

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

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2010

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



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Kenston Local School District, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 4, 2011

This Page is Intentionally Left Blank.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
For the Year Ending June 30, 2010**

Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	3
Schedule of Federal Awards Expenditures.....	5
Notes to Schedule of Federal Awards Expenditures	6
Schedule of Findings.....	7
Schedule of Prior Audit Findings.....	9

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

Kenston Local School District
Geauga County
17415 Snider Road
Chagrin Falls, Ohio 44023

To the Board of Education:

We have audited the financial statements of the governmental activities, business activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County Ohio (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. 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 Controls 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 opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

Charles Harris Associates

Charles E. Harris and Associates, Inc.

December 10, 2010

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Kenston Local School District
Geauga County
17419 Snyder Road
Chagrin Falls, Ohio 44029

To the Board of Education:

Compliance

We have audited the compliance of Kenston Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Kenston Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

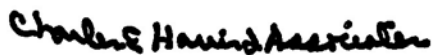
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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.

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Kenston Local School District as of and for the year ended June 30, 2010 and have issued our report thereon dated December 10, 2010. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic 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.

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



CHARLES E. HARRIS & ASSOCIATES, INC.

December 10, 2010

KENSTON LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2010

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Nutrition Cluster:				
Direct Program:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	n/a	10.555	\$ 56,528	\$ 56,528
Passed Through the Ohio Department of Education:				
Cash Assistance:				
National School Lunch Program	n/a	10.555	128,544	128,544
Total Nutrition Cluster			185,072	185,072
Total U.S. Department of Agriculture			185,072	185,072
<u>U.S. Department of Education</u>				
Pass through Ohio Department of Education				
Special Education Cluster:				
ARRA - IDEA Part B	n/a	84.391	511,389	484,789
Title I - Disadvantaged Children	6BSF-10	84.027	467,649	436,482
Total Special Education Cluster			979,038	921,271
Title I - Disadvantaged Children	C1S1-09	84.010	94,616	86,015
Total Title I			94,616	86,015
Title II-A Improving Teacher Quality	TRS1-09	84.367	66,199	60,976
Total Title II-A			66,199	60,976
Title II-D - Educational Technology	TJS1-09	84.318	924	924
Total Title II-D			924	924
ARRA - Budget Stabilization	SCC 932N	84.394	263,577	263,577
Total Budget Statbilization			263,577	263,577
Safe and Drug Free Program	DRS1-09	84.186	6,019	6,019
Total Safe and Drug Free Program			6,019	6,019
Total U.S. Department of Education			1,410,373	1,338,782
Total Federal Expenditures			\$ 1,595,445	\$ 1,523,854

See accompanying Notes to the Schedule of Federal Awards Expenditures

KENSTON LOCAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2010

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 expenditures 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

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2010, the District had commodities in inventory recorded in the Food Service Fund.

3. 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.

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2010**

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 significant deficiencies reported at the financial 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 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>	IDEA Part B CFDA #84.027 ARRA IDEA Part B CFDA #84.391
(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

SCHEDULE OF FINDINGS - (continued)
OMB CIRCULAR A-133 SECTION .505

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2010

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2009-Kenston-001	Lack of segregation of duties in cash disbursement cycle	Yes	Finding No Longer Valid

Kenston Local School District

Chagrin Falls, Ohio

Issued By: Treasurer's Office—Linda Hein, Treasurer



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Students of Kenston Local School District are pictured throughout this Comprehensive Annual Financial Report.

Kenston Local School District

Chagrin Falls, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Issued By: Treasurer's Office - Linda Hein, Treasurer

Introductory Section



Kenston Local School District

TABLE OF CONTENTS

I. Introductory Section

Title Page i
Table of Contents ii
Letter of Transmittal vii
GFOA Certificate of Achievement xiii
List of Principal Officials..... xiv
Organizational Chart.....xv

II. Financial Section

Independent Accountants’ Report..... 1
Management’s Discussion and Analysis3
Basic Financial Statements:
Statement of Net Assets13
Statement of Activities.....14
Balance Sheet – Governmental Funds15
Reconciliation of Total Governmental Fund Balances
To Net Assets of Governmental Activities16
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds17
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities.....18
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund19
Statement of Fund Net Assets – Proprietary Funds21
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Funds.....22
Statement of Cash Flows – Proprietary Funds.....23
Statement of Assets and Liabilities – Fiduciary Funds.....24
Notes to the Basic Financial Statements26

TABLE OF CONTENTS

II. Financial Section (Continued)

Combining and Individual Fund Statements and Schedules:

Schedules of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual (Non-GAAP Budgetary Basis) –

General Fund.....59

Bond Retirement Fund.....64

Combining Statements – Nonmajor Governmental Funds

Description of Funds.....65

Combining Balance Sheet – Nonmajor Governmental Funds.....68

Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances – Nonmajor Governmental Funds.....69

Combining Balance Sheet – Nonmajor Special Revenue Funds.....70

Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances – Nonmajor Special Revenue Funds.....74

Schedules of Revenues, Expenditures and Changes
In Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) -

Private Purpose Trust Scholarship Fund.....78

Public School Support Fund.....79

Other Grants Fund.....81

District Managed Student Activity Fund.....82

Auxiliary Services Fund.....84

Professional Development Fund.....85

Management Information Systems Fund.....86

Data Communication Fund.....87

School Net Professional Development Fund.....88

Miscellaneous State Grants Fund.....89

IDEA – Education of Handicapped Children Fund.....90

State Fiscal Stabilization Fund.....92

TABLE OF CONTENTS

II. Financial Section (Continued)

Stimulus Title II – Technology Grants Fund	93
Title I – Disadvantaged Children/Targeted Assistance Fund	94
Drug Free Schools Grant Fund	95
Improving Teacher Quality Fund.....	96
Combining Balance Sheet – Nonmajor Capital Projects Funds	97
Combining Statement of Revenues, Expenditures, and Changes	
In Fund Balances – Nonmajor Capital Projects Funds	98
Schedules of Revenues, Expenditures, and Changes	
In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) -	
Permanent Improvement Fund.....	99
Building Fund	100
School Net Fund	101
Combining Statements – Nonmajor Enterprise Funds	
Description of Funds.....	102
Combining Statement of Fund Net Assets.....	103
Combining Statement of Revenues, Expenses, and Changes	
In Fund Net Assets.....	104
Combining Statement of Cash Flows	105
Schedules of Revenues, Expenses, and Changes	
In Fund Equity – Budget and Actual (Non-GAAP Budgetary Basis) -	
Food Services Fund.....	106
Uniform School Supplies Fund.....	107
Adult Education Fund	108
Kindergarten Fees Fund.....	109
Employee Benefits Self-Insurance Fund	110
Combining Statement – Nonmajor Fiduciary Funds	
Description of Funds.....	111
Combining Statement of Changes in Assets and Liabilities.....	112

TABLE OF CONTENTS

III. Statistical Section

Net Assets by Component – Last Eight Fiscal Years S2

Changes in Net Assets – Last Eight Fiscal Years (Accrual Basis of Accounting)..... S3

Program Revenues by Function – Last Eight Fiscal Years
(Accrual Basis of Accounting)..... S6

Fund Balances - Governmental Funds – Last Eight Fiscal Years
(Modified Accrual Basis of Accounting)..... S7

Changes in Fund Balances – Governmental Funds – Last Eight Fiscal Years
(Modified Accrual Basis of Accounting)..... S8

Assessed and Estimated Actual Value of Taxable Property –
Last Ten Years S10

Property Tax Rates – Per \$1,000 of Assessed Value – Last Ten Calendar Years S12

Property Tax Levies and Collections – Last Ten Years S13

Principal Taxpayers – Real Property Tax –
2010 and 2001 S14

Principal Taxpayers – Tangible Personal Property Tax –
2010 and 2001 S15

Principal Taxpayers – Public Utility Personal Property Tax –
2010 and 2001 S16

Computation of Direct and Overlapping Debt Attributable to
Governmental Activities as of December 31, 2009 S17

Ratio of Debt to Assessed Value and Debt per Capita - Last Ten Fiscal Years S18

Computation of Legal Debt Margin – Last Ten Fiscal Years S19

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years S20

Demographic and Economic Statistics – Last Ten Years S21

Principal Employers – Current Year and 2005 S22

Building Statistics by Function/Program – Last Five Fiscal Years S23

Cost Per Pupil – Last Ten Fiscal Years S25

TABLE OF CONTENTS

III. Statistical Section (Continued)

Enrollment Statistics – Last Ten Fiscal Years	S26
Full-Time Equivalent Teachers by Education - Last Ten Fiscal Years.....	S27
Average Number of Students per Teacher – Last Ten Fiscal Years.....	S28
Attendance and Graduation Rates – Last Then Fiscal Years.....	S29
SAT Composite Scores – Last Ten School Years	S30
ACT Composite Scores – Last Ten School Years	S31
School District Employees by Function/Program – Last Six Fiscal Years	S32
Capital Assets (Net of Depreciation) – Last Eight Fiscal Years.....	S34
Free or Reduced Lunch Program Percentages – Last Five Fiscal Years	S35



KENSTON

S C H O O L S

Kenston Local Schools

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

Robert A. Lee, Ph.D.
Superintendent

Jack K. Thompson, Ed. D.
Assistant Superintendent

Linda M. Hein
Treasurer

December 10, 2010

The Board of Education Members and
Residents of Kenston Local School District

We are pleased to submit to you the eleventh Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unqualified (“clean”) 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, 2010.

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

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, 2010, 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.

KENSTON LOCAL SCHOOL DISTRICT

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 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 four jointly governed organizations and one public entity risk pool. The jointly governed organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools' Council Association, and the public entity risk pool is the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 of the basic 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 elected Board of Directors member of the Chagrin Valley Chamber

KENSTON LOCAL SCHOOL DISTRICT

of Commerce. He will be President Elect in 2011 and President in 2012. In addition, the trustees of both Auburn and Bainbridge townships are regular participants in the School District's Business Advisory Council.

In 2007, the Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to serve as a conduit between the Kenston Board of Education and the Kenston community by communicating, researching and providing education on strategic matters. Since 2007, the committee has maintained an active role in meeting the mission of this committee.

The composition of KCAC is nine community members, the School District Treasurer, Superintendent and one Board of Education member. Community members serve for three years (initially, three members for one year, three for two years, and three for three years in order to create staggered terms).

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, but also has a commercial development called Marketplace at Four Corners.

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 impact of the lost personal property taxes has been offset by the state reimbursement with the Commercial Activity Tax revenue. The state reimbursement of \$3,235,990 will begin to be phased out by 2013.

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.

The Kenston Local School District is a member of the Alliance for Adequate School Funding. This organization represents high property value/low state aid school districts at the state legislature level. The organization has successfully protected the financial interests of its member districts from major reductions in state support.

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 (CODB) factor portion of the State Formula Aid calculation and the elimination of the tangible personal property tax on business.

Major Initiatives

Major capital projects have been significantly reduced to infrastructure repairs. These projects were typically directed to HVAC, paving and utilities. This approach was also used in the bus replacement schedule. Instead of buying new school buses, Kenston has purchased used buses. The extensive use of salt prematurely deteriorates our school bus bodies. This program was found to have merit and maybe continued without budget cutbacks. Several school vans used to transport disabled students to out-of-district programs were purchased with federal special education funds.

KENSTON LOCAL SCHOOL DISTRICT

Future Projects

Since the last report, Kenston has been working on a 600kW wind power project using state and local funds. During this time, Kenston qualified for a federal stimulus grant for renewable energy. The federal grant came with many time consuming requirements. The project was halted to perform the required environmental studies. In addition, the Ohio Department of Development, in conjunction with the U.S. Department of Energy, determined that my shovel-ready project would not technically meet the “Buy America” provisions of the grant. The grant was increased from \$635,000 to \$1,035,000 in order to acquire an American-made product. The generation size also increased from 600kW to 750kW. To date, Kenston is waiting for the environmental study approved and must sell its 600kW unit.

In September of 2010, Kenston was notified of another federal grant award. Our school district is one of two Ohio recipients of the Carol M. White Physical Education Program (PEP Grant). The grant award totaled \$677,706. This award provides significant support of Kenston’s goals to reduce childhood obesity. The major focus of the funds will be to acquire a new generation of physical education equipment that will create more of a focus on cardiovascular activities and provide professional development for the faculty to implement this new direction.

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”.

Federal funds are used by the School District to improve the academic achievement of students through research-based practices of targeted intervention and focused staff development programs. The School District’s eighth consecutive designation as an “Excellent District” by the Ohio Department of Education makes it one of only four districts in the state to have achieved an “Excellent” rating for nine 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 the development of a collaborative culture where teachers analyze curriculum, instruction and performance data to improve their attainment mapping, the development of essential understandings and common assessments.

To best meet the educational needs of low-achieving disadvantaged children, reading and math assistance is provided by intervention tutors at the kindergarten through 5th grade levels. These teachers are charged with the responsibility to ensure such students have access to curriculum and instructional materials aligned with the State academic standards so that students, teachers, parents, and administrators can measure progress against common expectations for student academic achievement. In addition, title monies are used to reduce class size and increase the quality of the educational services provided. Substantial sustained professional development is provided both individually and school-wide to ensure students are given effective, scientifically-based instruction to maximize their individual growth and meet their academic potential. Much effort and planning has resulted in carving out time during the normal school day for teachers to collaborate.

KENSTON LOCAL SCHOOL DISTRICT

The School District has a comprehensive approach to assessing and improving student learning. Beginning of the year tasks include teachers analyzing test data from the previous year to reflect upon the results of their instruction in relation to student learning. Teachers pose critical questions as to what strengths and weaknesses the data suggests in regards to their instruction. Results are shared to formulate plans that expand identified strengths and improve areas of concern. Previous assessment data is also utilized to plan targeted intervention for students who did not demonstrate proficiency or the equivalent of a year's worth of growth. Data analysis and the use of multiple measures of student achievement are utilized throughout the year as teachers implement formative assessments to measure student learning and drive differentiated instruction. For example, a Web-based program known as Study Island is utilized to supplement our 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 progress 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.

To foster an educational climate that serves the needs of all students in a manner of mutual respect and care toward others, a committee was formed and a PEAK (Peaceful Schools at Kenston) initiative has been developed. In accordance with the School District's mission, six essential elements have been identified that encompass our continuous efforts to maintain a safe environment. The six elements are safe harbor, parent/family/community education, behavior expectations, character traits, character reinforcement, and staff development. The overarching goal of this group is that students, staff, and members of the public will behave in a manner toward themselves and others that instills a harmonious existence within the School District's environment and at all School District related events.

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.

Financial Information

Internal Accounting and Controls

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes an automated accounting and payroll system as designed by the State software development team. An internal controls system for capital assets is provided by an outside company. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

Long-Term Financial Planning

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

KENSTON LOCAL SCHOOL DISTRICT

revenue and expenditures for the general operating fund for the past three fiscal year and projects revenues 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.

Relevant Financial Policies

The School District maintains a policy to replace textbooks, technology, necessary supplies, vehicles and maintenance of the School District's facilities on a regular basis in a cost efficient manner. Such replacement is provided for in both the general fund and the permanent improvement capital projects fund.

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, 2009. 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.

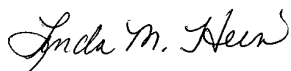
Acknowledgments

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



Robert A. Lee, Ph.D., Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Kenston Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

BOARD OF EDUCATION

Ms. Anne Randall
Ms. Joan Hamilton
Ms. Beth Krause
Mr. Thomas Fussner
Mr. William Timmons

President
Vice-President
Member
Member
Member

TREASURER

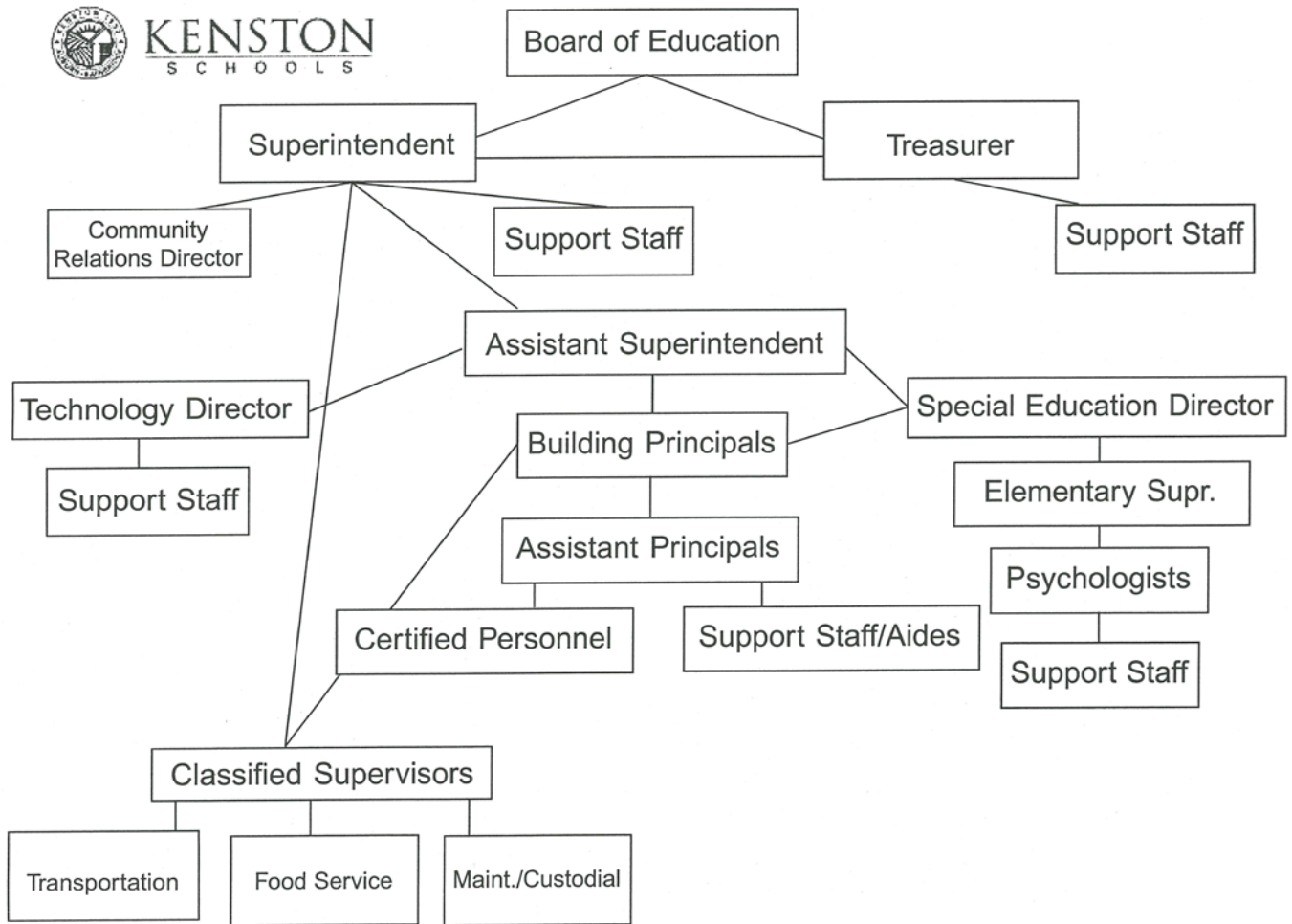
Ms. Linda M. Hein

ADMINISTRATION

Dr. Robert A. Lee
Dr. Jack Thompson
Ms. Rita Pressman

Superintendent
Assistant Superintendent
Director, Special Education

KENSTON LOCAL SCHOOL DISTRICT



Financial Section



Kenston Local School District

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Geauga County (the District), as of and for the year ended June 30, 2010, 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 an opinion on these basic financial statements based on our audit.

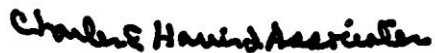
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the 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 as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is 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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, individual budgetary schedules, and statistical tables 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 individual budgetary statements 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 section and statistical tables 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 & Associates, Inc.
December 10, 2010

KENSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2010

The discussion and analysis of the Kenston Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. 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 2010 are as follows:

- In total, net assets increased \$1,056,806. Net assets of governmental activities increased \$1,136,722, which represents a 6 percent increase from 2009. The increase in net assets of governmental activities is due to revenues and expenses remaining relatively unchanged for fiscal year 2010 as compared to fiscal year 2009. Net assets of business-type activities decreased \$79,916 or 13 percent from 2009. The decrease in net assets is related to increases in food service and adult education expenses.
- General revenues accounted for \$36,321,799 in revenue or 89 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,628,074 or 11 percent of total revenues of \$40,949,873.
- Total assets of governmental activities increased by \$1,716,658 as equity in pooled cash and cash equivalents, cash with fiscal agent and investments increased by \$1,153,571, intergovernmental receivable increased by \$375,024, and property taxes receivable increased by \$297,662.
- The School District had \$38,206,664 in expenses related to governmental activities; only \$3,123,355 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$36,220,031 were adequate to provide for these programs.
- Among major funds, the general fund had \$33,410,566 in revenues (including other financing sources) and \$33,741,949 in expenditures (including other financing uses). The general fund's fund balance decreased to \$8,210,970 from \$8,542,353. The bond retirement fund decreased its fund balance to \$4,913,880 from \$4,990,232.

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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net 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 provide 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 School District, the general fund is by far the most

KENSTON LOCAL SCHOOL DISTRICT

significant fund with the most activity. In addition, 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 2010?" 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-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial statements 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 and the bond retirement 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 financial 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.

