

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures	1
Notes to the Schedule of Federal Awards Expenditures	2
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	3
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	5
Schedule of Findings	7

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**Schedule of Federal Awards Expenditures
For the Year Ended June 30, 1999**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U. S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$25,732	\$0	\$28,754
National School Lunch Program	03-PU	10.555	63,471	0	63,471	0
Total U. S. Department of Agriculture - Nutrition Cluster			63,471	25,732	63,471	28,754
U. S. Department of Education						
<i>Passed Through the Ohio Department of Education</i>						
Special Education - Grants to States	6B-SF-98P	84.027	0	0	11,363	0
Special Education - Grants to States	6B-SF-99P	84.027	107,060	0	107,060	0
Total Special Education - Grants to States			107,060	0	118,423	0
Grants to Local Educational Agencies:						
Title 1 Grants to Local Educational Agency	C1-S1-98	84.010	0	0	10	0
Title 1 Grants to Local Educational Agency	C1-S1-99	84.010	96,963	0	87,321	0
Total Title 1 Grants to Local Educational Agency			96,963	0	87,331	0
Eisenhower Professional Development State	MS-S1-98	84.281	0	0	4,021	0
Eisenhower Professional Development State	MS-S1-99	84.281	0	0	5,024	0
Eisenhower Professional Development State	MS-S1-99	84.281	9,209	0	1,673	0
Total Eisenhower Professional Development State			9,209	0	10,718	0
Goals 2000- Stae and Local Education System	G2-S4-95/96P	84.276	10,000	0	800	0
Safe and Drug-Free Schools and Communities	DR-S1-98	84.186	0	0	4,962	0
Safe and Drug-Free Schools and Communities	DR-S1-99	84.186	9,506	0	6,256	0
Total Safe and Drug-Free Schools and Communities			9,506	0	11,218	0
Innovative Education Program Strategies	C2-S1-97	84.298	0	0	470	0
Innovative Education Program Strategies	C2-S1-98	84.298	0	0	4,692	0
Innovative Education Program Strategies	C2-S1-99	84.298	11,681	0	7,242	0
Total Innovative Education Program Strategies			11,681	0	12,404	0
Total U. S. Department of Education			307,890	25,732	304,365	28,754
Corporation for National and Community Service						
<i>Passed Through the Ohio Department of Education</i>						
Learn and Serve America - School and Communities	N/A	94.004	(402)	0	(60)	0
Learn and Serve America - School and Communities	N/A	94.004	0	0	1,535	0
Total Corporation for National and Community Service			(402)	0	1,475	0
Total Federal Assistance			\$307,488	\$25,732	\$305,840	\$28,754

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

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

NOTE C - NATIONAL SCHOOL LUNCH AND SPECIAL MILK PROGRAMS

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

N/A - Not applicable

CFDA - Catalog of Federal Domestic Assistance



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

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

We have audited the financial statements of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 27, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 27, 1999.

Internal Control Over Financial Reporting

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

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

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

JIM PETRO
Auditor of State

December 27, 1999



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

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

Compliance

We have audited the compliance of the Kenston Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the District's compliance with those requirements. In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 27, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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



JIM PETRO
Auditor of State

December 27, 1999

SCHEDULE OF FINDINGS

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Sec. .510?	No
(d)(1)(vii)	Major Programs (list)	CFDA # 84.027 - Special Education - Grants to States CFDA # 84.010 - Title 1 Grants to Local Educational Agency
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

