | \$ 48,606,451 | \$ 54,744,020  | \$ 57,284,622  | \$ 57,403,920  | \$ 65,083,861  | \$ 65,205,121  |
| Amount of Debt Applicable to Debt Limit:                                    |                |               |               |                |               |                |                |                |                |                |
| General Obligation Bonds                                                    | 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     | 48,664,000     |
| Less: Amount Available in Debt Service                                      | (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)    | (4,626,333)    |
| Amount of Debt Subject to Limit                                             | 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     | 44,037,667     |
| Overall Debt Margin                                                         | \$ 26,019,132  | \$ 28,420,093 | \$ 35,081,833 | \$ 38,005,554  | \$ 41,491,557 | \$ 4,862,218   | \$ 8,606,981   | \$ 10,351,218  | \$ 19,499,892  | \$ 21,167,454  |
| Legal Debt Margin as a Percentage of Debt Limit                             | 71%            | 74%           | 79%           | 82%            | 85%           | 9%             | 15%            | 18%            | 30%            | 32%            |
| Unvoted Legal Debt Limit -<br>.10% of Assessed Value (1)                    | \$ 406,774     | \$ 427,723    | \$ 492,189    | \$ 514,371     | \$ 540,072    | \$ 608,267     | \$ 636,496     | \$ 637,821     | \$ 723,154     | \$ 724,501     |
| Amount of Debt Subject to Limit                                             | 0              | 0             | 0             | 0              | 0             | 0              | 0              | 0              | 0              | 0              |
| Unvoted Debt Margin                                                         | \$ 406,774     | \$ 427,723    | \$ 492,189    | \$ 514,371     | \$ 540,072    | \$ 608,267     | \$ 636,496     | \$ 637,821     | \$ 723,154     | \$ 724,501     |
| Unvoted Legal Debt Margin as a Percentage<br>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.

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

| Fiscal Year | Population (1) | (2)<br>Estimated<br>Actual Value of<br>Taxable Property | General Bonded Debt                   |                                            |                            | Ratio of Net<br>Bonded Debt<br>to Estimated<br>Actual Value | Net Bonded<br>Debt per<br>Capita |
|-------------|----------------|---------------------------------------------------------|---------------------------------------|--------------------------------------------|----------------------------|-------------------------------------------------------------|----------------------------------|
|             |                |                                                         | General<br>Bonded Debt<br>Outstanding | Resources<br>Available to<br>Pay Principal | Net General<br>Bonded Debt |                                                             |                                  |
| 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                            |
| 2007        | 16,074         | 2,066,938,978                                           | 48,664,000                            | 4,626,333                                  | 44,037,667                 | 2.13%                                                       | 2,740                            |

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

(1) U.S. Census Bureau

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Office of the County Auditor, Geauga County, Ohio

**KENSTON LOCAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST EIGHT YEARS (1)**

| <u>Year</u> | <u>Bainbridge<br/>Township<br/>Population (2)</u> | <u>Auburn<br/>Township<br/>Population (2)</u> | <u>Total<br/>Personal<br/>Income (3)</u> | <u>Personal<br/>Income<br/>Per Capita (2)</u> | <u>Geauga County<br/>Unemployment<br/>Rate (3)</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%                                               |
| 2007        | 10,916                                            | 5,158                                         | 615,618,126                              | 38,299                                        | 4.5%                                               |

Source: (1) Information prior to 2000 is not available.  
(2) U.S. Census Bureau  
a) 1990 Federal Census Bureau  
b) 2000 Federal Census Bureau  
(3) Represents Geauga County  
(4) Computation of per capita personal income multiplied by population.

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

| <u>Employer</u>                                        | <u>December 31, 2006</u>           |                                               |
|--------------------------------------------------------|------------------------------------|-----------------------------------------------|
|                                                        | <u>Number of<br/>Employees (2)</u> | <u>Percentage<br/>of Total<br/>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