KENSTON LOCAL SCHOOL DISTRICT

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 2010 compared to 2009:

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	\$ 46,203,900	\$ 44,283,615	\$ 317,378	\$ 303,748	\$ 46,521,278	\$ 44,587,363
Capital assets, net	55,009,420	55,213,047	419,840	456,055	55,429,260	55,669,102
Total Assets	<u>101,213,320</u>	<u>99,496,662</u>	<u>737,218</u>	<u>759,803</u>	<u>101,950,538</u>	<u>100,256,465</u>
LIABILITIES						
Current and other liabilities	28,436,276	26,906,225	187,473	133,418	\$ 28,623,749	\$ 27,039,643
Long-term liabilities:						
Due within one year	2,619,123	2,264,596	9,453	6,748	2,628,576	2,271,344
Due in more than one year	45,657,797	46,962,439	21,454	20,883	45,679,251	46,983,322
Total Liabilities	<u>76,713,196</u>	<u>76,133,260</u>	<u>218,380</u>	<u>161,049</u>	<u>76,931,576</u>	<u>76,294,309</u>
NET ASSETS						
Invested in capital assets, net of related debt	9,932,221	9,050,518	419,840	456,055	10,352,061	9,506,573
Restricted	5,472,675	5,788,774	-	-	5,472,675	5,788,774
Unrestricted	9,095,228	8,524,110	98,998	142,699	9,194,226	8,666,809
Total Net Assets	<u>\$ 24,500,124</u>	<u>\$ 23,363,402</u>	<u>\$ 518,838</u>	<u>\$ 598,754</u>	<u>\$ 25,018,962</u>	<u>\$ 23,962,156</u>

Total assets increased \$1,694,073. Equity in pooled cash and cash equivalents along with investments increased \$1,162,509 due to revenues exceeding expenses and both revenues and expenses remaining relatively unchanged in fiscal year 2010. Capital assets decreased \$239,842 due to current year depreciation expenses exceeding current year additions.

The net assets of the School District's business-type activities decreased by \$79,916 or 13 percent. The decrease was due to increases in food service and adult education expenses.

KENSTON LOCAL SCHOOL DISTRICT

Table 2 shows the changes in net assets for fiscal year 2010 and 2009.

Table 2 - Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program Revenues:						
Charges for services	\$ 880,750	\$ 804,309	\$ 1,313,809	\$ 1,308,748	\$ 2,194,559	\$ 2,113,057
Operating grants and contributions	1,955,818	1,241,754	190,910	186,848	2,146,728	1,428,602
Capital grants and contributions	286,787	448,655	-	-	286,787	448,655
Total Program Revenues	3,123,355	2,494,718	1,504,719	1,495,596	4,628,074	3,990,314
General Revenues:						
Property taxes	25,531,749	26,412,958	-	-	25,531,749	26,412,958
Grants and entitlements	10,449,515	9,932,505	-	-	10,449,515	9,932,505
Investment income	65,671	214,506	1,260	4,373	66,931	218,879
All other revenues	173,096	39,432	100,508	63,648	273,604	103,080
Total General Revenues	36,220,031	36,599,401	101,768	68,021	36,321,799	36,667,422
Total Revenues	39,343,386	39,094,119	1,606,487	1,563,617	40,949,873	40,657,736
EXPENSES						
Program Expenses:						
Instruction:						
Regular	15,953,102	15,322,825	-	-	15,953,102	15,322,825
Special	4,174,608	3,794,506	-	-	4,174,608	3,794,506
Vocational	146,682	136,398	-	-	146,682	136,398
Other	510,965	684,852	-	-	510,965	684,852
Supporting Services:						
Pupils	2,491,893	2,308,905	-	-	2,491,893	2,308,905
Instructional Staff	1,104,241	987,278	-	-	1,104,241	987,278
Board of Education	55,185	50,661	-	-	55,185	50,661
Administration	2,794,093	2,815,879	-	-	2,794,093	2,815,879
Fiscal Services	990,759	1,032,471	-	-	990,759	1,032,471
Business	49,653	47,119	-	-	49,653	47,119
Operation and Maintenance of Plant	3,642,583	3,834,204	-	-	3,642,583	3,834,204
Pupil Transportation	2,537,276	3,151,134	-	-	2,537,276	3,151,134
Central	35,527	35,406	-	-	35,527	35,406
Operation of Non-Instructional Services	148,235	165,424	-	-	148,235	165,424
Extracurricular Activities	1,459,442	1,434,594	-	-	1,459,442	1,434,594
Interest and Fiscal Charges	2,112,420	2,145,954	-	-	2,112,420	2,145,954
Food Services	-	-	1,126,629	1,069,601	1,126,629	1,069,601
Uniform School Supplies	-	-	156,670	159,479	156,670	159,479
Kindergarten Fees	-	-	308,319	314,216	308,319	314,216
Adult Education	-	-	94,785	60,265	94,785	60,265
Total Expenses	38,206,664	37,947,610	1,686,403	1,603,561	39,893,067	39,551,171
Excess (Deficiency) before Transfers	1,136,722	1,146,509	(79,916)	(39,944)	1,056,806	1,106,565
Transfers	-	(411,786)	-	411,786	-	-
Change in Net Assets	1,136,722	734,723	(79,916)	371,842	1,056,806	1,106,565
Net Assets - Beginning of Year	23,363,402	22,628,679	598,754	226,912	23,962,156	22,855,591
Net Assets - End of Year	\$24,500,124	\$23,363,402	\$ 518,838	\$ 598,754	\$25,018,962	\$23,962,156

KENSTON LOCAL SCHOOL DISTRICT

Total revenues increased \$292,137. The School District's operating grants and contributions had an increase of \$718,126 or 50 percent. The operating grants and contributions increase is mainly due to the School District receiving additional federal funding through the American Recovery and Reinvestment Act (ARRA). Property taxes decreased by \$881,209 or 3 percent due to the economic downturn in the housing markets. Grants and entitlements increased by \$517,010 or 5 percent. This increase is mainly attributable to an increase in funding from the State's Foundation program. Investment earnings decreased by \$151,948 or 69 percent, due to a significant decrease in national interest rates.

Total expenses increased slightly by \$341,896 or 1 percent over fiscal year 2009. Regular Instruction expenses increased \$630,277 due to annual salary and benefit increases. Pupil Transportation expenses decreased \$613,858 due to the School District's efforts to reduce the usage of fuel in its transportation fleet. Food Services and Adult Education expenses increased \$91,548 due to increased activity during the fiscal year.

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 65 percent of revenues for governmental activities for the District in fiscal year 2010.

Instruction comprises 54 percent of governmental program expenses. Interest and fiscal charges were 6 percent. Interest and fiscal charges were attributable to the outstanding bond and borrowing for capital projects. The increase in net assets of \$1,293,646 is mainly due to revenues continually exceeding expenses and remaining constant.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2010 and 2009. 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.

KENSTON LOCAL SCHOOL DISTRICT

Table 3 - Governmental Activities

	Total Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2010	Net Cost of Services 2009
Instruction	\$ 20,785,357	\$ 19,938,581	\$ (19,223,524)	\$ (19,097,644)
Supporting Services:				
Pupils and Instructional Staff	3,596,134	3,296,183	(3,352,741)	(3,074,429)
Board of Education, Administration, Fiscal Services, and Business	3,889,690	3,946,130	(3,704,141)	(3,737,961)
Operation and Maintenance of Plant	3,642,583	3,834,204	(3,462,185)	(3,664,204)
Pupil Transportation	2,537,276	3,151,134	(2,514,466)	(3,046,951)
Central	35,527	35,406	(35,527)	(35,406)
Operation of Non-Instructional Services	148,235	165,424	(127,583)	(148,463)
Extracurricular Activities	1,459,442	1,434,594	(550,722)	(501,880)
Interest and fiscal charges	2,112,420	2,145,954	(2,112,420)	(2,145,954)
Total cost of service	<u>\$ 38,206,664</u>	<u>\$ 37,947,610</u>	<u>\$ (35,083,309)</u>	<u>\$ (35,452,892)</u>

The dependence upon tax revenues for governmental activities is apparent as 92 percent of governmental activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 92 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 services operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,606,487 and expenses of \$1,686,403 for fiscal year 2010. The decrease in operations of \$79,916 is due to increases in food services and adult education program expenses. The School District is also taking steps to reduce expenses. Business-type 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 \$39,518,030 (including other financing sources) and expenditures of \$40,132,782 (including other financing uses). The net change in fund balance for the year in the general fund experienced a decrease of \$331,383 due to decreases in property tax revenues and interest earnings. The decrease in the net change in fund balance for the bond retirement fund, in the amount of \$76,352, was due to property tax and related revenues not 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.

KENSTON LOCAL SCHOOL DISTRICT

During the course of fiscal 2010, 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 \$34,423,130 (including other financing sources), which was above original budget estimate of \$33,609,954. Of this \$813,176 difference, most was due to the School District's conservative estimates of taxes, grants and entitlements not restricted for a special purpose, and interest earnings.

The original appropriations of \$37,721,010 (including other financing uses) were decreased to \$36,776,595. Final appropriations for instruction expenditures proved to be higher than anticipated in the original budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2010, the School District had \$55,429,260 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, \$55,009,420 in governmental activities. Table 4 shows fiscal 2010 balances compared to 2009:

Table 4 - Capital Assets at June 30, (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,207,191	\$ 1,237,691	\$ -	\$ -	\$ 1,207,191	\$ 1,237,691
Construction in progress	1,213,969	-	-	-	1,213,969	-
Land Improvements	760,363	804,690	-	-	760,363	804,690
Buildings and Improvements	50,051,982	51,395,350	-	-	50,051,982	51,395,350
Furniture and Equipment	939,914	999,346	419,840	456,055	1,359,754	1,455,401
Vehicles	836,001	775,970	-	-	836,001	775,970
Total Capital Assets	\$ 55,009,420	\$ 55,213,047	\$ 419,840	\$ 456,055	\$ 55,429,260	\$ 55,669,102

The decrease in capital assets can be attributed to current year depreciation expenses exceeding capital outlay purchases.

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 2010, this amounted to \$519,663 for each set aside. For fiscal year 2010, the School District had qualifying disbursements or offsets exceeding this requirement for textbooks and capital improvements.

See Note 9 for additional information on capital assets.

KENSTON LOCAL SCHOOL DISTRICT

Debt

At June 30, 2010, the District had \$44,973,500 in bonds outstanding, \$1,510,259 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at June 30,

	Governmental Activities	
	2010	2009
GES Septic System	\$ 13,500	\$ 27,000
2003 School Improvement Bonds	40,395,000	41,305,000
2003 School Improvement Refunding Bonds	4,175,000	4,610,000
2003 Capital Appreciation Bonds	115,000	115,000
2010 Capital Lease	275,000	-
Total Outstanding Debt	\$ 44,973,500	\$ 46,057,000

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.

In fiscal year 2010, the School District entered into a capital lease in the amount of \$275,000. This lease provided additional funding for the construction of a synthetic field in the School District's stadium.

At June 30, 2010, the School District's overall voted legal debt margin was \$28,452,774 with an unvoted debt margin of \$758,193.

See Note 15 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.

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 until fiscal year 2012-2013.

Uncertainty involving the personal property tax reimbursement, unfunded mandates, and unstable state revenue will require management to plan carefully and prudently to provide the resources to meet student needs.

KENSTON LOCAL SCHOOL DISTRICT

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.

BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 17,863,701	\$ 294,578	\$ 18,158,279
Cash and Cash Equivalents:			
With Fiscal Agents	676,500	-	676,500
Investments	367,883	-	367,883
Property Taxes Receivable	26,700,711	-	26,700,711
Accounts Receivable	69,449	100	69,549
Accrued Interest Receivable	3,086	-	3,086
Intergovernmental Receivable	375,024	-	375,024
Inventory Held for Resale	-	12,421	12,421
Materials and Supplies Inventory	96,935	10,279	107,214
Prepaid Items	50,611	-	50,611
Nondepreciable Capital Assets	2,421,160	-	2,421,160
Depreciable Capital Assets, Net	52,588,260	419,840	53,008,100
Total Assets	<u>101,213,320</u>	<u>737,218</u>	<u>101,950,538</u>
LIABILITIES			
Accounts Payable	410,781	80,928	491,709
Accrued Wages and Benefits	2,935,560	53,211	2,988,771
Intergovernmental Payable	1,088,642	53,334	1,141,976
Accrued Interest Payable	170,882	-	170,882
Matured Compensated Absences Payable	146,397	-	146,397
Retainage Payable	22,337	-	22,337
Claims Payable	564,679	-	564,679
Deferred Revenue	23,096,998	-	23,096,998
Long-term Liabilities:			
Due within one year	2,619,123	9,453	2,628,576
Due in more than one year	45,657,797	21,454	45,679,251
Total Liabilities	<u>76,713,196</u>	<u>218,380</u>	<u>76,931,576</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	9,932,221	419,840	10,352,061
Restricted:			
Capital Projects	302,009	-	302,009
Debt Service	4,603,138	-	4,603,138
Special Revenue	567,528	-	567,528
Unrestricted	9,095,228	98,998	9,194,226
Total Net Assets	<u>\$ 24,500,124</u>	<u>\$ 518,838</u>	<u>\$ 25,018,962</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 15,953,102	\$ 60,694	\$ 361,534	\$ -	\$ (15,530,874)	\$ -	\$ (15,530,874)
Special	4,174,608	93,119	1,046,486	-	(3,035,003)	-	(3,035,003)
Vocational	146,682	-	-	-	(146,682)	-	(146,682)
Other	510,965	-	-	-	(510,965)	-	(510,965)
Supporting Services:							
Pupils	2,491,893	-	227,131	-	(2,264,762)	-	(2,264,762)
Instructional Staff	1,104,241	1,133	15,129	-	(1,087,979)	-	(1,087,979)
Board of Education	55,185	-	-	-	(55,185)	-	(55,185)
Administration	2,794,093	-	185,549	-	(2,608,544)	-	(2,608,544)
Fiscal Services	990,759	-	-	-	(990,759)	-	(990,759)
Business	49,653	-	-	-	(49,653)	-	(49,653)
Operation and Maintenance of Plant	3,642,583	-	4,898	175,500	(3,462,185)	-	(3,462,185)
Pupil Transportation	2,537,276	-	22,810	-	(2,514,466)	-	(2,514,466)
Central	35,527	-	-	-	(35,527)	-	(35,527)
Operation of Non-Instructional Services	148,235	-	20,652	-	(127,583)	-	(127,583)
Extracurricular Activities	1,459,442	725,804	71,629	111,287	(550,722)	-	(550,722)
Interest and Fiscal Charges	2,112,420	-	-	-	(2,112,420)	-	(2,112,420)
Total Governmental activities	<u>38,206,664</u>	<u>880,750</u>	<u>1,955,818</u>	<u>286,787</u>	<u>(35,083,309)</u>	<u>-</u>	<u>(35,083,309)</u>
Business-type activities:							
Food Services	1,126,629	895,390	190,910	-	-	(40,329)	(40,329)
Uniform School Supplies	156,670	163,130	-	-	-	6,460	6,460
Kindergarten Fees	308,319	255,289	-	-	-	(53,030)	(53,030)
Adult Education	94,785	-	-	-	-	(94,785)	(94,785)
Total Business-type activities	<u>1,686,403</u>	<u>1,313,809</u>	<u>190,910</u>	<u>-</u>	<u>-</u>	<u>(181,684)</u>	<u>(181,684)</u>
Totals	<u>\$ 39,893,067</u>	<u>\$ 2,194,559</u>	<u>\$ 2,146,728</u>	<u>\$ 286,787</u>	<u>(35,083,309)</u>	<u>(181,684)</u>	<u>(35,264,993)</u>
General Revenues:							
Property and Other Local Taxes levied for:							
General Purposes					22,563,573	-	22,563,573
Debt Service					2,968,176	-	2,968,176
Grants & Entitlements not restricted to specific programs					10,449,515	-	10,449,515
Investment Income					65,671	1,260	66,931
All Other Revenues					<u>173,096</u>	<u>100,508</u>	<u>273,604</u>
Total General Revenues					<u>36,220,031</u>	<u>101,768</u>	<u>36,321,799</u>
Change in Net Assets					1,136,722	(79,916)	1,056,806
Net Assets - Beginning of Year					<u>23,363,402</u>	<u>598,754</u>	<u>23,962,156</u>
Net Assets - End of Year					<u>\$ 24,500,124</u>	<u>\$ 518,838</u>	<u>\$ 25,018,962</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Balance Sheet
Governmental Funds****June 30, 2010**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 9,418,918	\$ 4,091,671	\$ 1,362,566	\$ 14,873,155
Investments	367,883	-	-	367,883
Materials and Supplies Inventory	96,935	-	-	96,935
Accrued Interest Receivable	3,086	-	-	3,086
Accounts Receivable	68,000	-	1,449	69,449
Interfund Receivable	7,973	500,000	-	507,973
Intergovernmental Receivable	315,320	-	59,704	375,024
Property Taxes Receivable	23,681,083	3,019,628	-	26,700,711
Total Assets	\$ 33,959,198	\$ 7,611,299	\$ 1,423,719	\$ 42,994,216
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 397,413	\$ 1,543	\$ 11,825	\$ 410,781
Accrued Wages and Benefits	2,933,219	-	2,341	2,935,560
Intergovernmental Payable	1,078,921	-	9,721	1,088,642
Matured Compensated Absences Payable	146,397	-	-	146,397
Retainage Payable	-	-	22,337	22,337
Interfund Payable	-	-	507,973	507,973
Deferred Revenue	21,192,278	2,695,876	-	23,888,154
Total Liabilities	25,748,228	2,697,419	554,197	28,999,844
Fund Balances:				
Reserved for:				
Encumbrances	1,185,710	-	329,134	1,514,844
Property Taxes	2,506,805	323,752	-	2,830,557
Unreserved:				
Undesignated, Reported in:				
General Fund	4,518,455	-	-	4,518,455
Special Revenue Funds	-	-	498,387	498,387
Debt Service Fund	-	4,590,128	-	4,590,128
Capital Projects Funds	-	-	42,001	42,001
Total Fund Balances	8,210,970	4,913,880	869,522	13,994,372
Total Liabilities and Fund Balances	\$ 33,959,198	\$ 7,611,299	\$ 1,423,719	\$ 42,994,216

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

June 30, 2010

Total Governmental Fund Balances \$ 13,994,372

*Amounts reported for Governmental Activities in the Statement of Net Assets
are different because:*

Capital Assets used in Governmental Activities are not financial resources
and, therefore, are not reported in the funds 55,009,420

Other long-term assets are not available to pay for current-period expenditures
and, therefore, are deferred in the funds:

Property taxes	\$ 773,156	
Miscellaneous Revenues	<u>18,000</u>	
Total		791,156

Internal Service funds are used by management to charge the costs
of certain activities, such as insurance to individual funds. The assets
and liabilities of the District Internal Service funds are included in
Governmental Activities in the Statement of Net Assets. 3,152,978

Bond premium on the refunding of the bonds in governmental activities
is deferred and to be amortized over the remaining life of the refunded
bonds. (148,426)

Loss on early retirement of the bonds in governmental activities is deferred
and to be amortized over the remaining life of the refunded bonds. 44,727

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	(44,698,500)	
Bond Accretion	(230,065)	
Accrued Interest payable	(170,882)	
Capital leases	(275,000)	
Compensated absences	<u>(2,969,656)</u>	
Total		<u>(48,344,103)</u>

Net Assets of Governmental Activities \$ 24,500,124

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds****For the Fiscal Year Ended June 30, 2010**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 22,386,321	\$ 2,946,487	\$ -	\$ 25,332,808
Intergovernmental	10,454,478	418,038	1,679,865	12,552,381
Interest	52,713	12,500	458	65,671
Tuition	153,813	-	-	153,813
Extracurricular Activities	-	-	726,937	726,937
Miscellaneous	38,241	-	206,594	244,835
Total Revenues	33,085,566	3,377,025	2,613,854	39,076,445
EXPENDITURES				
Current:				
Instruction:				
Regular	14,757,352	-	328,581	15,085,933
Special	3,616,909	-	576,079	4,192,988
Vocational	148,356	-	-	148,356
Other	547,437	-	-	547,437
Supporting Services:				
Pupils	2,175,228	-	347,137	2,522,365
Instructional Staff	1,136,285	-	20,457	1,156,742
Board of Education	54,749	-	-	54,749
Administration	2,624,295	-	210,952	2,835,247
Fiscal Services	952,886	60,993	-	1,013,879
Business	48,639	-	-	48,639
Operation and Maintenance of Plant Services	3,877,924	-	4,898	3,882,822
Pupil Transportation	2,529,762	-	39,293	2,569,055
Central	7,264	-	-	7,264
Operation of Non-Instructional Services:				
Community Services	113,495	-	4,237	117,732
Other Operations	24,635	-	-	24,635
Extracurricular Activities	717,340	-	752,514	1,469,854
Capital Outlay	277,500	-	640,808	918,308
Debt Service:				
Principal Retirement	13,500	1,345,000	-	1,358,500
Interest and Fiscal Charges	1,808	2,047,384	12,500	2,061,692
Total Expenditures	33,625,364	3,453,377	2,937,456	40,016,197
Excess of Revenues Over (Under) Expenditures	(539,798)	(76,352)	(323,602)	(939,752)
OTHER FINANCING SOURCES (USES)				
Inception of Capital Lease	275,000	-	-	275,000
Insurance Recovery	50,000	-	-	50,000
Transfers In	-	-	116,585	116,585
Transfers Out	(116,585)	-	-	(116,585)
Total Other Financing Sources (Uses)	208,415	-	116,585	325,000
Net Change in Fund Balances	(331,383)	(76,352)	(207,017)	(614,752)
Fund Balances - Beginning of Year	8,542,353	4,990,232	1,076,539	14,609,124
Fund Balances - End of Year	\$ 8,210,970	\$ 4,913,880	\$ 869,522	\$ 13,994,372

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances-Total Governmental Funds \$ (614,752)

*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 depreciation exceeded capital outlays in the current period.