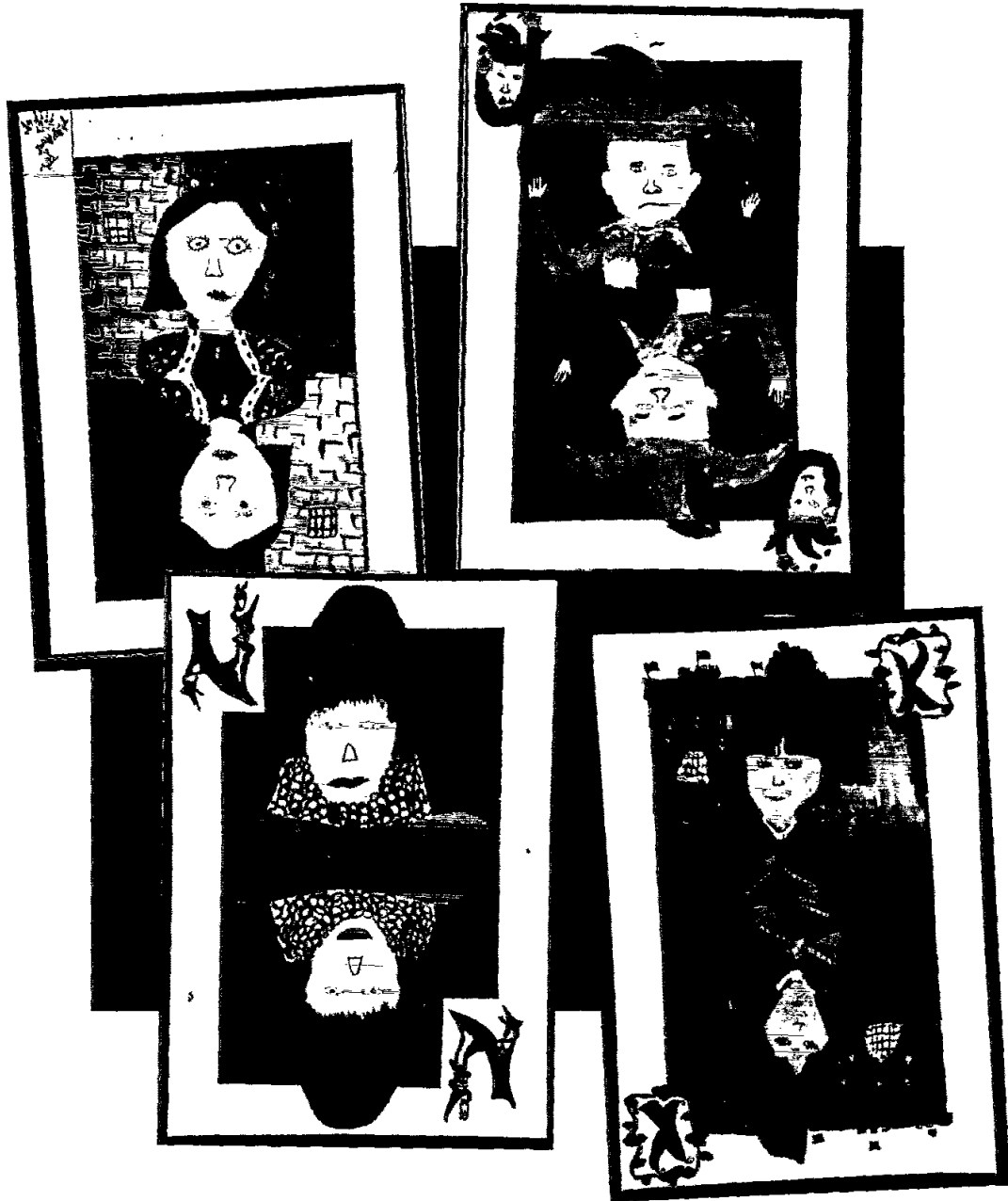
2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