Current year information did not change from prior year information. Information prior to 2005 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
BUILDING STATISTICS BY FUNCTION/PROGRAM  
LAST TWO FISCAL YEARS (1)**

|                                       | 2007                               | 2006                               |
|---------------------------------------|------------------------------------|------------------------------------|
| <b>Kenston High School</b>            |                                    |                                    |
| Constructed                           | 2006                               | 1956                               |
| Total Building Square Footage         | 222,067                            | 146,415                            |
| Enrollment Grades                     | 9 <sup>th</sup> - 12 <sup>th</sup> | 9 <sup>th</sup> - 12 <sup>th</sup> |
| Student Capacity                      | 1,200                              | 855                                |
| Regular Instruction Classrooms        | 73                                 | 40                                 |
| Regular Instruction Teachers          | 64.5                               | 55                                 |
| Special Instruction Teachers          | 4                                  | 4                                  |
| <b>Kenston Middle School</b>          |                                    |                                    |
| Constructed                           | 1956                               | 1967                               |
| Total Building Square Footage         | 146,415                            | 90,356                             |
| Enrollment Grades                     | 6 <sup>th</sup> - 8 <sup>th</sup>  | 6 <sup>th</sup> - 8 <sup>th</sup>  |
| Student Capacity                      | 855                                | 616                                |
| Regular Instruction Classrooms        | 40                                 | 38                                 |
| Regular Instruction Teachers          | 47.5                               | 44.5                               |
| Special Instruction Teachers          | 4.5                                | 4.5                                |
| <b>Kenston Intermediate School</b>    |                                    |                                    |
| Constructed                           | 1967                               | N/A                                |
| Total Building Square Footage         | 90,893                             | N/A                                |
| Enrollment Grades                     | 4 <sup>th</sup> - 5 <sup>th</sup>  | N/A                                |
| Student Capacity                      | 616                                | N/A                                |
| Regular Instruction Classrooms        | 38                                 | N/A                                |
| Regular Instruction Teachers          | 215                                | N/A                                |
| Special Instruction Teachers          | 7                                  | N/A                                |
| <b>Timmons Elementary School</b>      |                                    |                                    |
| Constructed                           | 1994                               | 1994                               |
| Total Building Square Footage         | 90,893                             | 90,893                             |
| Enrollment Grades                     | 1 <sup>st</sup> - 3 <sup>rd</sup>  | 3 <sup>rd</sup> - 5 <sup>th</sup>  |
| Student Capacity                      | 700                                | 700                                |
| Regular Instruction Classrooms        | 34                                 | 34                                 |
| Regular Instruction Teachers          | 31                                 | 41.5                               |
| Special Instruction Teachers          | 2.5                                | 0                                  |
| <b>Gardiner Early Learning Center</b> |                                    |                                    |
| Constructed                           | 1962                               | 1962                               |
| Total Building Square Footage         | 42,063                             | 42,063                             |
| Enrollment Grades                     | Pre-K - Kindergarten               | 1 <sup>st</sup> - 2 <sup>nd</sup>  |
| Student Capacity                      | 363                                | 363                                |
| Regular Instruction Classrooms        | 24                                 | 24                                 |
| Regular Instruction Teachers          | 8                                  | 21                                 |
| Special Instruction Teachers          | 1                                  | 1                                  |
| <b>Early Learning Center</b>          |                                    |                                    |
| Constructed                           | 0                                  | 1942                               |
| Total Building Square Footage         | 0                                  | 40,335                             |
| Enrollment Grades                     | 0                                  | Pre-K -<br>Kindergarten            |
| Student Capacity                      | 0                                  | 320                                |
| Regular Instruction Classrooms        | 0                                  | 11                                 |
| Regular Instruction Teachers          | 0                                  | 9                                  |
| Special Instruction Teachers          | 0                                  | 1                                  |

Source: Information provided by Kenston Local School District

(1) Information prior to 2006 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
PER PUPIL COST  
LAST NINE FISCAL YEARS (4)**

| Fiscal<br>Year | Student Enrollment        |                         | General Government        |                   | Governmental Activities (3) |                   |
|----------------|---------------------------|-------------------------|---------------------------|-------------------|-----------------------------|-------------------|
|                | Average<br>Enrollment (1) | Percentage<br>of Change | (2) Total<br>Expenditures | Per<br>Pupil Cost | Total<br>Expenses           | Per<br>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            |
| 2007           | 3,060                     | 4.96 %                  | 40,024,296                | 13,080            | 36,481,095                  | 11,922            |

**Source:** Kenston Local School District 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.
- (4) Information prior to 1999 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
ENROLLMENT STATISTICS  
LAST TEN 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         |
| 2007               | 1,299                         | 757                  | 1,005              | 3,060         |