Capital Outlay	\$ 1,535,186	
Depreciation	<u>(1,642,817)</u>	
Total		(107,631)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets. (95,996)

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

Property taxes	198,941	
Miscellaneous revenues	<u>18,000</u>	
Total		216,941

Other financing sources in the Governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to inception of capital lease. (275,000)

Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,358,500

Bond premium that increases liabilities in the Statement of Net Assets are not reported in the governmental funds. 7,421

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(88,370)	
Bond Accretion	(46,845)	
Accrued interest	<u>(5,713)</u>	
Total		(140,928)

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service fund are reported in the Governmental Activities. 793,758

Change in Net Assets of Governmental Activities \$1,136,722

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 22,612,530	\$ 23,329,730	\$ 23,229,716	\$ (100,014)
Intergovernmental	10,338,543	10,221,458	10,179,251	(42,207)
Interest	-	151,409	51,409	(100,000)
Tuition	658,881	444,184	113,720	(330,464)
Miscellaneous	-	39,452	39,452	-
Total Revenues	33,609,954	34,186,233	33,613,548	(572,685)
Expenditures				
Current:				
Instruction				
Regular	15,528,137	15,726,875	14,956,732	770,143
Special	4,147,070	3,398,587	3,701,999	(303,412)
Vocational	167,756	155,128	155,128	-
Other	685,624	556,195	556,195	-
Total Instruction	<u>20,528,587</u>	<u>19,836,785</u>	<u>19,370,054</u>	<u>466,731</u>
Supporting Services				
Pupils	2,262,310	2,482,521	2,271,770	210,751
Instructional Staff	1,380,064	1,329,792	1,329,792	-
Board of Education	73,998	76,499	76,499	-
Administration	2,944,840	2,858,316	2,678,496	179,820
Fiscal Services	1,169,573	1,037,752	1,037,752	-
Business	48,048	47,985	47,985	-
Operation and Maintenance of Plant Services	4,999,855	5,131,027	3,990,553	1,140,474
Pupil Transportation	2,743,714	2,901,829	2,589,650	312,179
Central	9,954	7,469	7,469	-
Total Supporting Services	<u>15,632,356</u>	<u>15,873,190</u>	<u>14,029,966</u>	<u>1,843,224</u>
Operation of Non-Instructional Services				
Community Services	192,721	197,974	197,974	-
Other	18,122	22,784	22,784	-
Total Operation of Non-Instructional Services	<u>210,843</u>	<u>220,758</u>	<u>220,758</u>	<u>-</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (Continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities				
Academic Oriented Activities	190,528	203,999	203,999	-
Sport Oriented Activities	526,624	507,183	507,183	-
Total Extracurricular Activities	717,152	711,182	711,182	-
Capital Outlay	505,487	2,787	2,787	-
Debt Service:				
Principal Retirement	7,000	13,500	13,500	-
Interest & Fiscal Charges	3,000	1,808	1,808	-
Total Debt Service	10,000	15,308	15,308	-
Total Expenditures	37,604,425	36,660,010	34,350,055	2,309,955
Excess of Revenues (Under) Expenditures	(3,994,471)	(2,473,777)	(736,507)	1,737,270
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	-	236,897	32,897	(204,000)
Transfers Out	(116,585)	(116,585)	(116,585)	-
Total Other Financing Sources (Uses)	(116,585)	120,312	(83,688)	(204,000)
Net Change in Fund Balance	(4,111,056)	(2,353,465)	(820,195)	1,533,270
Fund Balance - Beginning of Year	7,043,993	7,043,993	7,043,993	-
Prior Year Encumbrances Appropriated	2,121,010	2,121,010	2,121,010	-
Fund Balance - End of Year	\$ 5,053,947	\$ 6,811,538	\$ 8,344,808	\$ 1,533,270

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Fund Net Assets
Proprietary Funds****June 30, 2010**

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 294,578	\$ 2,990,546
Cash and Cash Equivalents:		
With Fiscal Agents	-	676,500
Inventory Held for Resale	12,421	-
Materials and Supplies Inventory	10,279	-
Accounts Receivable	100	-
Prepaid Items	-	50,611
Total Current Assets	<u>317,378</u>	<u>3,717,657</u>
Noncurrent Assets:		
Capital Assets:		
Depreciable Capital Assets, Net of Depreciation	419,840	-
Total Assets	<u>737,218</u>	<u>3,717,657</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	80,928	-
Accrued Wages and Benefits	53,211	-
Compensated Absences Payable	9,453	-
Intergovernmental Payable	53,334	-
Claims Payable	-	564,679
Total Current Liabilities	<u>196,926</u>	<u>564,679</u>
Noncurrent Liabilities:		
Compensated Absences Payable	21,454	-
Total Liabilities	<u>218,380</u>	<u>564,679</u>
NET ASSETS		
Invested in Capital Assets	419,840	-
Unrestricted	98,998	3,152,978
Total Net Assets	<u>\$ 518,838</u>	<u>\$ 3,152,978</u>

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds**

For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Food Services	\$ 895,390	\$ -
Charges for Services	-	4,508,454
Miscellaneous	100,508	-
Classroom Materials and Fees	163,130	-
Tuition	255,289	-
Total Operating Revenues	<u>1,414,317</u>	<u>4,508,454</u>
OPERATING EXPENSES		
Salaries	610,526	-
Fringe Benefits	198,417	-
Purchased Services	587,183	-
Materials and Supplies	252,446	-
Depreciation	29,752	-
Claims	-	3,714,696
Other	1,616	-
Total Operating Expenses	<u>1,679,940</u>	<u>3,714,696</u>
Operating Income (Loss)	<u>(265,623)</u>	<u>793,758</u>
NONOPERATING REVENUES		
(Loss) on Sale of Capital Assets	(6,463)	-
Interest	1,260	-
Intergovernmental	131,510	-
Donated Commodities	59,400	-
Total Nonoperating Revenues	<u>185,707</u>	<u>-</u>
Change in Net Assets	(79,916)	793,758
Net Assets - Beginning of Year	598,754	2,359,220
Net Assets - End of Year	<u>\$ 518,838</u>	<u>\$ 3,152,978</u>

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2010

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,418,247	\$ 4,508,454
Cash Payments to Employees for Services	(610,092)	-
Cash Payments for Employee Benefits	(190,458)	-
Cash Payments for Goods and Services	(739,913)	-
Cash Payments for Claims	-	(3,828,304)
Cash Payments for Other Expenses	(1,616)	-
Net Cash Provided by (Used in) Operating Activities	<u>(123,832)</u>	<u>680,150</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants Received	131,510	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>131,510</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	1,260	-
Net Cash Provided by Investing Activities	<u>1,260</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,938	680,150
Cash and Cash Equivalents - Beginning of Year	285,640	2,986,896
Cash and Cash Equivalents - End of Year	<u>\$ 294,578</u>	<u>\$ 3,667,046</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (265,623)	\$ 793,758
Adjustments:		
Depreciation	29,752	-
Federal Donated Commodities	59,400	-
(Increase) Decrease in Assets:		
Accounts Receivable	3,930	-
Inventory Held for Resale	(5,750)	-
Materials and Supplies Inventory	(2,872)	-
Prepaid Items	-	(50,611)
Increase (Decrease) in Liabilities:		
Accounts Payable	48,938	-
Accrued Wages and Benefits	(1,845)	-
Compensated Absences Payable	3,276	-
Intergovernmental Payable	6,962	-
Claims Payable	-	(62,997)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (123,832)</u>	<u>\$ 680,150</u>

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Service enterprise fund received noncash items of donated commodities in the amount of \$59,400.

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Assets and Liabilities
Fiduciary Funds**

June 30, 2010

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 88,412</u>
Liabilities	
Deposits Held and Due to Others	28,888
Due to Students	<u>59,524</u>
Total Liabilities	<u>\$ 88,412</u>

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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 and support facilities staffed by 194 non-certificated full and part-time employees and 235 certificated full and part-time teaching personnel that provide services to 3,137 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 services, 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.

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 16 to the basic financial statements. The School District is also associated with four jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, and the Ohio Schools’ Council Association. These organizations are presented in Note 17 to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

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.

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 operating and capital 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.

KENSTON LOCAL SCHOOL DISTRICT

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

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.

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.

Bond Retirement Fund - the bond retirement fund is a debt service fund 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 the educational opportunities offered on a tuition basis to preschoolers, youth and adults living within the community. The School District has no major enterprise funds.

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 to the School District's employees.

KENSTON LOCAL SCHOOL DISTRICT

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

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.

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 fund net assets. The statement of revenues, expenses, and 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2010, but which were levied to finance fiscal year 2011 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.

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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2010, investments were limited to money market mutual fund, nonnegotiable certificate of deposit, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates or repurchase agreements with a maturity of one year or less are reported at amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to \$52,713, which includes \$17,355 assigned from other School District funds.

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 governments or imposed by enabling legislation.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010 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 consist of donated food, purchased food, and school supplies held for resale, and are expensed when used.

KENSTON LOCAL SCHOOL DISTRICT

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 five thousand dollars (\$5,000). 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 is 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>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities 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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". 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.

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 all eligible classified, certified, and administrative employees within the School District.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

M. Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of the refunding notes and bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter and is presented net of the general obligation bonds payable on the statement of net assets.

N. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are reported in the year the bonds are issued.

O. 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.

KENSTON LOCAL SCHOOL DISTRICT

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

P. **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. There were no net assets restricted by enabling legislation as of June 30, 2010. Net assets restricted for special revenue is mostly comprised of state and federal grants along with extracurricular activities.

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

Q. **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 operations, uniform school supplies, and charges for services for kindergarten and adult education. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

R. **Interfund Activity**

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

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

S. **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.

T. **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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for 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 2010.

Appropriations

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010, included the following individual fund deficits:

	<u>Deficit</u>
<i><u>Nonmajor Special Revenue Funds</u></i>	
Stimulus Title II - Technology Grants	\$ 3
Title V, Innovative Education Programs	12

The fund deficits in the nonmajor 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.

NOTE 4: CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2010, the District has implemented GASB Statement No. 51, *Accounting and Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the District's financial statements.

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the District's financial statements.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 4: CHANGES IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the presentation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change to the District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change to the District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the District's financial statements.

NOTE 5: BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The 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.

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ (331,383)
Net Adjustment for Revenue Accruals	235,879
Net Adjustments for Expenditure Accruals	717,302
Adjustment for Encumbrances	<u>(1,441,993)</u>
Budget Basis	<u><u>\$ (820,195)</u></u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds or other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or division (2) of this section and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Bankers' acceptances and commercial paper, if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS (continued)

Cash on Hand

At June 30, 2010, the School District had \$936 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, 2010, the carrying amount of the School District’s deposits was \$15,918,873, (including \$367,883 in non-negotiable certificates of deposits and \$676,500 with Medical Mutual of Ohio, who is acting as a fiscal agent for the School District’s self-insurance claims reserve balance) and the bank balance was \$15,467,720. \$2,053,303 of the School District’s bank balance was covered by Federal Depository Insurance and \$13,414,417 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the School District’s name.

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

Investments

The School District has a formal investment policy. The School District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2010, fair value was equal to the School District’s net cost for investments. 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 risks 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS (continued)

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 money market mutual fund and repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investment in the money market mutual fund and STAR Ohio represents .1 percent and 98.8 percent, respectively, 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, 2010, the School District had no exposure to foreign currency risk.

Cash and investments at year-end were as follows:

	<u>Fair Value</u>	<u>Credit Rating *</u>	<u>Investment Maturities in Years < 1</u>
STAR Ohio	\$ 3,330,251	AAAm	\$ 3,330,251
Money Market Mutual Funds - Western Asset	<u>41,014</u>	N/A	<u>41,014</u>
Total Investments	<u>3,371,265</u>		<u>\$ 3,371,265</u>
Carrying Amount of Deposits	15,918,873		
Petty Cash	<u>936</u>		
Total Cash and Investments	<u>\$ 19,291,074</u>		

*Credit ratings were obtained from Standard & Poor's

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are paid annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2009 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 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 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, 2010, are available to finance fiscal year 2010 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, 2010, 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, 2010, was \$2,506,805 in the general fund and \$323,752 in the bond retirement debt service fund. The amount available as an advance at June 30, 2009, was \$3,350,200 in the general fund and \$491,200 in the bond retirement 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

NOTE 7: **PROPERTY TAXES** (continued)

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009		2010	
	Second Half Collections		First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 742,139,700	98.81%	\$ 748,173,550	98.68%
Public Utility	8,940,080	1.19%	10,019,720	1.32%
Total Assessed Value	<u>\$ 751,079,780</u>	<u>100.00%</u>	<u>\$ 758,193,270</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 86.99		\$ 86.46	

NOTE 8: **RECEIVABLES**

Receivables at June 30, 2010, 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.

This space is intentionally left blank

KENSTON LOCAL SCHOOL DISTRICT**NOTE 9: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/2009	Additions	Deletions	Balance 6/30/2010
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,237,691	\$ -	\$ (30,500)	\$ 1,207,191
Construction in Progress	-	1,213,969	-	1,213,969
Total Capital Assets, not being depreciated	<u>1,237,691</u>	<u>1,213,969</u>	<u>(30,500)</u>	<u>2,421,160</u>
Capital Assets, being depreciated:				
Land Improvements	1,660,160	-	-	1,660,160
Building and Improvements	58,933,040	-	(235,788)	58,697,252
Furniture and Equipment	2,182,266	27,396	(255,298)	1,954,364
Vehicles	4,623,110	293,821	(1,433,439)	3,483,492
Total Capital Assets, being depreciated	<u>67,398,576</u>	<u>321,217</u>	<u>(1,924,525)</u>	<u>65,795,268</u>
Less Accumulated Depreciation:				
Land Improvements	(855,470)	(44,327)	-	(899,797)
Building and Improvements	(7,537,690)	(1,293,931)	186,351	(8,645,270)
Furniture and Equipment	(1,182,920)	(85,759)	254,229	(1,014,450)
Vehicles	(3,847,140)	(218,800)	1,418,449	(2,647,491)
Total Accumulated Depreciation	<u>(13,423,220)</u>	<u>(1,642,817)</u>	<u>1,859,029</u>	<u>(13,207,008)</u>
Total Capital Assets, being depreciated, Net	<u>53,975,356</u>	<u>(1,321,600)</u>	<u>(65,496)</u>	<u>52,588,260</u>
Governmental Activities Capital Assets, Net	<u>\$ 55,213,047</u>	<u>\$ (107,631)</u>	<u>\$ (95,996)</u>	<u>\$ 55,009,420</u>
<u>Business-Type Activities</u>				
Furniture and Equipment	694,330	-	(37,689)	656,641
Less: Accumulated Depreciation	<u>(238,275)</u>	<u>(29,752)</u>	<u>31,226</u>	<u>(236,801)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 456,055</u>	<u>\$ (29,752)</u>	<u>\$ (6,463)</u>	<u>\$ 419,840</u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 9: **CAPITAL ASSETS** (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,226,580
Supporting Services:	
Pupils	1,230
Instructional Staff	590
Board of Education	436
Administration	9,786
Fiscal Services	2,086
Business	841
Operation and Maintenance of Plant	140,927
Pupil Transportation	212,231
Central	28,263
Operation of Non-Instructional Services	6,246
Extracurricular Activities	13,601
Total Depreciation Expense	\$ 1,642,817

This space is intentionally left blank.

KENSTON LOCAL SCHOOL DISTRICT

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 2010, the School District contracted with 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>
Indiana Insurance	Property, Inland Marine, and Flood & Earthquake	\$ 91,263,962
Westfield Insurance Co.	Crime	165,000
Netherlands Insurance Co.	General Liability	1,000,000
	In aggregate:	2,000,000
	Comprehensive:	
	Combined Single Limit	1,000,000
	Uninsured Motorists Limit	1,000,000
	Comprehensive	Actual cash value
	Collision	Actual cash value
	Employee Benefit Liability	1,000,000
	In aggregate:	3,000,000
	Employer's (Stop Gap) Liability	1,000,000
	In aggregate:	2,000,000
	School Leaders Errors & Omissions (Professional) Liability	1,000,000
	In aggregate:	1,000,000
	Non-monetary Relief Defense Limit	100,000
	Sexual Misconduct & Molestation	1,000,000
	In aggregate:	1,000,000
	Innocent Party Defense Limit	300,000
	Violent Event Response	
	Each Person - Death Benefit	15,000
	Each Person Limit - Loss	25,000
	Each Violent Event Limit	1,000,000
	Each Violent Event Aggregate Limit	1,000,000
	Law Enforcement	1,000,000
	In aggregate:	1,000,000
	Umbrella	6,000,000
	Self-Insured Retention	10,000
Traveler's Insurance	Boiler and Machinery	50,000,000

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: **RISK MANAGEMENT (continued)**

B. Workers' Compensation

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is 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 Comp Management, Inc. 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's self-insurance program has been administered by Medical Mutual of Ohio (MMO). Payments are made to MMO for the actual amount of claims processed, monthly stop-loss premiums, and administrative charges. Operating revenues of the internal service fund consist of payments from other funds and are based on self-insurance losses, stop-loss premiums, and other operating expenses. Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2009	\$ (11,483)	\$ 2,482,639	\$ (1,843,480)	\$ 627,676
2010	\$ 627,676	\$ 3,765,307	\$ (3,828,304)	\$ 564,679

NOTE 11: **DEFINED BENEFIT PENSION PLANS**

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 E. Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation amount various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who had **(i)** five years of service credit and attained age 60; **(ii)** 25 years of service credit and attained age 55; or **(iii)** 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the members’ three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent with an additional one-tenth of a percent added to the calculation for every year over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits - Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the members’ designated beneficiary is entitled to receive the members’ account balance.

Combined Plan Benefits - Member contributions are allocated to investments selected by the member, and employer contributions are used to fund a defined benefit payment. Plan members’ defined benefit is determined by multiplying 1 percent of the members’ final average salary by the members’ years of service credit. The defined benefit portion of the Combined Plan payment is payable to members on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3 percent of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

For fiscal year ended June 30, 2009 (the latest information available), members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent. Member and employer contributions were 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 provided by Chapter 3307 of the Ohio Revised Code. Of the 14 percent contributed by the School District, 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$2,097,364, \$2,062,651, and \$2,063,165, respectively; 84.28 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Member and employer contributions actually made for the Defined Contribution and Combined Plan participants will be provided upon written request.

School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free 1-800-878-5853. It is also posted on SERS' website at www.ohsers.org under *Employer/Audit Resources*.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (the Pension Trust Fund, the Death Benefits Fund, the Medicare Part B Fund, and the Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14.00 percent employer contribution rate is allocated to the Health Care and the Medicare Part B funds. The School District's required pension contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$655,378, \$453,879, and \$447,550, respectively; 19.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal year 2009 and 2008.

NOTE 12: POST-EMPLOYMENT BENEFITS

State Teachers Retirement System

Plan Description - Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy - Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for years ended June 30, 2009, 2008 and 2007 (the latest information available). For the fiscal years ended June 30, 2010, 2009, and 2008, the School District's contributions to post-employment health care were \$161,336, \$158,665, and \$175,196, respectively; 84.28 percent has been contributed for 2010 and 100 percent for fiscal years 2009 and 2008.

School Employees Retirement System

Plan Description - In addition, to the cost-sharing multiple-employer defined benefit pension plan described in Note 11, SERS administers two cost-sharing, multiple employer post-employment benefit plans, the Medicare Part B Plan and the Health Care Plan as permitted by Ohio Revised Code (ORC) Sections 3309.69 and 3309.375.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: POST-EMPLOYMENT BENEFITS (continued)

Medicare Part B Plan - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2010, the actuarially required allocation is .76 percent. For the fiscal years ended June 30, 2010, 2009, and 2008, the School District's contributions to the Medicare Part B Plan were \$38,974, \$37,449, and \$32,247, respectively; 19.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plan from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employers' 14 percent contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2010, 2009 and 2008 were \$135,764, \$315,268, and \$309,498, respectively; 19.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial report of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll-free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

KENSTON LOCAL SCHOOL DISTRICT

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 and 27 days of vacation leave, respectively.

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 27 percent of the value of their accumulated sick leave not to exceed 63.45 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.

B. **Life Insurance**

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

KENSTON LOCAL SCHOOL DISTRICT

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

A. **Interfund Receivables and Payables**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 7,973
Bond Retirement Fund	Nonmajor Governmental Fund	<u>500,000</u>
Totals		<u>\$ 507,973</u>

As of June 30, 2010, the general fund provided temporary funding in the amount of \$7,973 to a nonmajor governmental fund until funds are received from the various granting sources. This interfund loan will be repaid within one year. In addition, the School District executed an internal borrowing between the bond retirement debt service fund and the building nonmajor capital projects fund. The bond retirement fund issued internal notes in the amount of \$500,000 to finance projects internally rather than through outside parties. The building fund purchased the internal notes with a 1.0 percent per annum interest rate and a maturity of April 1, 2011.

B. **Interfund Transfers**

As of June 30, 2010, interfund transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In</u> Nonmajor Governmental Funds
General Fund	<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

NOTE 15: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Principal Outstanding June 30, 2009	Additions	Deductions	Principal Outstanding June 30, 2010	Due in One Year
Governmental Activities					
<u>General Long-Term Bonds</u>					
\$135,000 GES Septic System - 5.7%, due 2010	27,000	-	13,500	13,500	13,500
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	41,305,000	-	910,000	40,395,000	1,015,000
\$6,610,000 School Improvement Refunding Bonds 2003 - 2.1-4.375% due 2017	4,610,000	-	435,000	4,175,000	460,000
\$115,000 Capital Appreciation Bonds - 15.136%, due 2013	115,000	-	-	115,000	-
Total General Long-Term Bonds	<u>46,057,000</u>	<u>-</u>	<u>1,358,500</u>	<u>44,698,500</u>	<u>1,488,500</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Capital Appreciation Bonds	183,220	46,845	-	230,065	-
Capital Lease	-	275,000	-	275,000	21,759
Unamortized Bond Premium	155,847	-	7,421	148,426	-
Loss on Refunding	(50,318)	-	(5,591)	(44,727)	-
Compensated Absences	2,881,286	1,108,864	1,020,494	2,969,656	1,108,864
Total Governmental Long-Term Liabilities	<u>\$ 49,227,035</u>	<u>\$ 1,430,709</u>	<u>\$ 2,380,824</u>	<u>\$ 48,276,920</u>	<u>\$ 2,619,123</u>
Business-Type Activities					
Compensated Absences	27,631	9,453	6,177	30,907	9,453
Total Business-Type Activities	<u>\$ 27,631</u>	<u>\$ 9,453</u>	<u>\$ 6,177</u>	<u>\$ 30,907</u>	<u>\$ 9,453</u>

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,610,000 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, 2010, the amount of defeased debt outstanding but removed from the financial statements amounted to zero.