KENSTON LOCAL SCHOOL DISTRICT CHAGRIN FALLS, OHIO



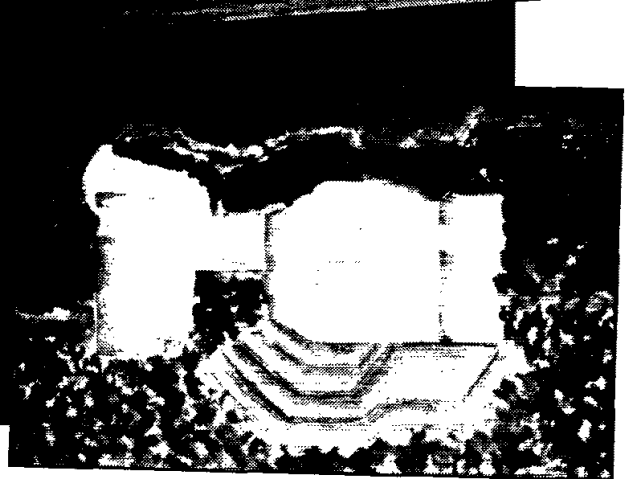
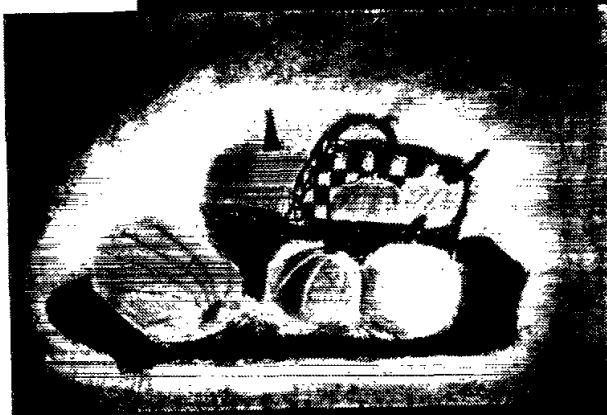
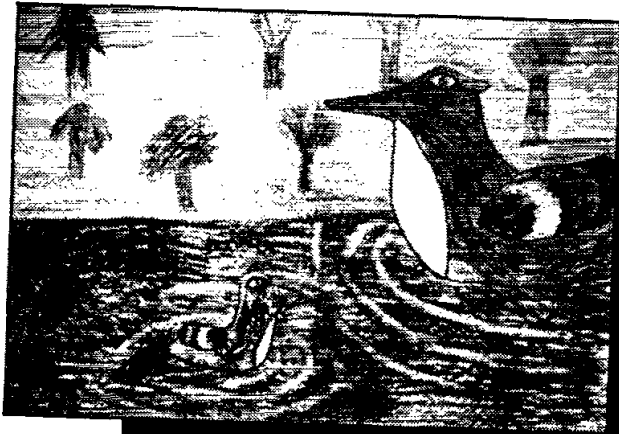
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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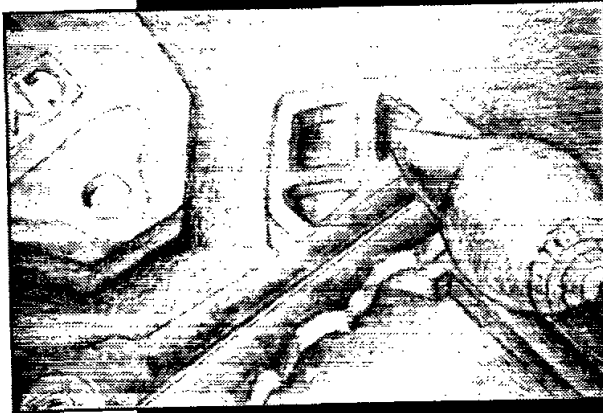
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KENSTON LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Issued By: Treasurer's Office
Linda Hein, Treasurer



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KENSTON LOCAL SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

	<u>PAGE</u>
I. <u>Introductory Section</u>	
Title Page	i
Table of Contents	ii
Letter of Transmittal	viii
List of Principal Officials	xix
Organizational Chart	xx
 II. <u>Financial Section</u>	
Report of Independent Accountants	1
General Purpose Financial Statements (Combined Statements - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups	2-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Fund	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Similar Trust Fund	7-11
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types	12
Combined Statement of Cash Flows - All Proprietary Fund Types	13
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Budgetary Basis) and Actual - All Proprietary Fund Types	14-15
Notes to the General Purpose Financial Statements	16-51
Combining, Individual Fund, and Account Group Statements and Schedules	
 <u>Governmental Funds</u>	
General Fund: Description of Fund	54

KENSTON CITY SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

	<u>PAGE</u>
II. <u>Financial Section</u> (Continued)	
<u>Governmental Funds</u> (Continued)	
General Fund (Continued)	
Schedule of Revenues, Expenditures, and Changes in in Fund Balance - Budget (Non-GAAP Basis) and Actual	55-59
Special Revenue Funds:	
Description of Funds	60-61
Combining Balance Sheet	62-64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	65-67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
Public School Support Fund	68
Cleveland Foundation Fund	69
Venture Capital Fund	70
Student Activity Fund	71
Auxiliary Services Fund	72
Disadvantaged Pupil Aid Program Fund	73
Teacher Development Fund	74
Educational Management Information System Fund	75
Instructional Materials Subsidy Fund	76
Education for Economic Security Fund	77
Title VI B Fund	78
Title I Fund	79
Title VI Fund	80
Drug Free Schools Grant Fund	81
Learn and Serve Grant Fund	82
Total - All Special Revenue Funds	83-85
Debt Service Fund:	
Description of Funds	86
Capital Projects Funds:	
Description of Funds	87
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	89

KENSTON LOCAL SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

	<u>PAGE</u>
II. <u>Financial Section</u> (Continued)	
Capital Projects Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
Permanent Improvement Fund	90
Building Fund	91
SchoolNet Plus Fund	92
Total All Capital Projects Funds	93
<u>Proprietary Funds:</u>	
Enterprise Funds:	
Description of Funds	94
Combining Balance Sheet	95
Combining Statement of Revenues, Expenses, and Changes in Fund Equity	96
Combining Statement of Cash Flows	97-98
Schedule of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual	
Food Service Fund	99
Uniform School Supplies Fund	100
Kindergarten Fees Fund	101
Total - All Enterprise Funds	102
Internal Service Funds:	
Description of Funds	103
Combining Balance Sheet	104
Combining Statement of Revenues, Expenses, and Changes in Fund Equity	105
Combining Statement of Cash Flows	106
Schedule of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual	
Special Rotary Fund	107
Rate Stabilization Fund	108
Total - All Internal Service Funds	109