**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>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>   | <u>2007</u>   |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Bachelor's Degree | 12.00         | 11.00         | 8.00          | 8.00          | 9.00          | 10.50         | 10.00         | 5.00          | 4.50          | 2.50          |
| Bachelor + 15     | 19.00         | 20.00         | 16.00         | 17.50         | 19.00         | 20.00         | 16.00         | 14.00         | 9.00          | 6.00          |
| Bachelor + 30     | 45.00         | 45.00         | 39.00         | 48.50         | 51.00         | 48.00         | 50.00         | 50.00         | 51.00         | 46.00         |
| Master's Degree   | 49.00         | 50.00         | 60.00         | 64.50         | 59.00         | 60.00         | 60.00         | 64.00         | 68.00         | 81.50         |
| Master + 15       | 22.00         | 23.00         | 27.00         | 27.50         | 23.00         | 24.00         | 27.00         | 32.00         | 36.00         | 33.50         |
| Master + 30       | 14.00         | 15.00         | 19.00         | 20.00         | 19.00         | 19.50         | 22.00         | 23.00         | 24.00         | 23.00         |
| 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>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> | <u>193.50</u> |



**KENSTON LOCAL SCHOOL DISTRICT  
AVERAGE NUMBER OF STUDENTS PER TEACHER  
LAST NINE SCHOOL YEARS (1)**

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| <u>Fiscal<br/>Year</u> | <u>Kenston<br/>Average</u> | <u>State<br/>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                     |
| 2007                   | 18.4                       | 19.6                     |

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

(1) Information prior to 1999 is not available.

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

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| <u>Fiscal<br/>Year</u> | <u>Kenston<br/>Attendance<br/>Rate</u> | <u>State<br/>Average</u> | <u>Kenston<br/>Graduation<br/>Rate</u> | <u>State<br/>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%                   |
| 2007                   | 96.3%                                  | 94.1%                    | 95.9%                                  | 86.10%                   |

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

**KENSTON LOCAL SCHOOL DISTRICT  
SAT SCORES  
LAST NINE SCHOOL YEARS (2)**

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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                  |
| 2007               | 130                          | 263                      | 50%                        | 525                   | 536                | 502                    | 571                 | 542              | 515                  |

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

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

(2) Information prior to 1999 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
ACT COMPOSITE SCORES  
LAST NINE SCHOOL YEARS (2)**

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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                      |
| 2007               | 175                          | 265                      | 66%                        | 23.1                     | 21.6                  | 21.2                      |

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

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

(2) Information prior to 1999 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
SCHOOL DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST THREE FISCAL YEARS (1)**

| <u>Function/Program</u>               | <u>2007</u>   | <u>2006</u>   | <u>2005</u>   |
|---------------------------------------|---------------|---------------|---------------|
| Regular Instruction:                  |               |               |               |
| Elementary Classroom Teachers         | 71.00         | 71.50         | 71.50         |
| Middle School Classroom Teachers      | 42.50         | 44.50         | 43.50         |
| High School Classroom Teachers        | 57.00         | 55.00         | 52.00         |
| Special Instruction:                  |               |               |               |
| Elementary Classroom Teachers         | 7.50          | 7.00          | 7.00          |
| Gifted Education Teachers             | 5.00          | 5.00          | 5.00          |
| Middle School Classroom Teachers      | 4.50          | 4.50          | 4.50          |
| High School Classroom Teachers        | 4.00          | 4.00          | 4.00          |
| Vocational Instruction:               |               |               |               |
| High School Classroom Teachers        | 2.00          | 2.00          | 2.00          |
| Pupil Support Services:               |               |               |               |
| Guidance Counselors                   | 7.00          | 7.00          | 7.00          |
| Librarians                            | 1.00          | 1.00          | 1.00          |
| Speech and Language Pathologists      | 3.00          | 3.00          | 3.00          |
| Non-Teaching Support Staff Central    | 18.50         | 18.50         | 18.50         |
| Instructional Support Service:        |               |               |               |
| Non-Teaching Support Staff Elementary | 34.00         | 34.00         | 34.00         |
| Non-Teaching Support Staff Middle     | 15.50         | 15.50         | 15.50         |
| Non-Teaching Support Staff High       | 18.50         | 18.50         | 18.50         |
| Non-Teaching Support Staff Central    | 19.50         | 19.50         | 19.50         |
| Administration:                       |               |               |               |
| Elementary                            | 4.00          | 4.00          | 4.00          |
| Middle School                         | 2.00          | 2.00          | 2.00          |
| High School                           | 4.00          | 4.00          | 4.00          |
| Business:                             |               |               |               |
| Central                               | 1.50          | 1.50          | 1.50          |
| Fiscal:                               |               |               |               |
| Treasurer's Office                    | 5.00          | 5.00          | 5.00          |
| Operation of Plant:                   |               |               |               |
| Custodial Department                  | 28.00         | 24.00         | 24.00         |
| Maintenance Department                | 5.00          | 4.00          | 4.00          |
| Pupil Transportation:                 |               |               |               |
| Bus Drivers                           | 29.50         | 28.50         | 28.50         |
| Bus Aides                             | 2.00          | 2.00          | 2.00          |
| Mechanics                             | 3.00          | 3.00          | 3.00          |
| Transportation Support Staff          | 2.00          | 2.00          | 2.00          |
| Central:                              |               |               |               |
| Community Relations                   | 0.50          | 0.50          | 0.50          |
| Technology                            | 2.00          | 2.00          | 2.00          |
| Personnel                             | 0.50          | 0.50          | 0.50          |
| Extracurricular:                      |               |               |               |
| Athletic Department                   | 1.00          | 1.00          | 1.00          |
| Food Service Program:                 |               |               |               |
| Elementary                            | 6.50          | 6.50          | 6.50          |
| Middle                                | 2.50          | 2.50          | 2.50          |
| High School Cooks                     | 5.00          | 5.00          | 5.00          |
| Totals                                | <u>414.50</u> | <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.