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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 15: LONG-TERM OBLIGATIONS (continued)

Payments of principal and interest relating to the liabilities of the School Improvement and general obligation bonds will be made from the bond retirement 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 a nonmajor governmental 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 \$28,452,774 with an unvoted debt margin of \$758,193 at June 30, 2010.

Principal and interest requirements to retire general obligation debt at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,488,500	\$ 1,993,297	\$ 3,481,797
2012	1,595,000	1,940,733	3,535,733
2013	1,850,000	1,880,176	3,730,176
2014	1,530,000	2,278,956	3,808,956
2015	2,125,000	1,748,156	3,873,156
2016-2020	11,525,000	7,126,378	18,651,378
2021-2025	10,850,000	4,544,600	15,394,600
2026-2030	13,735,000	1,607,013	15,342,013
Total	<u>\$ 44,698,500</u>	<u>\$ 23,119,309</u>	<u>\$ 67,817,809</u>

NOTE 16: INSURANCE PURCHASING POOL

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 17: 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, Concord Twp., Ohio 44077.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: 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 \$92,209 to LGCA during fiscal year 2010. 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, Concord Twp., 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 one hundred twenty-one school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2010, the School District paid \$241,864 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's prepaid natural gas program. The Council provides participating school districts the ability to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. There are currently 137 districts in the Program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS (continued)

The School District also participates in the Council's electric purchase program. The Council provides 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at reduced rates if the school district committed to participating in either a thirty-six month (Cleveland Electric Illuminating Company) or a forty-four month (Ohio Edison and Toledo Edison) program beginning either May 1, 2005 or January 1, 2006 and ending December 31, 2009. Each month, the Council invoices participants based on estimated usage that was determined when the program was established. Each September, these estimated payments are compared to their actual usage for the year (July to June). Refund checks are issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced.

NOTE 18: 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 are 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, 2010.

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 19: 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 20: SET-ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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.

KENSTON LOCAL SCHOOL DISTRICT**NOTE 20: SET-ASIDE REQUIREMENTS (continued)**

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

	Textbooks Instructional Reserve	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2009	\$ (2,047,970)	\$ 1,005
Current Year Set-Aside Requirements	519,663	519,663
Qualifying Disbursements	(596,237)	(837,263)
Total	<u>\$ (2,124,544)</u>	<u>\$ (316,595)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ (2,124,544)</u>	<u>\$ -</u>
Set-Aside Reserve Balance as of June 30, 2010	<u>\$ -</u>	<u>\$ -</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. The capital acquisition and improvements set-aside had sufficient qualifying disbursements to reduce the set-aside amount below zero. This amount may not be used to reduce this set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

NOTE 21: CAPITAL LEASE

During fiscal year 2010, the School District entered into a capitalized lease obligation for the construction of a synthetic turf field. This lease meets the criteria for a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases* and has been recorded on the government-wide statements.

For fiscal year 2010, the asset acquired through this capital lease is classified under construction in progress in the amount of \$275,000. This asset will be considered land improvements once the asset is fully completed.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>
2011	\$ 35,244
2012	35,244
2013	35,244
2014	35,244
2015	<u>190,244</u>
Total minimum lease payments	\$ 331,220
Less: Amount representing imputed interest costs	<u>56,220</u>
Present value of minimum lease payments	<u>\$ 275,000</u>

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 and Actual (Non-GAAP Budgetary Basis) –
General Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 22,612,530	\$ 23,329,730	\$ 23,229,716	\$ (100,014)
Intergovernmental	10,338,543	10,221,458	10,179,251	(42,207)
Interest	-	151,409	51,409	(100,000)
Tuition	658,881	444,184	113,720	(330,464)
Miscellaneous	-	39,452	39,452	-
Total Revenues	33,609,954	34,186,233	33,613,548	(572,685)
Expenditures				
Current:				
Instruction				
Regular				
Personal Services	10,951,848	11,517,702	10,747,559	770,143
Fringe Benefits	3,681,843	3,262,653	3,262,653	-
Purchased Services	188,900	209,833	209,833	-
Supplies and Materials	440,125	470,708	470,708	-
Capital Outlay	220,108	206,087	206,087	-
Capital Outlay - Replacement	43,463	58,147	58,147	-
Other Objects	1,850	1,745	1,745	-
Total Regular	15,528,137	15,726,875	14,956,732	770,143
Special				
Personal Services	2,110,680	1,508,409	1,814,897	(306,488)
Fringe Benefits	705,606	587,980	585,024	2,956
Purchased Services	1,312,031	1,291,730	1,291,730	-
Supplies and Materials	11,953	2,094	1,974	120
Capital Outlay	6,800	8,374	8,374	-
Total Special	4,147,070	3,398,587	3,701,999	(303,412)
Vocational				
Personal Services	66,976	65,783	65,783	-
Fringe Benefits	26,580	25,277	25,277	-
Purchased Services	74,200	64,068	64,068	-
Total Vocational	167,756	155,128	155,128	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other				
Personal Services	388,856	322,931	322,931	-
Fringe Benefits	63,568	130,708	130,708	-
Purchased Services	233,200	102,556	102,556	-
Total Other	685,624	556,195	556,195	-
Total Instruction	20,528,587	19,836,785	19,370,054	466,731
Supporting Services				
Pupils				
Personal Services	1,110,080	1,052,580	1,035,245	17,335
Fringe Benefits	438,389	406,596	400,741	5,855
Purchased Services	454,290	623,095	435,534	187,561
Supplies and Materials	20,292	14,156	14,156	-
Capital Outlay	3,226	927	927	-
Capital Outlay - Replacement	2,153	2,069	2,069	-
Other Objects	233,880	383,098	383,098	-
Total Pupils	2,262,310	2,482,521	2,271,770	210,751
Instructional Staff				
Personal Services	644,358	588,085	588,085	-
Fringe Benefits	362,009	395,474	395,474	-
Purchased Services	176,204	128,193	128,193	-
Supplies and Materials	137,749	121,430	121,430	-
Capital Outlay	17,358	17,011	17,011	-
Capital Outlay - Replacement	800	636	636	-
Other Objects	41,586	78,963	78,963	-
Total Instructional Staff	1,380,064	1,329,792	1,329,792	-
Board of Education				
Personal Services	15,000	10,875	10,875	-
Fringe Benefits	3,141	2,498	2,498	-
Purchased Services	31,189	37,018	37,018	-
Supplies and Materials	6,126	5,802	5,802	-
Other Objects	18,542	20,306	20,306	-
Total Board of Education	73,998	76,499	76,499	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Administration				
Personal Services	1,840,176	1,802,401	1,685,935	116,466
Fringe Benefits	900,420	877,631	814,277	63,354
Purchased Services	74,973	65,670	65,670	-
Supplies and Materials	50,234	51,653	51,653	-
Capital Outlay	20,784	42,796	42,796	-
Capital Outlay - Replacement	7,579	5,104	5,104	-
Other Objects	50,674	13,061	13,061	-
Total Administration	2,944,840	2,858,316	2,678,496	179,820
Fiscal Services				
Personal Services	347,360	297,379	297,379	-
Fringe Benefits	169,021	125,056	125,056	-
Purchased Services	30,332	23,167	23,167	-
Supplies and Materials	8,722	6,062	6,062	-
Capital Outlay	1,500	1,500	1,500	-
Capital Outlay - Replacement	3,067	2,520	2,520	-
Other Objects	609,571	582,068	582,068	-
Total Fiscal Services	1,169,573	1,037,752	1,037,752	-
Business				
Personal Services	40,144	39,780	39,780	-
Fringe Benefits	7,904	7,650	7,650	-
Purchased Services	-	555	555	-
Total Business	48,048	47,985	47,985	-
Operation and Maintenance of Plant Services				
Personal Services	1,551,888	1,601,693	1,480,544	121,149
Fringe Benefits	645,122	646,554	646,554	-
Purchased Services	2,644,905	2,713,183	1,693,858	1,019,325
Supplies and Materials	145,440	132,924	132,924	-
Capital Outlay	8,000	35,638	35,638	-
Capital Outlay - Replacement	3,500	1,035	1,035	-
Other Objects	1,000	-	-	-
Total Operation and Maintenance of Plant Services	4,999,855	5,131,027	3,990,553	1,140,474

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Transportation				
Personal Services	1,357,015	1,415,033	1,315,631	99,402
Fringe Benefits	591,487	564,710	564,710	-
Purchased Services	104,631	118,012	117,887	125
Supplies and Materials	676,581	672,659	460,007	212,652
Capital Outlay - Replacement	14,000	131,415	131,415	-
Total Pupil Transportation	2,743,714	2,901,829	2,589,650	312,179
Central				
Purchased Services	6,774	3,969	3,969	-
Other Objects	3,180	3,500	3,500	-
Total Central	9,954	7,469	7,469	-
Total Supporting Services	15,632,356	15,873,190	14,029,966	1,843,224
Operation of Non-Instructional Services				
Community Services				
Personal Services	52,520	57,953	57,953	-
Fringe Benefits	9,048	17,030	17,030	-
Purchased Services	69,343	66,907	66,907	-
Supplies and Materials	53,619	47,309	47,309	-
Capital Outlay	500	-	-	-
Capital Outlay - Replacement	6,631	7,775	7,775	-
Other Objects	1,060	1,000	1,000	-
Total Community Services	192,721	197,974	197,974	-
Other				
Personal Services	15,184	13,273	13,273	-
Fringe Benefits	2,938	2,345	2,345	-
Purchased Services	-	7,166	7,166	-
Total Other	18,122	22,784	22,784	-
Total Operation of Non-Instructional Services	210,843	220,758	220,758	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities				
Academic Oriented Activities				
Personal Services	164,320	177,577	177,577	-
Fringe Benefits	26,208	26,422	26,422	-
Total Academic Oriented Activities	190,528	203,999	203,999	-
Sport Oriented Activities				
Personal Services	450,736	438,894	438,894	-
Fringe Benefits	72,488	66,039	66,039	-
Purchased Services	3,400	2,250	2,250	-
Total Sport Oriented Activities	526,624	507,183	507,183	-
Total Extracurricular Activities	717,152	711,182	711,182	-
Capital Outlay:				
Supplies and Materials	487	2,787	2,787	-
Capital Outlay	505,000	-	-	-
Total Capital Outlay	505,487	2,787	2,787	-
Debt Service:				
Principal	7,000	13,500	13,500	-
Interest & Fiscal Charges	3,000	1,808	1,808	-
Total Debt Service	10,000	15,308	15,308	-
Total Expenditures	37,604,425	36,660,010	34,350,055	2,309,955
Excess of Revenues (Under) Expenditures	(3,994,471)	(2,473,777)	(736,507)	1,737,270
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	-	236,897	32,897	(204,000)
Transfers Out	(116,585)	(116,585)	(116,585)	-
Total Other Financing Sources (Uses)	(116,585)	120,312	(83,688)	(204,000)
Net Change in Fund Balance	(4,111,056)	(2,353,465)	(820,195)	1,533,270
Fund Balance - Beginning of Year	7,043,993	7,043,993	7,043,993	-
Prior Year Encumbrances Appropriated	2,121,010	2,121,010	2,121,010	-
Fund Balance - End of Year	\$ 5,053,947	\$ 6,811,538	\$ 8,344,808	\$ 1,533,270

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Taxes	\$ 3,122,888	\$ 3,113,935	\$ (8,953)
Intergovernmental	413,105	418,038	4,933
Interest	-	12,500	12,500
Total Revenues	3,535,993	3,544,473	8,480
Expenditures			
Current:			
Supporting Services			
Fiscal Services			
Other Objects	59,450	59,450	-
Debt Service:			
Principal	1,345,000	1,345,000	-
Interest & Fiscal Charges	2,049,538	2,049,538	-
Total Debt Service	3,394,538	3,394,538	-
Total Expenditures	3,453,988	3,453,988	-
Excess of Revenues Over Expenditures	82,005	90,485	8,480
Other Financing (Uses)			
Advances In	-	500,000	500,000
Advances Out	(43,396)	(500,000)	(456,604)
Total Other Financing (Uses)	(43,396)	-	43,396
Net Change in Fund Balance	38,609	90,485	51,876
Fund Balance - Beginning of Year	3,991,186	3,991,186	-
Prior Year Encumbrances Appropriated	10,000	10,000	-
Fund Balance - End of Year	\$ 4,039,795	\$ 4,091,671	\$ 51,876

KENSTON LOCAL SCHOOL DISTRICT

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.

Other Grants – This fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

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.

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.

School District Fiscal Stabilization – This fund was established to support and restore state funding for elementary, secondary, post-secondary education and as applicable early childhood programs.

KENSTON LOCAL SCHOOL DISTRICT

Stimulus Title II – Technology Grants – This fund was established to improve state academic achievement through technology in schools; to assist students in becoming technologically literate by the end of the eighth grade, and to encourage effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.

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.

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.

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.

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

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

This page is intentionally left blank.

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Governmental Funds****June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 560,557	\$ 802,009	\$ 1,362,566
Accounts Receivable	1,449	-	1,449
Intergovernmental Receivable	59,704	-	59,704
Total Assets	\$ 621,710	\$ 802,009	\$ 1,423,719
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 11,825	\$ -	\$ 11,825
Accrued Wages and Benefits	2,341	-	2,341
Intergovernmental Payable	9,721	-	9,721
Retainage Payable	22,337	-	22,337
Interfund Payable	7,973	500,000	507,973
Total Liabilities	54,197	500,000	554,197
Fund Balances:			
Reserved for:			
Encumbrances	69,126	260,008	329,134
Unreserved:			
Undesignated, Reported in:			
Special Revenue Funds	498,387	-	498,387
Capital Projects Funds	-	42,001	42,001
Total Fund Balances	567,513	302,009	869,522
Total Liabilities and Fund Balances	\$ 621,710	\$ 802,009	\$ 1,423,719

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 1,504,365	\$ 175,500	\$ 1,679,865
Interest	419	39	458
Extracurricular Activities	726,937	-	726,937
Miscellaneous	206,594	-	206,594
Total Revenues	2,438,315	175,539	2,613,854
EXPENDITURES			
Current:			
Instruction:			
Regular	328,581	-	328,581
Special	576,079	-	576,079
Supporting Services:			
Pupils	347,137	-	347,137
Instructional Staff	20,457	-	20,457
Administration	210,952	-	210,952
Operation and Maintenance of Plant Services	4,898	-	4,898
Pupil Transportation	39,293	-	39,293
Operation of Non-Instructional Services:			
Community Services	4,237	-	4,237
Extracurricular Activities	752,514	-	752,514
Capital Outlay	483,052	157,756	640,808
Debt Service:			
Interest and Fiscal Charges	-	12,500	12,500
Total Expenditures	2,767,200	170,256	2,937,456
Excess of Revenues Over (Under) Expenditures	(328,885)	5,283	(323,602)
OTHER FINANCING SOURCES			
Transfers In	116,585	-	116,585
Total Other Financing Sources	116,585	-	116,585
Net Change in Fund Balances	(212,300)	5,283	(207,017)
Fund Balances - Beginning of Year	779,813	296,726	1,076,539
Fund Balances - End of Year	\$ 567,513	\$ 302,009	\$ 869,522

This Page is Intentionally Left Blank.

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds****June 30, 2010**

	Private Purpose Trust Scholar- ship	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 168	\$ 167,836	\$ 50,000	\$ 237,862	\$ 16,432
Accounts Receivable	-	1,449	-	-	-
Intergovernmental Receivable	-	-	-	-	-
Total Assets	\$ 168	\$ 169,285	\$ 50,000	\$ 237,862	\$ 16,432
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ 3,893	\$ -	\$ 7,932	\$ -
Accrued Wages and Benefits	-	-	-	-	-
Intergovernmental Payable	-	290	-	178	-
Retainage Payable	-	22,337	-	-	-
Interfund Payable	-	-	-	-	-
Total Liabilities	-	26,520	-	8,110	-
Fund Balances:					
Reserved for:					
Encumbrances	-	35,361	-	17,333	16,432
Unreserved:					
Undesignated (Deficit), Reported in:					
Special Revenue Funds	168	107,404	50,000	212,419	-
Total Fund Balances	168	142,765	50,000	229,752	16,432
Total Liabilities and Fund Balances	\$ 168	\$ 169,285	\$ 50,000	\$ 237,862	\$ 16,432

KENSTON LOCAL SCHOOL DISTRICT

<u>Prof. Develop-ment</u>	<u>Management Information Systems</u>	<u>School Net Professional Development</u>	<u>Miscellaneous State Grants</u>	<u>IDEA, Education of Handicapped Children</u>	<u>Stimulus Title II - Technology Grants</u>
\$ 156	\$ 9,038	\$ 16	\$ 5,402	\$ 59,761	\$ -
-	-	-	-	-	-
-	-	-	2,571	42,514	-
<u>\$ 156</u>	<u>\$ 9,038</u>	<u>\$ 16</u>	<u>\$ 7,973</u>	<u>\$ 102,275</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,341	-	-	-	-
-	1,199	-	-	2,987	3
-	-	-	-	-	-
-	-	-	7,973	-	-
-	3,540	-	7,973	2,987	3
-	-	-	-	-	-
156	5,498	16	-	99,288	(3)
156	5,498	16	-	99,288	(3)
<u>\$ 156</u>	<u>\$ 9,038</u>	<u>\$ 16</u>	<u>\$ 7,973</u>	<u>\$ 102,275</u>	<u>\$ -</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)****June 30, 2010**

	Title I, Disadvantaged Children/ Targeted Assistance	Title V	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 8,662	\$ -	\$ 5,224	\$ 560,557
Accounts Receivable	-	-	-	1,449
Intergovernmental Receivable	8,601	-	6,018	59,704
Total Assets	\$ 17,263	\$ -	\$ 11,242	\$ 621,710
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 11,825
Accrued Wages and Benefits	-	-	-	2,341
Intergovernmental Payable	2,749	12	2,303	9,721
Retainage Payable	-	-	-	22,337
Interfund Payable	-	-	-	7,973
Total Liabilities	2,749	12	2,303	54,197
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	69,126
Unreserved:				
Undesignated (Deficit), Reported in:				
Special Revenue Funds	14,514	(12)	8,939	498,387
Total Fund Balances	14,514	(12)	8,939	567,513
Total Liabilities and Fund Balances	\$ 17,263	\$ -	\$ 11,242	\$ 621,710



Kenston Local School District

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2010

	Private Purpose Trust Scholar- ship	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 17,099
Interest	-	402	-	-	17
Extracurricular Activities	-	419,546	-	307,391	-
Miscellaneous	-	144,226	-	62,368	-
Total Revenues	-	564,174	-	369,759	17,116
EXPENDITURES					
Current:					
Instruction:					
Regular	-	-	-	-	-
Special	-	-	-	-	-
Supporting Services:					
Pupils	-	119,822	-	-	-
Instructional Staff	-	5,353	-	-	-
Administration	-	-	-	-	-
Operation and Maintenance of Plant Services	-	-	-	-	-
Pupil Transportation	-	-	-	-	-
Operation of Non-Instructional Services:					
Community Services	-	-	-	-	684
Extracurricular Activities	-	292,698	-	459,816	-
Capital Outlay	-	483,052	-	-	-
Total Expenditures	-	900,925	-	459,816	684
Excess of Revenues Over (Under) Expenditures	-	(336,751)	-	(90,057)	16,432
OTHER FINANCING SOURCES					
Transfers In	-	-	-	96,585	-
Total Other Financing Sources	-	-	-	96,585	-
Net Change in Fund Balances	-	(336,751)	-	6,528	16,432
Fund Balances (Deficit) - Beginning of Year	168	479,516	50,000	223,224	-
Fund Balances (Deficit) - End of Year	\$ 168	\$ 142,765	\$ 50,000	\$ 229,752	\$ 16,432

KENSTON LOCAL SCHOOL DISTRICT

Prof. Develop-ment	Management Information Systems	Entry Year Teachers	Data Communication	School Net Professional Development	Miscellaneous State Grants
\$ -	\$ 5,729	\$ 22	\$ 11,432	\$ -	\$ 2,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>5,729</u>	<u>22</u>	<u>11,432</u>	<u>-</u>	<u>2,571</u>
-	-	-	11,432	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	30,415	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,055
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>30,415</u>	<u>-</u>	<u>11,432</u>	<u>-</u>	<u>19,055</u>
<u>-</u>	<u>(24,686)</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>(16,484)</u>
-	20,000	-	-	-	-
-	20,000	-	-	-	-
-	(4,686)	22	-	-	(16,484)
<u>156</u>	<u>10,184</u>	<u>(22)</u>	<u>-</u>	<u>16</u>	<u>16,484</u>
<u>\$ 156</u>	<u>\$ 5,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)****For the Fiscal Year Ended June 30, 2010**

	IDEA, Education of Handicapped Children	School District Fiscal Stabilization	Stimulus Title II - Technology Grants
REVENUES			
Intergovernmental	\$ 1,021,552	\$ 263,577	\$ 924
Interest	-	-	-
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	1,021,552	263,577	924
EXPENDITURES			
Current:			
Instruction:			
Regular	-	256,372	-
Special	489,379	3,652	-
Supporting Services:			
Pupils	227,315	-	-
Instructional Staff	1,351	-	927
Administration	180,537	-	-
Operation and Maintenance of Plant Services	4,898	-	-
Pupil Transportation	19,720	-	-
Operation of Non-Instructional Services:			
Community Services	-	3,553	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Total Expenditures	923,200	263,577	927
Excess of Revenues Over (Under) Expenditures	98,352	-	(3)
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balances	98,352	-	(3)
Fund Balances (Deficit) - Beginning of Year	936	-	-
Fund Balances (Deficit) - End of Year	\$ 99,288	\$ -	\$ (3)