KENSTON LOCAL SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

		<u>PAGE</u>
II.	<u>Financial Section</u> (Continued)	
	<u>Fiduciary Funds</u>	
	Description of Funds	110
	Combining Balance Sheet - All Expendable Trust and Agency Funds	111
	Schedule of Revenues, Expenditures, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual Expendable Trust Funds	112
	Combining Statement of Changes in Assets and Liabilities - All Agency Funds	113
	<u>General Fixed Assets Account Group</u>	
	Description of Account Group	114
	Schedule of General Fixed Assets - By Function and Type	115
	Schedule of Changes in General Fixed Assets - By Function	116
	Schedule of General Fixed Assets - By Source	117
III.	<u>Statistical Section</u>	
	Governmental and Similar Trust Funds - Expenditures and Other Financing Uses by Function - Last Ten Fiscal Years	S2
	Governmental and Similar Trust Funds - Revenues and Other Financing Sources - Last Ten Fiscal Years	S4
	Property Tax Levies and Collections - Real and Tangible Personal Property Taxes - Last Ten Calendar Years	S6
	Assessed and Estimated Value of Taxable Property - Last Ten Calendar Years	S7
	Property Tax Rates - Direct and Overlapping Governments - Last Ten Calendar Years	S8
	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	S9
	Computation of Legal Debt Margin	S10
	Computation of Direct and Overlapping Debt - General Obligation Bonded Debt	S11

KENSTON LOCAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

	<u>PAGE</u>
III. <u>Statistical Section</u> (Continued)	
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental and Similar Trust Fund Expenditures - Last Ten Fiscal Years	S12
Demographic Statistics - Last Ten Years	S13
Property Values, Bank Deposits, and Construction Last Ten Calendar Years	S14
Principal Taxpayers -	
Real Property Tax	S15
Tangible Personal Property Tax	S16
Public Utilities Tax	S17
Ten Largest Employers	S18
Per Pupil Cost - Last Ten Fiscal Years	S19
Teacher Education and Experience	S20



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Superintendent

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STAN J. LIPINSKI, PH.D.
Assistant Superintendent

LINDA M. HEIN
Treasurer

December 27, 1999

Board of Education Members
Kenston Local School District

We are pleased to submit to you the first Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District for the fiscal year ended June 30, 1999. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. This report will provide the taxpayers of the Kenston Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Geauga County Public Library, major taxpayers, financial rating services and other interested parties.

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

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

Serving the townships of Auburn and Bainbridge

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 330.07 and Section 119.01 of the Ohio Revised Code, to provide services mandated by State and or Federal agencies.

Reporting Entity

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

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

The School District is associated with five jointly governed organizations and one public entity risk pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools’ Council Association and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the combined financial statements.

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

Economic Condition and Outlook

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

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

The School District's superintendent participated in a year and a half study and development of a long range defensible zoning plan for Bainbridge Township. Strategies were created to maintain the rural nature of the community and maximize the non-residential development of currently zoned areas.

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

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

As a result of the passage of the School District's net 6.9 mill continuing operating levy in 1997 and conservative fiscal management by the Board and the Administration, the School District's five-year projections indicate that the natural budget cycle needs will require additional operating income in the beginning of fiscal year 2003. Thus, the School District does not project a need to request additional tax support from its voters until calendar year 2002.

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program" which provided significant amounts of monetary support to the School District. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State foundation funding.

Major Initiatives

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

Kenston High School and Kenston Middle School both received Venture Capital Grants in the amount of \$125,000 for each year of the past five years.

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

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

Roof replacements for school buildings in the School District have been a major initiative for the past two years. As reflected in the 1998 and 1999 expenditures, the roof replacement projects for the high school building and middle school building, amounting to \$671,407 were funded with the proceeds from the operating levy that was passed in 1997.

Future Projects

Capital projects will include repairs and renovations to the sewage system and roof at Gardiner Elementary School.

Since 1990, enrollment in the School District has risen from 2,309 to 3,048 students. The increase in enrollment resulted in the building of the new Timmons Elementary School that was funded by a bond issue passed in 1992. Since 1992, no additional bond issue has been proposed to the electorate. Building capacity studies are ongoing to enable the administration of the School District to deal with limited facilities and rising enrollments.