(1) Information prior to 2005 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
CAPITAL ASSETS (NET OF DEPRECIATION)  
LAST FIVE FISCAL YEARS (1)**

|                              | <u>2003</u>                 | <u>2004</u>                 | <u>2005</u>                 | <u>2006</u>                 | <u>2007</u>                 |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b><u>Capital Assets</u></b> |                             |                             |                             |                             |                             |
| Land                         | \$ 125,211                  | \$ 125,211                  | \$ 125,211                  | \$ 704,063                  | \$ 704,063                  |
| Land Improvements            | 171,606                     | 331,261                     | 266,317                     | 230,017                     | 202,973                     |
| Building and Improvements    | 11,429,739                  | 10,763,236                  | 10,268,462                  | 9,853,883                   | 9,474,445                   |
| Furniture and Equipment      | 1,184,314                   | 766,539                     | 673,164                     | 523,008                     | 388,050                     |
| Vehicles                     | 1,287,523                   | 1,146,631                   | 932,795                     | 761,564                     | 573,173                     |
| Construction in Progress     | <u>320,704</u>              | <u>2,546,374</u>            | <u>18,181,846</u>           | <u>36,612,359</u>           | <u>43,305,939</u>           |
| <b>Total Capital Assets</b>  | <b><u>\$ 14,519,097</u></b> | <b><u>\$ 15,679,252</u></b> | <b><u>\$ 30,447,795</u></b> | <b><u>\$ 48,684,894</u></b> | <b><u>\$ 54,648,643</u></b> |

**Source:** Information was obtained from the Kenston Local School District's financial records.

(1) Information prior to 2003 is not available.

**KENSTON LOCAL SCHOOL DISTRICT  
FREE OR REDUCED LUNCH PROGRAM PERCENTAGES  
LAST TWO FISCAL YEARS (1)**

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| <u>School Year</u> | <u>Students</u> | <u>Students Applicable for Free Lunch</u> | <u>Percentage of Applicable Students for the Free Lunch Program</u> | <u>Students Applicable for Reduced Lunch</u> | <u>Percentage of Applicable Students for the Reduced Lunch Program</u> | <u>Total Students Applicable for the Free and Reduced Lunch Program</u> | <u>Total Percentage of Applicable Students for the Free and Reduced Lunch Programs</u> |
|--------------------|-----------------|-------------------------------------------|---------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 2006               | 3,557           | 157                                       | 4.41%                                                               | 66                                           | 1.86%                                                                  | 223                                                                     | 6.27%                                                                                  |
| 2007               | 3,162           | 158                                       | 5.00%                                                               | 76                                           | 2.40%                                                                  | 234                                                                     | 2.40%                                                                                  |

**Source:** “Lunch MR 81 Report for October 2006” obtained from the Ohio Department of Education

(1) Information prior to 2006 is not 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 6, 2008**