KENSTON LOCAL SCHOOL DISTRICT

Title I, Disadvantaged Children/ Targeted Assistance	Title V	Drug Free Schools Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 103,217	\$ -	\$ 6,019	\$ 72,217	\$ 6	\$ 1,504,365
-	-	-	-	-	419
-	-	-	-	-	726,937
-	-	-	-	-	206,594
<u>103,217</u>	<u>-</u>	<u>6,019</u>	<u>72,217</u>	<u>6</u>	<u>2,438,315</u>
-	4	5,492	55,281	-	328,581
83,048	-	-	-	-	576,079
-	-	-	-	-	347,137
5,161	-	-	7,665	-	20,457
-	-	-	-	-	210,952
-	-	-	-	-	4,898
-	3	515	-	-	39,293
-	-	-	-	-	4,237
-	-	-	-	-	752,514
-	-	-	-	-	483,052
<u>88,209</u>	<u>7</u>	<u>6,007</u>	<u>62,946</u>	<u>-</u>	<u>2,767,200</u>
<u>15,008</u>	<u>(7)</u>	<u>12</u>	<u>9,271</u>	<u>6</u>	<u>(328,885)</u>
-	-	-	-	-	116,585
-	-	-	-	-	116,585
15,008	(7)	12	9,271	6	(212,300)
(494)	(5)	(12)	(332)	(6)	779,813
<u>\$ 14,514</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 8,939</u>	<u>\$ -</u>	<u>\$ 567,513</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
 Budget and Actual (Non-GAAP Budgetary Basis) –
 Private Purpose Trust Scholarship Fund
 For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	168	168	-
Fund Balance - End of Year	\$ 168	\$ 168	\$ -

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Public School Support Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Interest	\$ 402	\$ 402	\$ -
Extracurricular Activities	420,204	420,204	-
Miscellaneous	143,758	144,226	468
Total Revenues	564,364	564,832	468
Expenditures			
Current:			
Supporting Services			
Pupils			
Fringe Benefits	14	14	-
Purchased Services	36,840	36,840	-
Supplies and Materials	91,599	91,599	-
Capital Outlay	2,903	2,903	-
Other Objects	1,882	1,882	-
Total Pupils	133,238	133,238	-
Instructional Staff			
Supplies and Materials	6,855	6,855	-
Total Supporting Services	140,093	140,093	-
Extracurricular Activities			
Academic Oriented Activities			
Purchased Services	148,847	65,728	83,119
Supplies and Materials	401	401	-
Capital Outlay	1,582	1,582	-
Total Academic Oriented Activities	150,830	67,711	83,119

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Public School Support Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Co-Curricular Activities			
Personal Services	4,458	4,458	-
Fringe Benefits	727	727	-
Purchased Services	190,375	190,375	-
Supplies and Materials	23,670	23,670	-
Other Objects	4,761	4,761	-
Total Co-Curricular Activities	223,991	223,991	-
Total Extracurricular Activities	374,821	291,702	83,119
Capital Outlay:			
Purchased Services	99,261	64,564	34,697
Supplies and Materials	4,600	-	4,600
Capital Outlay	422,178	422,178	-
Other Objects	100	100	-
Total Capital Outlay	526,139	486,842	39,297
Total Expenditures	1,041,053	918,637	122,416
Net Change in Fund Balance	(476,689)	(353,805)	122,884
Fund Balance - Beginning of Year	205,997	205,997	-
Prior Year Encumbrances Appropriated	279,053	279,053	-
Fund Balance - End of Year	\$ 8,361	\$ 131,245	\$ 122,884

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Other Grants Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	50,000	50,000	-
Fund Balance - End of Year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Extracurricular Activities	\$ 308,031	\$ 308,031	\$ -
Miscellaneous	61,606	62,368	762
Total Revenues	<u>369,637</u>	<u>370,399</u>	<u>762</u>
Expenditures			
Current:			
Extracurricular Activities			
Academic Oriented Activities			
Personal Services	657	657	-
Fringe Benefits	110	110	-
Purchased Services	15,387	15,387	-
Supplies and Materials	24,898	24,773	125
Capital Outlay	630	630	-
Other Objects	4,703	4,703	-
Total Academic Oriented Activities	<u>46,385</u>	<u>46,260</u>	<u>125</u>
Sport Oriented Activities			
Personal Services	4,310	4,020	290
Fringe Benefits	645	545	100
Purchased Services	125,333	167,781	(42,448)
Supplies and Materials	214,083	177,053	37,030
Capital Outlay	25,134	17,997	7,137
Other Objects	56,766	55,365	1,401
Total Sport Oriented Activities	<u>426,271</u>	<u>422,761</u>	<u>3,510</u>
School & Public Service Co-Curricular Activities			
Purchased Services	10,444	10,444	-
Supplies and Materials	266	266	-
Capital Outlay	137	137	-
Other Objects	649	649	-
Total School and Public Service	<u>11,496</u>	<u>11,496</u>	<u>-</u>
Total Expenditures	<u>484,152</u>	<u>480,517</u>	<u>3,635</u>
Excess of Revenues (Under) Expenditures	<u>(114,515)</u>	<u>(110,118)</u>	<u>4,397</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
District Managed Student Activity Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses)			
Refund of Prior Year Expenditures	52	52	-
Transfers In	96,585	96,585	-
Total Other Financing Sources (Uses)	<u>96,637</u>	<u>96,637</u>	<u>-</u>
Net Change in Fund Balance	(17,878)	(13,481)	4,397
Fund Balance - Beginning of Year	142,816	142,816	-
Prior Year Encumbrances Appropriated	84,152	84,152	-
Fund Balance - End of Year	<u>\$ 209,090</u>	<u>\$ 213,487</u>	<u>\$ 4,397</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 17,099	\$ 17,099	\$ -
Interest	17	17	-
Total Revenues	<u>17,116</u>	<u>17,116</u>	<u>-</u>
Expenditures			
Current:			
Operation of Non-Instructional Services			
Community Services			
Purchased Services	684	684	-
Capital Outlay	16,432	16,432	-
Total Expenditures	<u>17,116</u>	<u>17,116</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Professional Development Fund
For the Fiscal Year Ended June 30, 2010**

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

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Management Information Systems Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 5,729	\$ 5,729	\$ -
Total Revenues	<u>5,729</u>	<u>5,729</u>	<u>-</u>
Expenditures			
Current:			
Supporting Services			
Administration			
Personal Services	22,121	13,804	8,317
Fringe Benefits	3,343	3,343	-
Purchased Services	12,894	12,894	-
Supplies and Materials	142	142	-
Total Expenditures	<u>38,500</u>	<u>30,183</u>	<u>8,317</u>
Excess of Revenues (Under) Expenditures	<u>(32,771)</u>	<u>(24,454)</u>	<u>8,317</u>
Other Financing Sources			
Transfers In	20,000	20,000	-
Total Other Financing Sources	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	(12,771)	(4,454)	8,317
Fund Balance - Beginning of Year	12,992	12,992	-
Prior Year Encumbrances Appropriated	500	500	-
Fund Balance - End of Year	<u>\$ 721</u>	<u>\$ 9,038</u>	<u>\$ 8,317</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Data Communication Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 11,432	\$ 11,432	\$ -
Total Revenues	<u>11,432</u>	<u>11,432</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Purchased Services	11,432	11,432	-
Total Expenditures	<u>11,432</u>	<u>11,432</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	16	16	-
Fund Balance - End of Year	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Pupil Transportation			
Purchased Services	26,798	21,396	5,402
Total Expenditures	26,798	21,396	5,402
Net Change in Fund Balance	(26,798)	(21,396)	5,402
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	26,798	26,798	-
Fund Balance - End of Year	\$ -	\$ 5,402	\$ 5,402

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
IDEA – Education of Handicapped Children Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 979,038	\$ 979,038	\$ -
Total Revenues	979,038	979,038	-
Expenditures			
Current:			
Instruction			
Special			
Personal Services	328,995	275,093	53,902
Fringe Benefits	82,669	78,804	3,865
Purchased Services	131,000	131,000	-
Supplies and Materials	3,156	3,156	-
Capital Outlay	298	298	-
Total Instruction	546,118	488,351	57,767
Supporting Services			
Pupils			
Personal Services	31,335	31,335	-
Fringe Benefits	8,235	8,235	-
Purchased Services	187,561	187,561	-
Total Pupils	227,131	227,131	-
Instructional Staff			
Personal Services	1,155	1,155	-
Fringe Benefits	196	196	-
Total Instructional Staff	1,351	1,351	-
Administration			
Personal Services	116,466	116,466	-
Fringe Benefits	63,354	63,354	-
Total Administration	179,820	179,820	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
IDEA – Education of Handicapped Children Fund (continued)
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Operation and Maintenance of Plant Services			
Purchased Services	4,898	4,898	-
Pupil Transportation			
Capital Outlay - Replacement	19,720	19,720	-
Total Supporting Services	432,920	432,920	-
Total Expenditures	<u>979,038</u>	<u>921,271</u>	<u>57,767</u>
Net Change in Fund Balance	-	57,767	57,767
Fund Balance - Beginning of Year	1,994	1,994	-
Fund Balance - End of Year	<u>\$ 1,994</u>	<u>\$ 59,761</u>	<u>\$ 57,767</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
School District Fiscal Stabilization Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 263,577	\$ 263,577	\$ -
Total Revenues	<u>263,577</u>	<u>263,577</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Fringe Benefits	256,372	256,372	-
Special			
Fringe Benefits	3,652	3,652	-
Total Instruction	<u>260,024</u>	<u>260,024</u>	<u>-</u>
Operation of Non-Instructional Services			
Community Services			
Purchased Services	3,553	3,553	-
Total Expenditures	<u>263,577</u>	<u>263,577</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Stimulus Title II – Technology Grants Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	924	924	-
Total Revenues	<u>924</u>	<u>924</u>	<u>-</u>
Expenditures			
Current:			
Supporting Services			
Instructional Staff			
Personal Services	574	574	-
Fringe Benefits	119	119	-
Purchased Services	231	231	-
Total Expenditures	<u>924</u>	<u>924</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Title I – Disadvantage Children/Targeted Assistance Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 94,616	\$ 94,616	\$ -
Total Revenues	<u>94,616</u>	<u>94,616</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Special			
Personal Services	75,852	68,500	7,352
Fringe Benefits	13,348	12,098	1,250
Supplies and Materials	255	255	-
Total Instruction	<u>89,455</u>	<u>80,853</u>	<u>8,602</u>
Supporting Services			
Instructional Staff			
Purchased Services	5,161	5,161	-
Total Expenditures	<u>94,616</u>	<u>86,014</u>	<u>8,602</u>
Net Change in Fund Balance	-	8,602	8,602
Fund Balance - Beginning of Year	60	60	-
Fund Balance - End of Year	<u>\$ 60</u>	<u>\$ 8,662</u>	<u>\$ 8,602</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 6,019	\$ 6,019	\$ -
Total Revenues	<u>6,019</u>	<u>6,019</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Personal Services	1,500	1,500	-
Fringe Benefits	250	250	-
Purchased Services	3,000	3,000	-
Supplies and Materials	750	750	-
Total Instruction	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Supporting Services			
Pupil Transportation			
Personal Services	430	430	-
Fringe Benefits	89	89	-
Total Supporting Services	<u>519</u>	<u>519</u>	<u>-</u>
Total Expenditures	<u>6,019</u>	<u>6,019</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Improving Teacher Quality Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 66,199	\$ 66,199	\$ -
Total Revenues	<u>66,199</u>	<u>66,199</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Personal Services	48,956	44,491	4,465
Fringe Benefits	9,578	8,819	759
Total Instruction	<u>58,534</u>	<u>53,310</u>	<u>5,224</u>
Supporting Services			
Instructional Staff			
Purchased Services	7,665	7,665	-
Total Expenditures	<u>66,199</u>	<u>60,975</u>	<u>5,224</u>
Net Change in Fund Balance	-	5,224	5,224
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 5,224</u>	<u>\$ 5,224</u>

KENSTON LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds**

June 30, 2010

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 77,901	\$ 722,334	\$ 1,774	\$ 802,009
Total Assets	<u>\$ 77,901</u>	<u>\$ 722,334</u>	<u>\$ 1,774</u>	<u>\$ 802,009</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ -	\$ 500,000	\$ -	\$ 500,000
Total Liabilities	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Fund Balances:				
Reserved for:				
Encumbrances	37,712	222,296	-	260,008
Unreserved:				
Undesignated (Deficit), Reported in:				
Capital Projects Funds	40,189	38	1,774	42,001
Total Fund Balances	<u>77,901</u>	<u>222,334</u>	<u>1,774</u>	<u>302,009</u>
Total Liabilities and Fund Balance	<u>\$ 77,901</u>	<u>\$ 722,334</u>	<u>\$ 1,774</u>	<u>\$ 802,009</u>

KENSTON LOCAL SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds**

For the Fiscal Year Ended June 30, 2010

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Intergovernmental	\$ -	\$ 175,500	\$ -	\$ 175,500
Interest	-	39	-	39
Total Revenues	<u>-</u>	<u>175,539</u>	<u>-</u>	<u>175,539</u>
EXPENDITURES				
Current:				
Capital Outlay	5,116	152,640	-	157,756
Debt Service:				
Interest and Fiscal Charges	-	12,500	-	12,500
Total Expenditures	<u>5,116</u>	<u>165,140</u>	<u>-</u>	<u>170,256</u>
Net Change in Fund Balances	(5,116)	10,399	-	5,283
Fund Balances - Beginning of Year	83,017	211,935	1,774	296,726
Fund Balances - End of Year	<u>\$ 77,901</u>	<u>\$ 222,334</u>	<u>\$ 1,774</u>	<u>\$ 302,009</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay:			
Purchased Services	42,827	42,827	-
Total Expenditures	<u>42,827</u>	<u>42,827</u>	<u>-</u>
Net Change in Fund Balance	(42,827)	(42,827)	-
Fund Balance - Beginning of Year	83,017	83,017	-
Fund Balance - End of Year	<u><u>\$ 40,190</u></u>	<u><u>\$ 40,190</u></u>	<u><u>\$ -</u></u>

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Building Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ -	\$ 175,500	\$ 175,500
Interest	-	39	39
Total Revenues	<u>-</u>	<u>175,539</u>	<u>175,539</u>
Expenditures			
Capital Outlay:			
Purchased Services	199,435	374,935	(175,500)
Debt Service:			
Interest & Fiscal Charges	12,500	12,500	-
Total Expenditures	<u>211,935</u>	<u>387,435</u>	<u>(175,500)</u>
Excess of Revenues (Under) Expenditures	<u>(211,935)</u>	<u>(211,896)</u>	<u>39</u>
Other Financing Sources (Uses)			
Advances In	500,000	500,000	-
Advances Out	(500,000)	(500,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(211,935)	(211,896)	39
Fund Balance - Beginning of Year	317,436	317,436	-
Prior Year Encumbrances Appropriated	394,499	394,499	-
Fund Balance - End of Year	<u>\$ 500,000</u>	<u>\$ 500,039</u>	<u>\$ 39</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
School Net Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 25,000	\$ -	\$ (25,000)
Total Revenues	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>
Expenditures			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	25,000	-	(25,000)
Fund Balance - Beginning of Year	1,774	1,774	-
Fund Balance - End of Year	<u>\$ 26,774</u>	<u>\$ 1,774</u>	<u>\$ (25,000)</u>

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 Services - 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.

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.

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

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds****June 30, 2010**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 109,600	\$ 35,798	\$ 21,472	\$ 127,708	\$ 294,578
Inventory Held for Resale	-	12,421	-	-	12,421
Materials and Supplies Inventory	10,279	-	-	-	10,279
Accounts Receivable	-	-	-	100	100
Total Current Assets	<u>119,879</u>	<u>48,219</u>	<u>21,472</u>	<u>127,808</u>	<u>317,378</u>
Noncurrent Assets:					
Capital Assets:					
Depreciable Capital Assets, Net of Depreciation	419,840	-	-	-	419,840
Total Assets	<u>539,719</u>	<u>48,219</u>	<u>21,472</u>	<u>127,808</u>	<u>737,218</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	80,928	-	-	-	80,928
Accrued Wages and Benefits	51,547	-	1,664	-	53,211
Compensated Absences Payable	9,453	-	-	-	9,453
Intergovernmental Payable	41,634	-	10,149	1,551	53,334
Total Current Liabilities	<u>183,562</u>	<u>-</u>	<u>11,813</u>	<u>1,551</u>	<u>196,926</u>
Noncurrent Liabilities:					
Compensated Absences Payable	21,454	-	-	-	21,454
Total Liabilities	<u>205,016</u>	<u>-</u>	<u>11,813</u>	<u>1,551</u>	<u>218,380</u>
NET ASSETS					
Invested in Capital Assets	419,840	-	-	-	419,840
Unrestricted (Deficit)	(85,137)	48,219	9,659	126,257	98,998
Total Net Assets	<u>\$ 334,703</u>	<u>\$ 48,219</u>	<u>\$ 9,659</u>	<u>\$ 126,257</u>	<u>\$ 518,838</u>

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2010**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES					
Food Services	\$ 895,390	\$ -	\$ -	\$ -	\$ 895,390
Miscellaneous	-	162	100,346	-	100,508
Classroom Materials and Fees	-	163,130	-	-	163,130
Tuition	-	-	-	255,289	255,289
Total Operating Revenues	<u>895,390</u>	<u>163,292</u>	<u>100,346</u>	<u>255,289</u>	<u>1,414,317</u>
OPERATING EXPENSES					
Salaries	276,294	-	71,260	262,972	610,526
Fringe Benefits	130,645	-	23,525	44,247	198,417
Purchased Services	587,183	-	-	-	587,183
Materials and Supplies	94,776	156,670	-	1,000	252,446
Depreciation	29,752	-	-	-	29,752
Other	1,516	-	-	100	1,616
Total Operating Expenses	<u>1,120,166</u>	<u>156,670</u>	<u>94,785</u>	<u>308,319</u>	<u>1,679,940</u>
Operating Income (Loss)	<u>(224,776)</u>	<u>6,622</u>	<u>5,561</u>	<u>(53,030)</u>	<u>(265,623)</u>
NONOPERATING REVENUES					
(Loss) on Sale of Capital Assets	(6,463)	-	-	-	(6,463)
Interest	232	-	-	1,028	1,260
Intergovernmental	131,510	-	-	-	131,510
Donated Commodities	59,400	-	-	-	59,400
Total Nonoperating Revenues	<u>184,679</u>	<u>-</u>	<u>-</u>	<u>1,028</u>	<u>185,707</u>
Change in Net Assets	(40,097)	6,622	5,561	(52,002)	(79,916)
Net Assets - Beginning of Year	<u>374,800</u>	<u>41,597</u>	<u>4,098</u>	<u>178,259</u>	<u>598,754</u>
Net Assets - End of Year	<u>\$ 334,703</u>	<u>\$ 48,219</u>	<u>\$ 9,659</u>	<u>\$ 126,257</u>	<u>\$ 518,838</u>

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Cash Flows
Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2010**

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 899,320	\$ 163,292	\$ 100,346	\$ 255,289	\$ 1,418,247
Cash Payments to Employees for Services	(273,524)	-	(72,866)	(263,702)	(610,092)
Cash Payments for Employee Benefits	(129,123)	-	(17,088)	(44,247)	(190,458)
Cash Payments for Goods and Services	(574,908)	(164,005)	-	(1,000)	(739,913)
Cash Payments for Other Expenses	(1,516)	-	-	(100)	(1,616)
Net Cash Provided by (Used in) Operating Activities	<u>(79,751)</u>	<u>(713)</u>	<u>10,392</u>	<u>(53,760)</u>	<u>(123,832)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants Received	<u>131,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,510</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>131,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,510</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	<u>232</u>	<u>-</u>	<u>-</u>	<u>1,028</u>	<u>1,260</u>
Net Cash Provided by Investing Activities	<u>232</u>	<u>-</u>	<u>-</u>	<u>1,028</u>	<u>1,260</u>
Net Increase (Decrease) in Cash and Cash Equivalents	51,991	(713)	10,392	(52,732)	8,938
Cash and Cash Equivalents - Beginning of Year	<u>57,609</u>	<u>36,511</u>	<u>11,080</u>	<u>180,440</u>	<u>285,640</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 109,600</u></u>	<u><u>\$ 35,798</u></u>	<u><u>\$ 21,472</u></u>	<u><u>\$ 127,708</u></u>	<u><u>\$ 294,578</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (224,776)	\$ 6,622	\$ 5,561	\$ (53,030)	\$ (265,623)
Adjustments:					
Depreciation	29,752	-	-	-	29,752
Federal Donated Commodities	59,400	-	-	-	59,400
(Increase) Decrease in Assets:					
Accounts Receivable	3,930	-	-	-	3,930
Inventory Held for Resale	-	(5,750)	-	-	(5,750)
Materials and Supplies Inventory	(2,872)	-	-	-	(2,872)
Increase (Decrease) in Liabilities:					
Accounts Payable	50,523	(1,585)	-	-	48,938
Accrued Wages and Benefits	(105)	-	(1,740)	-	(1,845)
Compensated Absences Payable	3,276	-	-	-	3,276
Intergovernmental Payable	1,121	-	6,571	(730)	6,962
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (79,751)</u></u>	<u><u>\$ (713)</u></u>	<u><u>\$ 10,392</u></u>	<u><u>\$ (53,760)</u></u>	<u><u>\$ (123,832)</u></u>

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Services fund received donated commodities of \$59,400.

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Food Services Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 131,510	\$ 131,510	\$ -
Interest	232	232	-
Food Services	893,258	899,320	6,062
Total Revenues	1,025,000	1,031,062	6,062
Expenses			
Salaries and Wages			
Operation of Non-Instructional Services			
Food Service Operations	273,524	273,524	-
Fringe Benefits			
Operation of Non-Instructional Services			
Food Service Operations	129,123	129,123	-
Purchased Services			
Supporting Services			
Operation and Maintenance of Plant Services	18,796	18,796	-
Operation of Non-Instructional Services			
Food Service Operations	602,630	506,737	95,893
Total Purchased Services	621,426	525,533	95,893
Supplies and Materials			
Operation of Non-Instructional Services			
Food Service Operations	49,139	49,139	-
Capital Outlay			
Operation of Non-Instructional Services			
Food Service Operations	377	377	-
Other			
Operation of Non-Instructional Services			
Food Service Operations	1,516	1,516	-
Total Expenses	1,075,105	979,212	95,893
Net Change in Fund Equity	(50,105)	51,850	101,955
Fund Equity - Beginning of Year	37,504	37,504	-
Prior Year Encumbrances Appropriated	20,105	20,105	-
Fund Equity - End of Year	\$ 7,504	\$ 109,459	\$ 101,955

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Classroom Materials and Supplies	\$ 162,270	\$ 163,130	\$ 860
Miscellaneous	162	162	-
Total Revenues	<u>162,432</u>	<u>163,292</u>	<u>860</u>
Expenses			
Supplies and Materials			
Instruction			
Regular	185,110	166,744	18,366
Total Expenses	<u>185,110</u>	<u>166,744</u>	<u>18,366</u>
Net Change in Fund Equity	(22,678)	(3,452)	19,226
Fund Equity - Beginning of Year	31,236	31,236	-
Prior Year Encumbrances Appropriated	5,275	5,275	-
Fund Equity - End of Year	<u>\$ 13,833</u>	<u>\$ 33,059</u>	<u>\$ 19,226</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Adult Education Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Miscellaneous	\$ 100,346	\$ 100,346	\$ -
Total Revenues	<u>100,346</u>	<u>100,346</u>	<u>-</u>
Expenses			
Salaries and Wages			
Operation of Non-Instructional Services			
Community Services	82,911	72,866	10,045
Fringe Benefits			
Operation of Non-Instructional Services			
Community Services	17,089	17,088	1
Total Expenses	<u>100,000</u>	<u>89,954</u>	<u>10,046</u>
Net Change in Fund Equity	346	10,392	10,046
Fund Equity - Beginning of Year	11,080	11,080	-
Fund Equity - End of Year	<u>\$ 11,426</u>	<u>\$ 21,472</u>	<u>\$ 10,046</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Kindergarten Fees Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Interest	\$ -	\$ 1,028	\$ 1,028
Tuition and Fees	255,289	255,289	-
Total Revenues	<u>255,289</u>	<u>256,317</u>	<u>1,028</u>
Expenses			
Salaries and Wages			
Instruction			
Regular	302,211	207,260	94,951
Supporting Services			
Pupils	49,243	49,243	-
Operation of Non-Instructional Services			
Food Service Operations	7,199	7,199	-
Total Salaries and Wages	<u>358,653</u>	<u>263,702</u>	<u>94,951</u>
Fringe Benefits			
Instruction			
Regular	44,247	44,247	-
Supplies and Materials			
Instruction			
Regular	1,000	1,000	-
Other			
Instruction			
Regular	100	100	-
Total Expenses	<u>404,000</u>	<u>309,049</u>	<u>94,951</u>
Net Change in Fund Equity	(148,711)	(52,732)	95,979
Fund Equity - Beginning of Year	176,440	176,440	-
Prior Year Encumbrances Appropriated	4,000	4,000	-
Fund Equity - End of Year	<u>\$ 31,729</u>	<u>\$ 127,708</u>	<u>\$ 95,979</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Employee Benefits Self-Insurance Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues			
Charges for Services	\$ 4,508,454	\$ 4,508,454	\$ -
Total Revenues	<u>4,508,454</u>	<u>4,508,454</u>	<u>-</u>
Expenses			
Purchased Services			
Supporting Services			
Central	<u>4,678,810</u>	<u>4,069,804</u>	<u>609,006</u>
Total Expenses	<u>4,678,810</u>	<u>4,069,804</u>	<u>609,006</u>
Net Change in Fund Equity	(170,356)	438,650	609,006
Fund Equity - Beginning of Year	2,548,086	2,548,086	-
Prior Year Encumbrances Appropriated	3,810	3,810	-
Fund Equity - End of Year	<u>\$ 2,381,540</u>	<u>\$ 2,990,546</u>	<u>\$ 609,006</u>

Fiduciary Funds

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

Agency Funds

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

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

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds****For the Fiscal Year Ended June 30, 2010**

	<u>Balance</u> <u>6/30/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2010</u>
<u>Student Activities</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 52,810	\$ 63,267	\$ 56,553	\$ 59,524
Liabilities				
Due to Students	\$ 52,810	\$ 6,714	\$ -	\$ 59,524
<u>Unclaimed Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 28,869	\$ 19	\$ -	\$ 28,888
Liabilities				
Deposits Held and Due to Others	\$ 28,869	\$ 19	\$ -	\$ 28,888
<u>Total Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 81,679	\$ 63,286	\$ 56,553	\$ 88,412
Liabilities				
Deposits Held and Due to Others	\$ 28,869	\$ 19	\$ -	\$ 28,888
Due to Students	52,810	6,714	-	59,524
Total Liabilities	<u>\$ 81,679</u>	<u>\$ 6,733</u>	<u>\$ -</u>	<u>\$ 88,412</u>

Statistical Section



Kenston Local School District

Statistical Section

This part of 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(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position and well-being have changed over time.	S2-S9
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, the property tax.	S10-S16
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S17-S20
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S21
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S22-S35

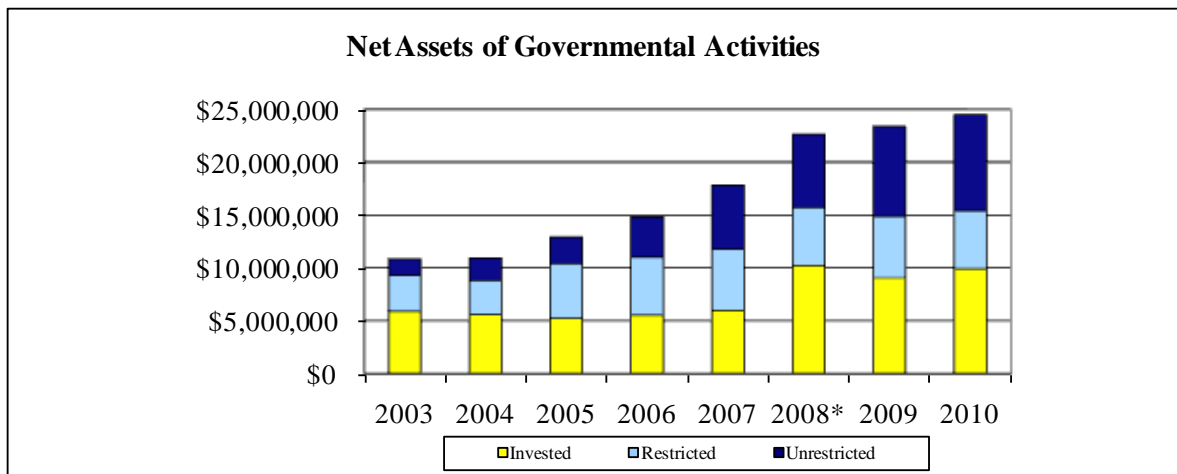
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

KENSTON LOCAL SCHOOL DISTRICT

Net Assets by Component Last Eight Fiscal Years (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008*	2009	2010
Governmental Activities:								
Invested in Capital Assets,								
Net of Related Debt	\$5,900,132	\$5,563,378	\$5,214,949	\$5,555,035	\$5,984,643	\$10,225,103	\$9,050,518	\$9,932,221
Restricted for:								
Capital Projects	-	-	1,320,815	1,230,983	1,265,709	688,299	296,726	302,009
Debt Service	2,865,975	3,012,684	3,803,581	4,188,996	4,489,787	4,725,653	4,710,359	4,603,138
Set Asides	455,658	103,108	-	-	-	-	1,005	-
Other Purposes	81,913	116,083	41,515	36,082	9,780	47,462	780,684	567,528
Unrestricted	1,534,094	2,140,702	2,515,789	3,782,993	6,071,881	6,942,162	8,524,110	9,095,228
Total Governmental Activities								
Net Assets	\$10,837,772	\$10,935,955	\$12,896,649	\$14,794,089	\$17,821,800	\$22,628,679	\$23,363,402	\$24,500,124
Business-type Activities:								
Invested in Capital Assets,								
Net of Related Debt	\$70,711	\$57,742	\$49,529	\$42,181	\$35,018	\$65,384	\$456,055	\$419,840
Restricted	-	-	-	-	-	-	-	-
Unrestricted	55,679	75,201	222,591	160,343	173,545	161,528	142,699	98,998
Total Business-type Activities								
Net Assets	\$126,390	\$132,943	\$272,120	\$202,524	\$208,563	\$226,912	\$598,754	\$518,838
Primary Government:								
Invested in Capital Assets,								
Net of Related Debt	\$5,970,843	\$5,621,120	\$5,264,478	\$5,597,216	\$6,019,661	\$10,290,487	\$9,506,573	\$10,352,061
Restricted	3,403,546	3,231,875	5,165,911	5,456,061	5,765,276	5,461,414	5,788,774	5,472,675
Unrestricted	1,589,773	2,215,903	2,738,380	3,943,336	6,245,426	7,103,690	8,666,809	9,194,226
Total Primary Government								
Net Assets	\$10,964,162	\$11,068,898	\$13,168,769	\$14,996,613	\$18,030,363	\$22,855,591	\$23,962,156	\$25,018,962

*Restated



KENSTON LOCAL SCHOOL DISTRICT

**Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
Regular Instruction	\$12,473,615	\$12,660,016	\$13,299,834	\$14,287,966	\$14,628,745	\$14,907,708	\$15,322,825	\$15,953,102
Special Instruction	2,566,138	2,993,982	3,358,790	3,776,698	3,990,362	3,659,719	3,794,506	4,174,608
Vocational Instruction	178,858	87,691	128,652	147,135	122,097	146,910	136,398	146,682
Other Instruction	42,357	50,620	123,949	171,918	329,179	506,053	684,852	510,965
Pupil Support	1,988,980	2,000,613	1,996,694	2,218,401	2,147,048	2,596,868	2,308,905	2,491,893
Instructional Staff Support	725,441	893,193	939,039	1,129,760	1,160,109	1,189,819	987,278	1,104,241
Board of Education	84,565	59,496	84,658	110,039	123,440	50,567	50,661	55,185
Administration	2,169,439	2,548,908	2,463,540	2,743,520	2,810,452	2,824,830	2,815,879	2,794,093
Fiscal	764,488	866,883	879,831	1,045,476	1,022,597	1,073,828	1,032,471	990,759
Business	37,748	40,691	40,017	46,097	44,031	44,561	47,119	49,653
Operation and Maintenance								
Of Plant Services	3,187,029	3,251,788	3,053,972	3,360,914	3,964,286	4,132,633	3,834,204	3,642,583
Pupil Transportation	2,010,267	1,974,489	2,034,878	2,275,087	2,268,414	2,620,442	3,151,134	2,537,276
Central	23,029	117,910	4,439	10,362	6,844	7,958	35,406	35,527
Operation of Non-Instructional								
Services	129,766	84,727	91,506	86,262	150,143	128,536	165,424	148,235
Extracurricular Activities	1,032,012	1,342,710	1,170,417	1,220,162	1,413,965	1,378,224	1,434,594	1,459,442
Interest and Fiscal Charges	1,185,659	2,408,185	2,245,781	2,226,140	2,299,383	2,224,854	2,145,954	2,112,420
Other	12,458	-	-	-	-	-	-	-
Total Governmental Activities Expenses	28,611,849	31,381,902	31,915,997	34,855,937	36,481,095	37,493,510	37,947,610	38,206,664
Business-type Activities:								
Food Service	703,830	752,938	705,672	859,639	857,404	988,847	1,069,601	1,126,629
Uniform School Supplies	133,242	134,610	138,654	146,748	143,971	168,163	159,479	156,670
Kindergarten Fees	182,926	196,069	180,156	283,357	231,375	293,868	314,216	308,319
Special Rotary	125,216	98,989	-	-	-	-	-	-
Adult Education	-	-	81,201	54,031	627	29	60,265	94,785
Total Business-type Activities Expenses	1,145,214	1,182,606	1,105,683	1,343,775	1,233,377	1,450,907	1,603,561	1,686,403
Total Primary Government Expenses	29,757,063	32,564,508	33,021,680	36,199,712	37,714,472	38,944,417	39,551,171	39,893,067

(continued)

KENSTON LOCAL SCHOOL DISTRICT

Changes in Net Assets (continued)
Last Eight Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues								
Governmental Activities:								
Charges for Services:								
Regular Instruction	173,908	204,482	150,907	134,620	199,494	343,627	85,488	60,694
Special Instruction	-	-	-	-	60,868	134,710	82,420	93,119
Pupil Support	-	-	3,017	3,000	3,183	-	-	-
Instructional Staff Support	-	-	800	710	8,511	4,659	6,040	1,133
Board of Education	-	-	-	-	120	-	-	-
Administration	23,646	13,408	25,106	13,214	8,677	-	-	-
Operation and Maintenance								
Of Plant Services	-	-	-	-	4,329	-	-	-
Pupil Transportation	57,548	63,013	64,367	92,805	-	-	-	-
Operation of Non-Instructional								
Services	15,894	41,881	6,382	5,247	-	-	-	-
Extracurricular Activities	-	577,677	484,978	551,433	733,910	666,866	630,361	725,804
Other	-	32,556	-	-	-	-	-	-
Operating Grants and Contributions:								
Regular Instruction	246,041	741,124	945,302	853,408	891,632	102,299	111,059	361,534
Special Instruction	140,456	11,200	290,946	213,943	337,846	632,413	561,970	1,046,486
Pupil Support	375,016	12,606	11,399	15,018	12,671	294,935	204,912	227,131
Instructional Staff Support	23,053	6,912	15,400	3,200	-	51,160	10,802	15,129
Administration	152,447	-	-	-	-	202,342	208,169	185,549
Fiscal	1,822	-	-	-	-	-	-	-
Operation and Maintenance								
Of Plant Services	-	-	-	-	-	-	-	4,898
Pupil Transportation	-	-	-	-	-	-	73,310	22,810
Central	500	-	-	-	-	-	-	-
Operation of Non-Instructional								
Services	22,431	-	15,537	19,655	27,433	25,381	16,961	20,652
Extracurricular Activities	196,074	40,659	107,866	43,376	61,645	44,191	54,571	71,629
Interest and Fiscal Charges	-	638,581	-	-	-	-	-	-
Capital Grants and Contributions:								
Regular Instruction	47,827	-	29,190	-	-	20,500	-	-
Pupil Support	-	20,376	-	-	-	-	-	-
Operation and Maintenance								
Of Plant Services	-	-	-	-	-	-	170,000	175,500
Pupil Transportation	39,567	-	22,815	18,005	24,155	15,555	30,873	-
Extracurricular Activities	224,824	39,883	298	44,553	8,092	184,803	247,782	111,287
<i>Total Governmental Activities</i>								
<i>Program Revenues</i>	<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>	<u>2,723,441</u>	<u>2,494,718</u>	<u>3,123,355</u>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

Changes in Net Assets of Governmental Activities (continued)
Last Eight Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Business-type Activities:								
Charges for Services:								
Food Service	564,157	648,239	640,325	697,596	723,780	815,923	843,558	895,390
Uniform School Supplies	127,786	144,148	148,520	154,265	155,142	154,396	164,122	163,130
Kindergarten Fees	184,749	198,740	265,713	267,226	256,720	284,672	301,068	255,289
Special Rotary	102,426	113,661	-	-	-	-	-	-
Adult Education	-	-	88,997	53,407	15,176	398	-	-
Operating Grants and Contributions:								
Food Service	69,651	85,338	87,097	88,220	66,799	155,037	186,848	190,910
Total Business-type Activities								
Program Revenues	1,048,769	1,190,126	1,230,652	1,260,714	1,217,617	1,410,426	1,495,596	1,504,719
Total Primary Government								
Program Revenues	2,789,823	3,634,484	3,404,962	3,272,901	3,600,183	4,133,867	3,990,314	4,628,074
Net (Expense)/Revenue								
Governmental Activities	(26,870,795)	(28,937,544)	(29,741,687)	(32,843,750)	(34,098,529)	(34,770,069)	(35,452,892)	(35,083,309)
Business-type Activities	(96,445)	7,520	124,969	(83,061)	(15,760)	(40,481)	(107,965)	(181,684)
Total Primary Government								
Net (Expense)/Revenue	<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>	<u>(\$34,810,550)</u>	<u>(\$35,560,857)</u>	<u>(\$35,264,993)</u>
General Revenues and								
 Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied for:								
General Purposes	\$17,564,521	\$19,127,964	\$19,621,846	\$23,144,769	\$23,687,775	\$23,795,613	\$23,172,927	\$22,563,573
Debt Service	2,513,309	3,149,913	4,188,559	3,245,570	3,432,225	3,264,943	3,240,031	2,968,176
Other Taxes	-	814	-	-	-	-	-	-
Grants and Entitlements not								
Restricted to Specific Programs	6,772,184	7,002,579	6,990,425	7,198,356	9,066,238	9,068,613	9,932,505	10,449,515
Investment Earnings	903,723	(246,305)	852,888	1,126,198	928,329	679,708	214,506	65,671
Loss on Sale of Capital Assets	-	(5,900)	-	-	-	-	-	-
All Other Revenue	-	6,336	48,663	26,297	11,673	49,368	39,432	173,096
Transfers	(4,550)	-	-	-	-	-	(411,786)	-
Total Governmental Activities	<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>	<u>36,858,245</u>	<u>36,187,615</u>	<u>36,220,031</u>
Business-type Activities:								
Investment Earnings	1,195	2,228	14,208	13,465	21,799	21,399	4,373	1,260
Loss on Sale of Capital Assets	-	(3,195)	-	-	-	-	-	-
All Other Revenue	-	-	-	-	-	-	63,648	100,508
Transfers	4,550	-	-	-	-	-	411,786	-
Total Business-type Activities	<u>5,745</u>	<u>(967)</u>	<u>14,208</u>	<u>13,465</u>	<u>21,799</u>	<u>21,399</u>	<u>479,807</u>	<u>101,768</u>
Total Primary Government	<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>	<u>36,879,644</u>	<u>36,667,422</u>	<u>36,321,799</u>
Change in Net Assets								
Governmental Activities	878,392	97,857	1,960,694	1,897,440	3,027,711	2,088,176	734,723	1,136,722
Business-type Activities	(90,700)	6,553	139,177	(69,596)	6,039	(19,082)	371,842	(79,916)
Total Primary Government								
Change in Net Assets	<u>\$787,692</u>	<u>\$104,410</u>	<u>\$2,099,871</u>	<u>\$1,827,844</u>	<u>\$3,033,750</u>	<u>\$2,069,094</u>	<u>\$1,106,565</u>	<u>\$1,056,806</u>

KENSTON LOCAL SCHOOL DISTRICT

Program Revenues by Function
Last Eight Fiscal Years
(accrual basis of accounting)

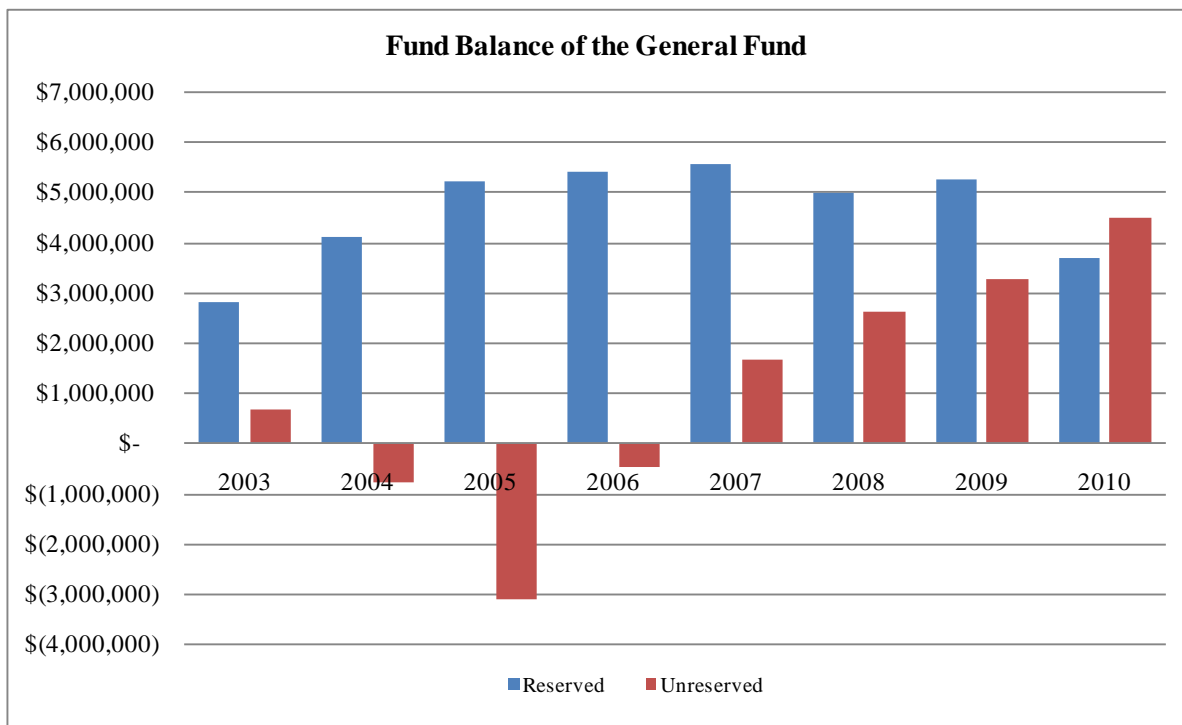
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
<i>Function</i>								
Regular Instruction	\$467,776	\$945,606	\$1,125,399	\$988,028	\$1,091,126	\$466,426	\$196,547	\$422,228
Special Instruction	140,456	11,200	290,946	213,943	398,714	767,123	644,390	1,139,605
Pupil Support	375,016	32,982	14,416	18,018	15,854	294,935	204,912	227,131
Instructional Staff Support	23,053	6,912	16,200	3,910	8,511	55,819	16,842	16,262
Board of Education	-	-	-	-	120	-	-	-
Administration	176,093	13,408	25,106	13,214	8,677	202,342	208,169	185,549
Fiscal	1,822	-	-	-	-	-	-	-
Operation and Maintenance								
of Plant Services	-	-	-	-	4,329	-	170,000	180,398
Pupil Transportation	97,115	63,013	87,182	110,810	24,155	15,555	104,183	22,810
Central	500	-	-	-	-	-	-	-
Operation of Non-Instructional								
Services	38,325	41,881	21,919	24,902	27,433	25,381	16,961	20,652
Extracurricular Activities	420,898	658,219	593,142	639,362	803,647	895,860	932,714	908,720
Interest and Fiscal Charges	-	638,581	-	-	-	-	-	-
Other	-	32,556	-	-	-	-	-	-
Total Governmental Activities	1,741,054	2,444,358	2,174,310	2,012,187	2,382,566	2,723,441	2,494,718	3,123,355
Business-Type Activities								
Food Service	633,808	733,577	727,422	785,816	790,579	970,960	1,030,406	1,086,300
Uniform School Supplies	127,786	144,148	148,520	154,265	155,142	154,396	164,122	163,130
Kindergarten Fees	184,749	198,740	265,713	267,226	256,720	284,672	301,068	255,289
Special Rotary	102,426	113,661	-	-	-	-	-	-
Adult Education	-	-	88,997	53,407	15,176	398	-	-
Total Business-Type Activities	1,048,769	1,190,126	1,230,652	1,260,714	1,217,617	1,410,426	1,495,596	1,504,719
Total Primary Government	\$2,789,823	\$3,634,484	\$3,404,962	\$3,272,901	\$3,600,183	\$4,133,867	\$3,990,314	\$4,628,074

KENSTON LOCAL SCHOOL DISTRICT

Fund Balances - Governmental Funds Last Eight Fiscal Years (1) (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$2,835,821	\$4,130,985	\$5,232,597	\$5,426,147	\$5,573,415	\$4,988,316	\$5,273,967	\$3,692,515
Unreserved	674,629	(771,874)	(3,087,765)	(445,358)	1,670,656	2,631,055	3,268,386	4,518,455
<i>Total General Fund</i>	<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>	<u>7,619,371</u>	<u>8,542,353</u>	<u>8,210,970</u>
All Other Governmental Funds								
Reserved	4,550,137	3,179,713	22,067,919	6,693,986	1,401,785	942,538	1,270,347	652,886
Unreserved, Undesignated, Reported in:								
Special Revenue Funds	216,092	225,226	218,665	254,859	281,669	426,880	403,011	498,387
Debt Service Fund	2,873,552	2,527,064	2,929,187	3,612,033	3,971,624	4,214,026	4,491,186	4,590,128
Capital Projects Funds	40,752,923	39,847,159	5,964,290	2,158,917	798,302	455,555	(97,773)	42,001
<i>Total All Other Governmental Funds</i>	<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>	<u>6,038,999</u>	<u>6,066,771</u>	<u>5,783,402</u>
<i>Total Governmental Funds</i>	<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>	<u>\$13,658,370</u>	<u>\$14,609,124</u>	<u>\$13,994,372</u>

(1) Information prior to fiscal year 2003 was not available.



KENSTON LOCAL SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds
Last Eight Fiscal Years (1)
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes	\$20,173,473	\$22,327,480	\$22,629,841	\$27,559,206	\$27,882,085	\$26,530,740	\$26,882,644	\$25,332,808
Intergovernmental	7,718,952	7,809,374	8,321,490	8,312,743	9,462,613	10,382,154	11,306,090	12,552,381
Tuition and Fees	128,009	148,588	103,131	105,815	149,581	396,139	167,908	153,813
Transportation Fees	57,548	63,013	64,367	92,805	-	88,956	-	-
Earnings on Investments	903,723	392,277	852,888	1,126,396	967,124	679,819	214,506	65,671
Extracurricular Activities	453,361	648,218	533,063	603,536	745,064	673,163	609,348	726,937
Classroom Materials and Fees	-	-	-	-	1,087	-	-	-
Miscellaneous	158,902	130,573	188,557	121,742	179,003	300,955	386,988	244,835
Total Revenues	29,593,968	31,519,523	32,693,337	37,922,243	39,386,557	39,051,926	39,567,484	39,076,445
Expenditures								
Current:								
Instruction:								
Regular	11,641,690	12,581,978	13,239,574	13,732,730	14,210,548	14,432,049	14,519,913	15,085,933
Special	2,469,900	2,916,002	3,432,940	3,679,377	3,949,036	3,637,612	3,927,815	4,192,988
Vocational	172,060	103,612	127,387	145,506	120,164	145,083	140,538	148,356
Other	41,215	50,620	117,889	171,918	329,179	506,053	674,978	547,437
Support Services:								
Pupil	1,991,830	1,980,420	2,035,843	2,172,612	2,121,918	2,654,830	2,384,355	2,522,365
Instructional Staff	715,578	838,278	939,359	1,050,643	1,090,746	1,140,026	1,091,575	1,156,742
Board of Education	84,151	105,542	118,440	104,694	123,440	50,567	50,224	54,749
Administration	2,158,033	2,425,348	2,611,184	2,636,417	2,805,462	2,871,343	2,958,075	2,835,247
Fiscal	752,809	873,539	904,599	1,024,876	1,039,500	1,067,841	1,039,231	1,013,879
Business	37,569	77,596	43,211	43,965	43,407	44,496	46,372	48,639
Operation and Maintenance								
of Plant Services	3,199,574	3,172,725	3,114,284	3,179,229	3,839,342	4,004,541	3,697,411	3,882,822
Pupil Transportation	2,044,844	1,856,708	1,949,854	2,039,923	2,097,042	2,754,177	2,483,913	2,569,055
Central	6,029	575,968	780,834	10,362	6,844	7,958	7,066	7,264
Operation of Non-Instructional								
Services	128,709	117,379	111,804	109,715	142,323	128,754	158,070	142,367
Extracurricular Activities	1,024,349	1,243,188	1,182,244	1,218,033	1,411,109	1,371,274	1,377,028	1,469,854
Capital Outlay	305,360	1,505,619	14,613,583	19,004,040	6,694,236	827,136	675,558	918,308
Debt Service:								
Principal Retirement	828,500	1,313,500	923,500	993,500	1,168,500	1,253,500	1,353,500	1,358,500
Interest and Fiscal Charges	894,943	2,546,531	2,260,576	2,230,637	2,196,968	2,193,767	2,111,108	2,061,692
Total Expenditures	28,497,143	34,284,553	48,507,105	53,548,177	43,389,764	39,091,007	38,696,730	40,016,197
Excess of Revenues Over								
(Under) Expenditures	1,096,825	(2,765,030)	(15,813,768)	(15,625,934)	(4,003,207)	(39,081)	870,754	(939,752)

(continued)

KENSTON LOCAL SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds (continued)
Last Eight Fiscal Years (1)
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)								
Sale of Assets	70	149	62	1,700	74	-	80,000	-
Inception of Capital Lease	-	-	-	-	-	-	-	275,000
Insurance Recovery	-	-	-	-	-	-	-	50,000
Proceeds from Sale of Bonds	45,000,000	-	-	-	-	-	-	-
Refund of Prior Year Receipts	-	-	-	(75)	-	-	-	-
Proceeds from Refunded Debt	6,725,000	-	-	-	-	-	-	-
Payment of Refunded Debt - Escrow Agent	(6,725,000)	-	-	-	-	-	-	-
Transfers In	136,985	96,985	116,985	116,585	116,585	116,585	116,585	116,585
Transfers Out	(141,535)	(96,985)	(116,985)	(116,585)	(116,585)	(116,585)	(116,585)	(116,585)
<i>Total Other Financing Sources (Uses)</i>	<u>44,995,520</u>	<u>149</u>	<u>62</u>	<u>1,625</u>	<u>74</u>	<u>-</u>	<u>80,000</u>	<u>325,000</u>
<i>Net Change in Fund Balances</i>	<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>	<u>(\$39,081)</u>	<u>\$950,754</u>	<u>(\$614,752)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.4%	12.3%	9.7%	9.4%	9.2%	9.1%	9.0%	8.9%

(1) Information prior to fiscal year 2003 was not available.

KENSTON LOCAL SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU	Actual Value	Assessed Value	Estimated Actual Value
2001	\$ 428,741,380	\$ 47,328,940	\$1,360,200,914	\$ 14,115,260	\$ 16,040,068
2002	446,463,830	49,871,040	1,418,099,629	12,728,320	14,464,000
2003	504,885,470	57,470,470	1,606,731,257	11,829,340	13,442,432
2004	521,959,440	69,886,540	1,690,988,514	12,554,160	14,266,091
2005	532,912,230	71,188,150	1,726,001,086	12,273,360	13,947,000
2006	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648
2007	617,028,640	81,566,250	1,995,985,400	11,409,340	12,965,159
2008	637,353,050	87,701,020	2,071,583,057	8,267,540	9,394,932
2009	652,124,910	90,014,790	2,120,399,143	8,940,080	10,159,182
2010	660,265,180	87,908,370	2,137,638,714	10,019,720	11,386,045

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

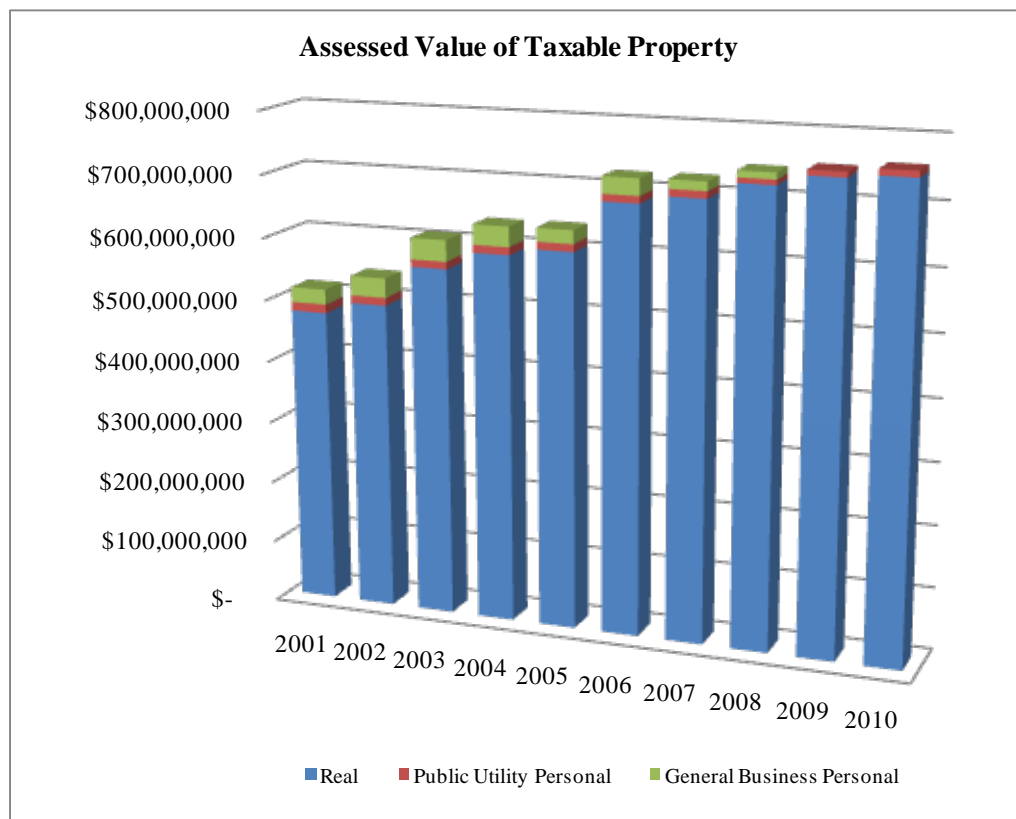
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value 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 machinery and equipment and 23 percent for inventories. 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 zero 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 billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

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

KENSTON LOCAL SCHOOL DISTRICT

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 24,184,950	\$ 96,739,800	\$ 514,370,530	\$1,472,980,782	75.80	34.92%
31,008,490	124,033,960	540,071,680	1,556,597,589	75.80	34.70%
34,081,610	136,326,440	608,266,890	1,756,500,129	78.30	34.63%
32,095,660	128,382,640	636,495,800	1,833,637,245	78.30	34.71%
21,447,590	85,790,360	637,821,330	1,825,738,446	78.30	34.93%
26,818,070	143,029,707	723,154,010	2,112,672,869	87.19	34.23%
14,497,115	115,976,920	724,501,345	2,124,927,479	87.19	34.10%
10,385,400	166,166,400	743,707,010	2,247,144,389	86.99	33.10%
0	0	751,079,780	2,130,558,325	86.99	35.25%
0	0	758,193,270	2,149,024,759	86.46	35.28%



KENSTON LOCAL SCHOOL DISTRICT

**Property Tax Rates - Direct and Overlapping
(per \$1,000 of assessed valuation)
Last Ten Calendar Years**

Tax Year/ Collection Year	Unvoted Levy	Voted Levies											Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service Included in Total Levy		
		1976 Current Expense	1977 Current Expense	1979 Current Expense	1982 Current Expense	1985 Bond	1987 Current Expense	1990 Current Expense	1992 Bond	1997 Current Expense	2002 Bond	2005 Current Expense					School	County	Total
2000/2001	4.50	30.50	7.50	5.50	3.50	1.00	5.90	8.30	2.20	6.90	-	-	75.80	13.50	45.17	134.47	3.20	0.30	3.50
2001/2002	4.50	30.50	7.50	5.50	3.50	1.00	5.90	8.30	2.20	6.90	-	-	75.80	14.40	45.17	135.37	3.20	0.30	3.50
2002/2003	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.20	6.90	4.30	-	78.30	14.60	44.87	137.77	5.70	0.30	6.00
2003/2004	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.20	6.90	4.30	-	78.30	15.10	44.87	138.27	5.70	0.30	6.00
2004/2005	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.20	6.90	4.30	-	78.30	15.10	44.87	138.27	5.70	0.30	6.00
2005/2006	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2006/2007	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2007/2008	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2008/2009	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2009/2010	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.80	6.90	3.67	9.39	86.46	15.10	45.32	146.88	4.47	-	4.47

Source: Office of the County Auditor, Geauga County, Ohio and the Ohio Department of Taxation
(1) Other levies include the Auburn Township, Bainbridge Township, Newbury Township, Auburn Joint Vocational School District and the Geauga County Library District

KENSTON LOCAL SCHOOL DISTRICT

Property Tax Levies and Collections (1) Last Ten Years

<u>Collection Year (2)</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Total Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
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	100.08%
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	95.48%	692,737	23,206,277	98.42%
2005	25,800,658	25,248,327	97.86%	1,611,689	26,860,016	104.11%
2006	27,249,464	27,412,330	100.60%	626,536	28,038,866	102.90%
2007	28,763,134	27,903,780	97.01%	762,171	28,665,951	99.66%
2008	30,278,906	29,880,497	98.68%	851,766	30,732,263	101.50%
2009	29,882,033	28,722,629	96.12%	951,047	29,673,676	99.30%

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 2010 information cannot be presented because all collections have not been made by June 30, 2010.
- (3) The County does not maintain delinquency information by tax year.

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Real Property Tax
2010 and 2001**

Name of Taxpayer	2010	
	Assessed Value	Percent of Real Property Assessed Value
South Franklin Circle	\$ 22,845,550	3.05%
Bainbridge Shopping Center	14,014,720	1.87%
Bainbridge North Land Development	3,507,390	0.47%
Target Corp	3,060,190	0.41%
Tanglewood Square	2,555,740	0.34%
Cedar Fair	2,407,590	0.32%
HD Development of Maryland	2,296,950	0.31%
422 Company, Ltd.	2,158,420	0.29%
McFarland Commons	2,049,250	0.27%
Bainbridge Associates, Ltd.	1,621,070	0.22%
Totals	<u>\$56,516,870</u>	<u>7.55%</u>
Total Assessed Valuation	<u><u>\$748,173,550</u></u>	

Sea World, Inc.

Name of Taxpayer	2001	
	Assessed Value	Percent of Real Property Assessed Value
Funtime, Inc.	\$6,452,220	1.36%
422 Company, Ltd.	2,525,740	0.53%
Tanglewood Square	2,407,790	0.51%
Capco Enterprises	1,610,000	0.34%
General Signal Corp.	1,221,710	0.26%
University Hospitals	1,015,810	0.21%
Tanglewood Associates	929,770	0.20%
Bainbridge Associates, Ltd.	901,260	0.19%
Key Trust Co.	857,070	0.18%
K-Mart Co.	840,000	0.18%
Totals	<u>\$18,761,370</u>	<u>3.96%</u>
Total Assessed Valuation	<u><u>\$476,070,320</u></u>	

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

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

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Tangible Personal Property Tax
2010 and 2001**

Name of Taxpayer	2010 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Total	\$0	0.00%
Total Assessed Valuation	\$0	
	2001	
Name of Taxpayer	Assessed Value	Percent of Tangible Personal Property Assessed Value
Funtime, Inc.	\$11,338,380	46.88%
General Signal Corp.	1,648,250	6.82%
Duramax, Inc.	1,552,310	6.42%
Riser Foods Company	1,171,560	4.84%
Mar Bal, Inc.	624,130	2.58%
K-Mart Corporation	497,350	2.06%
Speed Selector, Inc.	424,370	1.75%
B.F. Goodrich Co.	417,720	1.73%
Nalco Diversified Tech.	399,040	1.65%
ETNA Products	397,890	1.65%
Total	\$18,471,000	76.38%
Total Assessed Valuation	\$24,184,950	

(1) General business tangible personal property tax was phased out completely for collection year 2010. Therefore, information for 2010 is no longer available.

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

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Public Utility Personal Property Tax
2010 and 2001**

<u>Name of Taxpayer</u>	<u>2010</u>	
	<u>Assessed Value</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Co.	\$8,062,220	80.46%
American Transmission	755,430	7.54%
East Ohio Gas Co.	503,860	5.03%
Ohio Edison	287,750	2.87%
Orwell Natural Gas	210,730	2.10%
Total	<u>\$9,819,990</u>	<u>98.00%</u>
Total Assessed Valuation	<u>\$10,019,720</u>	

<u>Name of Taxpayer</u>	<u>2001</u>	
	<u>Assessed Value</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Co.	\$8,155,530	57.78%
Western Reserve Telephone Co.	3,441,960	24.38%
East Ohio Gas Co.	1,518,130	10.76%
Total	<u>\$13,115,620</u>	<u>92.92%</u>
Total Assessed Valuation	<u>\$14,115,260</u>	

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

KENSTON LOCAL SCHOOL DISTRICT

**Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
as of December 31, 2009**

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct Debt			
Kenston Local School District	\$ 44,698,500	100.00%	\$ 44,698,500
Total Direct Debt	<u>44,698,500</u>		<u>44,698,500</u>
Overlapping Debt:			
Geauga County	5,152,553	24.71%	\$1,273,196
Total Overlapping Debt	<u>5,152,553</u>		<u>1,273,196</u>
Total Direct and Overlapping Debt	<u>\$49,851,053</u>		<u>\$45,971,696</u>

Source: Office of the Auditor, Geauga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2009 collection year.

KENSTON LOCAL SCHOOL DISTRICT

**Ratio of Debt
to Assessed Value and Debt per Capita
Last Ten Fiscal Years**

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt				Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
				General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt			
2001	16,074	a	\$ 1,472,980,782	\$ 9,697,000	\$ 1,409,206	\$ 8,287,794	0.56%	515.60	
2002	16,074	a	1,556,597,589	8,891,500	1,776,606	7,114,894	0.46%	442.63	
2003	16,074	b	1,756,500,129	53,063,000	3,181,198	49,881,802	2.84%	3,103.26	
2004	16,074	b	1,833,637,245	51,749,500	3,071,859	48,677,641	2.65%	3,028.35	
2005	16,074	b	1,825,738,446	50,826,000	3,773,298	47,052,702	2.58%	2,927.26	
2006	16,074	b	2,112,672,869	49,832,500	4,248,531	45,583,969	2.16%	2,835.88	
2007	16,074	b	2,124,927,479	48,664,000	4,626,333	44,037,667	2.07%	2,739.68	
2008	16,074	b	2,247,144,389	47,410,500	4,759,815	42,650,685	1.90%	2,653.40	
2009	16,074	b	2,130,558,325	46,057,000	4,990,232	41,066,768	1.93%	2,554.86	
2010	16,074	b	2,149,024,759	44,698,500	4,913,880	39,784,620	1.85%	2,475.09	

Sources: (1) U.S. Bureau of Census, Census of Population
(a) 1990 Federal Census
(b) 2000 Federal Census
(2) Office of the Auditor, Geauga County, Ohio

KENSTON LOCAL SCHOOL DISTRICT

Computation of Legal Debt Margin Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Valuation	\$514,370,530	\$540,071,680	\$608,266,890	\$636,495,800	\$637,821,330	\$723,154,010	\$724,501,345	\$743,707,010	\$751,079,780	\$758,193,270
Debt Limit - 9% of Taxable Valuation (1)	\$46,293,348	\$48,606,451	\$54,744,020	\$57,284,622	\$57,403,920	\$65,083,861	\$65,205,121	\$66,933,631	\$67,597,180	\$68,237,394
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	9,697,000	8,891,500	53,063,000	51,749,500	50,826,000	49,832,500	48,664,000	47,410,500	46,057,000	44,698,500
Less Amount Available in Debt Service	(1,409,206)	(1,776,606)	(3,181,198)	(3,071,859)	(3,773,298)	(4,248,531)	(4,626,333)	(4,759,815)	(4,990,232)	(4,913,880)
Amount of Debt Subject to Limit	8,287,794	7,114,894	49,881,802	48,677,641	47,052,702	45,583,969	44,037,667	42,650,685	41,066,768	39,784,620
Legal Debt Margin	\$38,005,554	\$41,491,557	\$4,862,218	\$8,606,981	\$10,351,218	\$19,499,892	\$21,167,454	\$24,282,946	\$26,530,412	\$28,452,774
Legal Debt Margin as a Percentage of the Debt Limit	82.10%	85.36%	8.88%	15.02%	18.03%	29.96%	32.46%	36.28%	39.25%	41.70%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$514,371	\$540,072	\$608,267	\$636,496	\$637,821	\$723,154	\$724,501	\$743,707	\$751,080	\$758,193
Amount of Debt Subject to Limit	0	0	0	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$514,371	\$540,072	\$608,267	\$636,496	\$637,821	\$723,154	\$724,501	\$743,707	\$751,080	\$758,193
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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 Outstanding Debt By Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2001	\$ 9,697,000	0.66%	1.58%	\$603.27
2002	8,891,500	0.57%	1.44%	\$553.16
2003	53,063,000	3.02%	8.62%	\$3,301.17
2004	51,749,500	2.82%	8.41%	\$3,219.45
2005	50,826,000	2.78%	8.26%	\$3,162.00
2006	49,832,500	2.36%	8.09%	\$3,100.19
2007	48,664,000	2.29%	7.90%	\$3,027.50
2008	47,410,500	2.11%	7.70%	\$2,949.51
2009	46,057,000	2.16%	7.48%	\$2,865.31
2010	44,698,500	2.08%	7.26%	\$2,780.80

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

(1) See schedule "Assessed and Estimated Actual Value of Taxable Property, Last Ten Years" for property value date.

(2) See schedule "Demographic and Economic Statistics, Last Ten years" for per capita personal income and population data.

KENSTON LOCAL SCHOOL DISTRICT

Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Bainbridge Township Population (1)</u>	<u>Auburn Township Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (1)</u>	<u>Geauga County Unemployment Rate</u>
2001	10,916 b	5,158 b	615,618,126	38,299	3.0%
2002	10,916 b	5,158 b	615,618,126	38,299	3.2%
2003	10,916 b	5,158 b	615,618,126	38,299	3.7%
2004	10,916 b	5,158 b	615,618,126	38,299	5.3%
2005	10,916 b	5,158 b	615,618,126	38,299	4.7%
2006	10,916 b	5,158 b	615,618,126	38,299	3.4%
2007	10,916 b	5,158 b	615,618,126	38,299	4.5%
2008	10,916 b	5,158 b	615,618,126	38,299	5.5%
2009	10,916 b	5,158 b	615,618,126	38,299	6.3%
2010	10,916 b	5,158 b	615,618,126	38,299	7.3%

- Sources:**
- 1) U.S. Census Bureau
 - a) 1990 Federal Census Bureau
 - b) 2000 Federal Census Bureau
 - 2) Computation of per capital personal income multiplied by population.

KENSTON LOCAL SCHOOL DISTRICT

**Principal Employers
Current Year and 2005 (1)**

Employer	December 31, 2009			December 31, 2005		
	Number of Employees (2)	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Johnsonite, Inc.	450	1	6.04%	450	1	6.04%
Kenston Local School District	317	2	4.25%	260	2	3.49%
Stock Equipment Co. Inc.	240	3	3.22%	200	4	2.68%
Heinen's Inc.	233	4	3.13%	233	3	3.13%
Mar-Bal, Inc.	128	5	1.72%	93	8	1.25%
Township of Bainbridge	122	6	1.64%	-	0	0.00%
Medhurst Mason Contractors Inc.	115	7	1.54%	-	0	0.00%
Chagrin Valley Athletic Club	100	8	1.34%	100	7	1.34%
Kmart Corp.	75	9	1.01%	75	10	1.01%
Giant Eagle Inc.	74	10	0.99%	123	5	1.65%
DCI Management Group, Inc.				100	6	1.34%
D.E. Williams Electric, Inc.				90	9	1.21%
Total	1,854		24.88%	1,724		23.14%
 Total Employment within the School District (3)	 7,451			 7,451		

Source: (1) Information prior to 2005 is not available.
(2) Obtained from the Cuyahoga County Library Search Engine
(3) Obtained from the 2000 U.S. Census Bureau

KENSTON LOCAL SCHOOL DISTRICT

Building Statistics by Function/Program Last Five Fiscal Years (1)

	2006	2007	2008	2009	2010 (2)
Kenston High School					
Constructed in	1956	2006	2006	2006	2006
Total Building Square Footage	146,415	222,067	222,067	222,067	222,067
Enrollment Grades	9-12	9-12	9-12	9-12	9-12
Student Capacity	855	1,200	1,200	1,200	1,200
Regular Instruction Classrooms	40	73	73	73	73
Regular Instruction Teachers	53.50	62.54	63.66	57.00	68.01
Special Instruction Teachers	5.00	7.00	6.00	8.00	-
Vocational Instruction Teachers	2.00	2.00	2.00	2.00	-
Kenston Middle School					
Constructed in	1967	1956	1956	1956	1956
Total Building Square Footage	90,356	146,415	146,415	146,415	146,415
Enrollment Grades	6-8	6-8	6-8	6-8	6-8
Student Capacity	616	855	855	855	855
Regular Instruction Classrooms	38.00	40.00	40.00	40.00	40.00
Regular Instruction Teachers	42.69	47.00	47.50	44.00	51.93
Special Instruction Teachers	7.65	8.84	3.84	6.00	0.15
Kenston Intermediate School					
Constructed in	n/a	1967	1967	1967	1967
Total Building Square Footage	n/a	90,356	90,356	90,356	90,356
Enrollment Grades	n/a	4-5	4-5	4-5	4-5
Student Capacity	n/a	616	616	616	616
Regular Instruction Classrooms	n/a	38	38	38	38
Regular Instruction Teachers	n/a	21.00	19.00	25.00	29.33
Special Instruction Teachers	n/a	4.66	5.48	3.00	-
Gifted Instruction Teachers	n/a	3.00	3.00	2.00	-
Timmons Elementary School					
Constructed in	1994	1994	1994	1994	1994
Total Building Square Footage	90,893	90,893	90,893	90,893	90,893
Enrollment Grades	3-5	1-3	1-3	1-3	1-3
Student Capacity	700	700	700	700	700
Regular Instruction Classrooms	34	34	34	34	34
Regular Instruction Teachers	31.00	33.00	29.00	29.50	39.60
Special Instruction Teachers	5.08	1.19	1.94	3.00	-
Gifted Instruction Teachers	4.00	2.00	2.00	2.00	-

(continued)

KENSTON LOCAL SCHOOL DISTRICT

Building Statistics by Function/Program (continued) Last Five Fiscal Years (1)

	2006	2007	2008	2009	2010 (2)
Gardner Early Learning Center					
Constructed in	1962	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063	42,063
Enrollment Grades	1-2	Pre-K - Kinder.	Pre-K - Kinder.	Pre-K - Kinder.	Pre-K - Kinder.
Student Capacity	363	363	363	363	363
Regular Instruction Classrooms	24	24	24	24	24
Regular Instruction Teachers	20.00	8.00	8.00	9.00	10.44
Special Instruction Teachers	1.00	-	-	1.00	-
Gifted Instruction Teachers	1.00	-	-	-	-
Early Learning Center					
Constructed in	1942	-	-	-	-
Total Building Square Footage	40,335	-	-	-	-
Enrollment Grades	Pre-K - Kinder.	-	-	-	-
Student Capacity	320	-	-	-	-
Regular Instruction Classrooms	11.00	-	-	-	-
Regular Instruction Teachers	9.00	-	-	-	-
Special Instruction Teachers	1.00	-	-	-	-

Source: Information provided by the Kenston Local School District

(1) Information prior to 2006 is not available.

(2) During fiscal year 2010, the School District changed the report used to classify teachers.

KENSTON LOCAL SCHOOL DISTRICT

Cost Per Pupil Last Ten Fiscal Years

Fiscal Year	Student Enrollment		General Government (2)		Governmental Activities (3)	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
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	-4.97%	40,024,296	13,080	36,481,095	11,922
2008	3,122	2.03%	35,643,740	11,417	37,493,510	12,009
2009	3,140	0.58%	35,232,122	11,220	37,947,610	12,085
2010	3,116	-0.76%	36,596,005	11,745	38,206,664	12,261

Source: Kenston Local School District Records

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

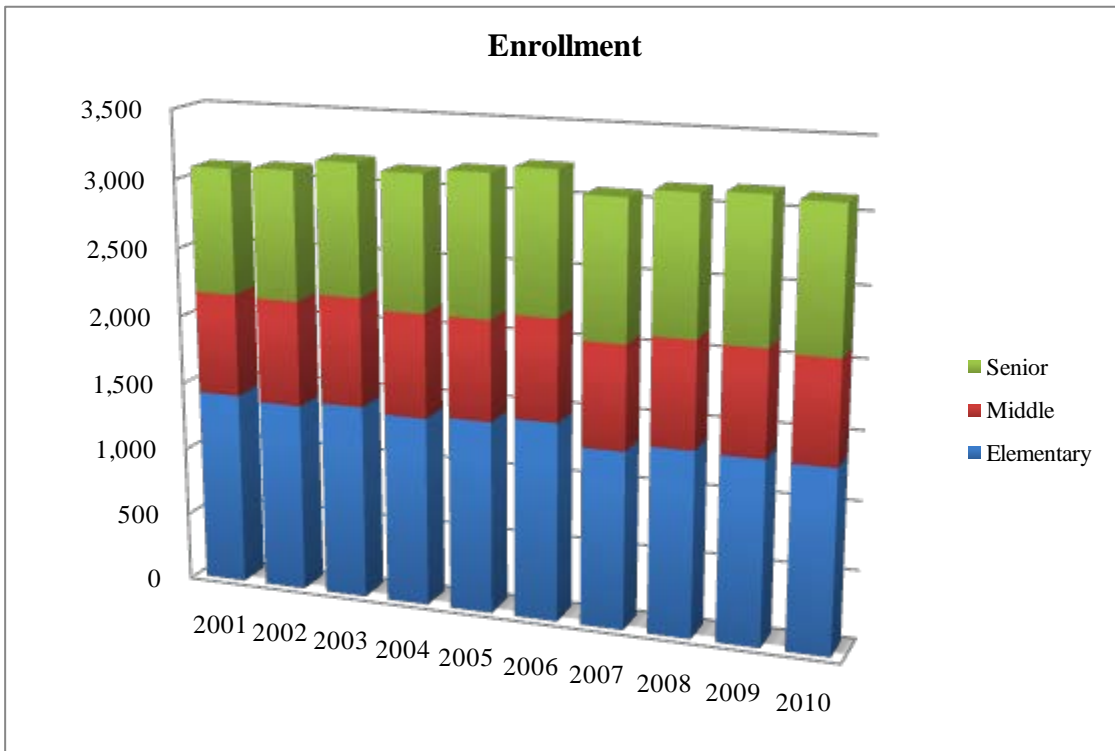
(2) Debt Service expenditures and other financing uses have been excluded

(3) The School District implement GASB Statement No. 34 in fiscal year 2003.

KENSTON LOCAL SCHOOL DISTRICT

Enrollment Statistics Last Ten Fiscal Years

Fiscal Year	Elementary Schools (1)	Middle School	Senior High School	Total
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	3,061
2008	1,357	772	993	3,122
2009	1,349	763	1,028	3,140
2010	1,340	747	1,029	3,116

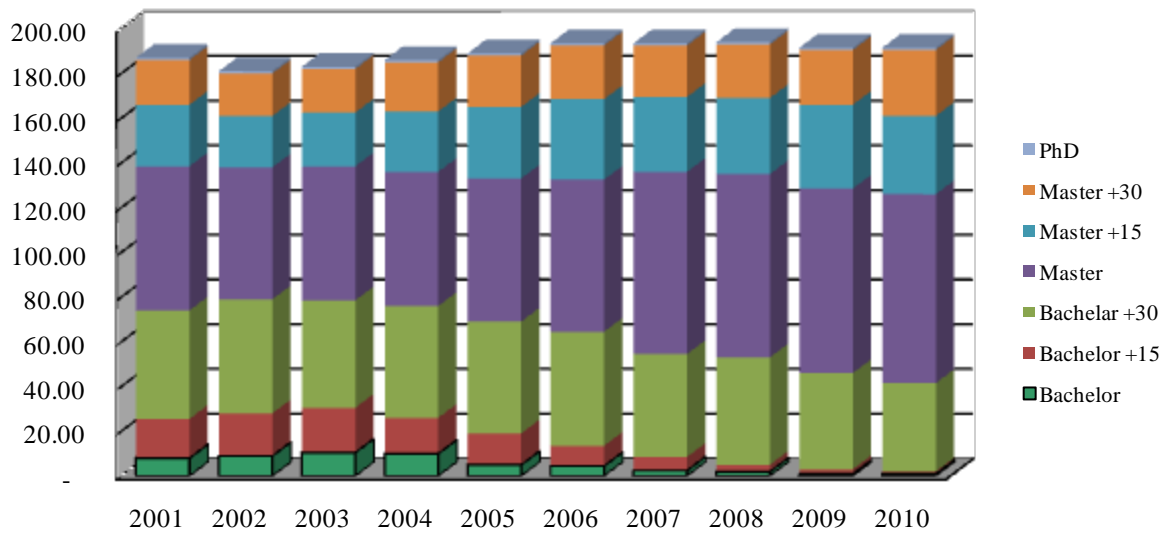


KENSTON LOCAL SCHOOL DISTRICT

**Full-Time Equivalent Teachers by Education
Last Ten Fiscal Years**

Fiscal Year	Bachelor's			Master's			PhD	Total
	Degree	+15	+30	Degree	+15	+30		
2001	8.00	17.50	48.50	64.50	27.50	20.00	1.00	187.00
2002	9.00	19.00	51.00	59.00	23.00	19.00	1.00	181.00
2003	10.50	20.00	48.00	60.00	24.00	19.50	1.00	183.00
2004	10.00	16.00	50.00	60.00	27.00	22.00	1.00	186.00
2005	5.00	14.00	50.00	64.00	32.00	23.00	1.00	189.00
2006	4.50	9.00	51.00	68.00	36.00	24.00	1.00	193.50
2007	2.50	6.00	46.00	81.50	33.50	23.00	1.00	193.50
2008	2.00	3.00	48.00	82.00	34.00	24.00	1.00	194.00
2009	1.00	2.00	43.00	82.50	37.50	24.50	1.00	191.50
2010	1.00	1.00	39.50	84.50	35.00	29.50	1.00	191.50

Full-Time Equivalent Teachers by Education



KENSTON LOCAL SCHOOL DISTRICT

Average Number of Students per Teacher Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Average</u>	<u>State Average</u>
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
2008	18.1	18.6
2009	N/A	N/A
2010	N/A	N/A

Source: Ohio Department of Education, EMIS Reports
N/A - Information was not available at time of completion

KENSTON LOCAL SCHOOL DISTRICT

Attendance and Graduation Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
2001	94.9%	93.9%	95.5%	81.2%
2002	95.0%	94.3%	96.8%	82.8%
2003	95.8%	94.5%	96.9%	83.9%
2004	96.1%	94.5%	96.5%	84.3%
2005	96.1%	94.3%	96.6%	85.9%
2006	96.1%	94.1%	97.5%	86.2%
2007	96.3%	94.1%	95.9%	86.1%
2008	96.4%	94.2%	99.2%	86.9%
2009	96.5%	94.3%	97.7%	84.6%
2010	96.6%	94.3%	98.7%	83.0%

Source: Ohio Department of Education Local Report Cards

KENSTON LOCAL SCHOOL DISTRICT

SAT Composite Scores Last Ten School Years

<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>
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	49%	525	536	502	571	542	515
2008	184	262	70%	520	534	502	541	544	515
2009	171	241	71%	524	537	501	540	546	515
2010	141	261	54%	530	538	501	540	548	516

Source: High School Guidance Office, Kenston Local School District

KENSTON LOCAL SCHOOL DISTRICT

ACT Composite Scores Last Ten School Years

<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>
2001 (1)	-	214	0%	22.9	21.4	21.0
2002 (1)	-	211	0%	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	21.5	21.2
2008	179	262	68%	22.5	21.7	21.1
2009	181	241	75%	23.4	21.7	21.1
2010	168	261	64%	23.5	21.8	20.5

Source: High School Guidance Office, Kenston Local School District
(1) Number of students not available for this school year.

KENSTON LOCAL SCHOOL DISTRICT

School District Employees by Function/Program Last Six Fiscal Years (1)

Function/Program	2005	2006	2007	2008	2009	2010 (2)
Regular Instruction						
Elementary Classroom Teachers	59.00	60.00	62.00	56.00	57.00	79.37
Middle School Classroom Teachers	40.69	42.69	47.00	47.50	37.50	51.93
High School Classroom Teachers	55.16	53.50	62.54	63.66	46.50	68.01
Districtwide Classroom Teachers	4.00	2.00	2.00	2.00	0.00	2.75
Specials - Art, Music, Health and Physical Education	15.65	15.66	14.86	14.86	25.50	0.00
Special Instruction						
Elementary Classroom Teachers	5.72	6.08	5.85	7.42	7.00	0.00
Gifted Education Teachers	5.00	5.00	5.00	5.00	4.00	0.00
Middle School Classroom Teachers	4.83	7.65	8.84	3.84	6.00	0.15
High School Classroom Teachers	4.00	5.00	7.00	6.00	8.00	0.00
Vocational Instruction						
High School Classroom Teachers	2.00	2.00	2.00	2.00	2.00	0.00
Other Instruction						
Elementary Tutors	12.48	11.18	12.30	10.64	9.12	8.55
Middle School Tutors	3.51	2.88	3.32	2.66	1.50	0.71
High School Tutors	3.00	2.00	3.00	2.00	1.00	2.00
Districtwide Tutors	2.80	0.80	1.09	1.59	3.00	0.74
Pupil Support Services						
Guidance Counselors	7.00	7.00	7.00	7.00	7.00	7.25
Speech and Language Pathologists	3.54	3.83	3.82	3.82	3.80	14.10
Nurse	1.00	1.00	1.00	1.00	1.00	4.92
Non-Teaching Support Staff Elementary	9.88	6.31	7.50	8.74	8.75	5.45
Non-Teaching Support Staff Middle School	3.15	3.89	4.19	2.80	1.76	1.76
Non-Teaching Support Staff High School	5.20	4.60	4.99	7.30	6.90	4.61
Non-Teaching Support Staff Districtwide	3.58	5.83	1.45	2.77	3.43	3.10
Instructional Support Services						
Librarian	1.00	1.00	1.00	1.00	1.00	5.21
Technology	1.00	1.00	1.00	1.00	1.00	0.00
Non-Teaching Support Staff Elementary-Aides	12.48	14.45	12.55	15.05	15.85	5.00
Non-Teaching Support Staff Middle School	2.80	4.70	2.90	3.47	3.73	1.50
Non-Teaching Support Staff High School	4.70	3.75	2.65	3.65	2.44	1.50
Non-Teaching Support Staff Central	3.15	1.80	2.95	3.95	3.95	3.00

(continued)

KENSTON LOCAL SCHOOL DISTRICT

School District Employees by Function/Program (continued) Last Six Fiscal Years (1)

Function/Program	2005	2006	2007	2008	2009	2010 (2)
Administrators, Supervisors and Support Staff						
Elementary	9.70	10.25	10.25	10.85	6.88	12.88
Middle School	4.80	4.80	4.80	4.80	5.57	6.88
High School	10.65	10.70	10.70	11.70	10.56	11.01
Central Office	9.88	10.69	11.20	11.20	11.20	12.25
Other	-	-	-	-	2.81	2.00
Business						
Districtwide	2.00	2.00	2.00	2.00	2.00	2.00
Fiscal						
Treasurer's Office	5.00	5.00	5.00	5.00	5.00	5.00
Operation and Maintenance of Plant Services						
Custodial Department	24.00	24.28	30.13	30.13	28.51	29.51
Maintenance Department	4.00	4.00	5.00	5.00	5.00	5.00
Pupil Transportation						
Bus Drivers	28.02	26.18	28.59	28.30	27.55	24.24
Bus Aides	1.10	2.35	2.65	1.80	1.98	1.98
Mechanics	3.00	3.00	3.00	3.00	3.00	3.00
Transportation Support Staff	2.00	2.00	2.00	2.00	2.44	2.44
Central						
Community Relations	0.50	0.50	0.50	0.50	0.50	0.50
Food Service Program						
Elementary Cooks	6.00	4.48	5.94	4.03	5.12	5.12
Middle School Cooks	3.13	4.58	3.60	3.60	4.51	4.51
High School Cooks	5.15	5.15	4.36	5.73	5.69	5.69
Totals:	<u>395.25</u>	<u>395.56</u>	<u>419.52</u>	<u>416.36</u>	<u>397.05</u>	<u>405.62</u>

Method: Used full-time equivalency (FTE) for each full, part-time and seasonal employee.

(2) In fiscal year 2010, the School District changed the report used to generate total employees.

Source: Kenston Local School District's Staff Total FTE Report

(1) Information prior to 2005 is not available.

KENSTON LOCAL SCHOOL DISTRICT**Capital Assets (Net of Depreciation)****Last Eight Fiscal Years (1)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>	<u>2009</u>	<u>2010</u>
Capital Assets:								
Land	\$ 125,211	\$ 125,211	\$ 125,211	\$ 704,063	\$ 704,063	\$ 1,237,691	\$ 1,237,691	\$ 1,207,191
Land Improvements	171,606	331,261	266,317	230,017	202,973	804,690	804,690	760,363
Building and Improvements	11,429,739	10,763,236	10,268,462	9,853,883	9,474,445	51,395,350	51,395,350	50,051,982
Furniture and Equipment	1,184,314	766,539	673,164	523,008	388,050	999,346	999,346	939,914
Vehicles	1,287,523	1,146,631	932,795	761,564	573,173	775,970	775,970	836,001
Construction in Progress	320,704	2,546,374	18,181,846	35,784,636	43,305,939	-	-	1,213,969
Total Capital Assets	<u>\$14,519,097</u>	<u>\$15,679,252</u>	<u>\$30,447,795</u>	<u>\$47,857,171</u>	<u>\$54,648,643</u>	<u>\$55,213,047</u>	<u>\$55,213,047</u>	<u>\$55,009,420</u>

*Restated

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

(1) Information prior to 2003 is not available.

KENSTON LOCAL SCHOOL DISTRICT

Free or Reduced Lunch Program Percentages Last Five Fiscal Years (1)

<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	7.40%
2008	3,447	192	5.57%	84	2.44%	276	8.01%
2009	2,920	201	6.88%	92	3.15%	293	10.03%
2010	3,168	251	7.92%	94	2.97%	345	10.89%

Source: "Lunch MR Report for October" obtained from the Ohio Department of Education
(1) Information prior to 2006 is not available.



Kenston Local School District



Dave Yost • 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
FEBRUARY 17, 2011**