After a five-year study using Venture Capital funding, block scheduling will be implemented at the high school in August 2000.

Financial Information

Internal Accounting and Budgetary Control

The School District's accounting system is organized on a fund basis. Each fund and account group is a distinct self-balancing accounting entity. Reporting for general governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available and expenditures are recognized when goods and services are received. Reporting of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

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

The School District utilizes a fully automated accounting system, as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, insures that the financial information generated is both accurate and reliable. At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

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

Fiscal Management Improvements

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

School District Graduates

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

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

In the School District, individual and small group instruction laboratories are offered in the areas of writing and mathematics. Ten advanced placement (AP) courses are available. In 1999, sixty-eight students took AP exams. The School District is accredited by the North Central Association and the State of Ohio and has been awarded the National Blue Ribbon Schools award and recognized in Redbook Magazine as one of "America's Best High Schools." Over 90 percent of graduates continue their education at a college, university, or technical school.

Data Accountability and Report Card Legislation

Amended Substitute House Bill 215, the biennial budget bill commencing in October 1997, added data accountability provisions to Section 3301.0714 of the Ohio Revised Code. These provisions authorize the Department of Education to withhold 10 to 20 percent of a school district's funds if the school district does not submit timely and accurate Electronic Management Information Systems (EMIS) data (aggregated demographics on students and staff). Additionally, the bill allows the State Board of Education to suspend/revoke the license of a school district employee found to have willfully reported erroneous, inaccurate, or incomplete data through the information system. The Superintendent and Treasurer must certify the accuracy of all data collected through the EMIS system at the opening of school (October) and close (June/July). The School District has complied with the requirements of this legislation.

Senate Bill 55, the academic accountability legislation passed in the summer of 1997, resulted in the extraction of data from the EMIS database and the publication of a School District "Report Card". The School District met 26 of the 27 performance indicators for the 2000 report card which classifies the School District as "Effective". Approximately 5 percent of Ohio schools have achieved an "Effective" rating.

Statistical Information

General Governmental Functions

The following schedule presents a summary of governmental and similar trust fund revenues for the fiscal years ended June 30, 1998 and 1999, and the amount and percentage of increases and decreases in relation to the prior year's revenues.

	1998	1999	Percent		Percent
	<u>Amount</u>	<u>Amount</u>	<u>of Total</u>	<u>Change</u>	<u>Change</u>
Revenues					
Taxes	\$ 14,458,297	\$ 15,445,587	69.23%	\$ 987,290	6.83 %
Intergovernmental	5,275,059	5,887,747	26.39%	612,688	11.61 %
Interest	336,990	428,571	1.92%	91,581	27.18 %
Tuition and Fees	28,550	54,837	0.25%	26,287	92.07 %
Extracurricular Activities	246,473	297,299	1.33%	50,826	20.62 %
Transportation Fees	60,612	84,174	0.38%	23,562	38.87 %
Miscellaneous	213,395	117,788	0.53%	(95,607)	(44.80)%
Total Revenues	<u>\$ 20,619,376</u>	<u>\$ 22,316,003</u>	<u>100.00%</u>	<u>\$ 1,696,627</u>	<u>8.23 %</u>

The School District's most significant revenue source is taxes. During fiscal year 1999, there was an increase in this category of \$987,290. This increase is due to the collection of a full fiscal year of the 1997 levy in addition to new construction of homes and commercial development in the area.

Intergovernmental revenues reflect a \$612,688 increase. A large portion of this increase is due to the change in the state foundation funding formula for county and special education services. This amount also includes SchoolNet Plus funding of \$90,141 and a one time textbook subsidy of \$45,326.

Tuition revenue reflects a \$26,287 increase. This increase is due to the amount of excess cost charged to other districts for special education expenditures.

Transportation revenue reflects a \$23,562 increase. This increase is due to the amount of excess cost charged for handicapped transportation.

Miscellaneous revenue decreased \$95,607 due to a one time refund from the Bureau of Workers' Compensation in fiscal year 1998.

The following schedule presents a summary of governmental and similar trust fund expenditures for the fiscal years ended June 30, 1998 and 1999, and the amount and percentage of increases and decreases in relation to the prior year's expenditures.

Expenditures	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current					
Instruction:					
Regular	\$ 8,862,452	\$ 9,446,068	43.90%	\$ 583,616	6.58 %
Special	959,182	1,376,037	6.39%	416,855	43.46 %
Vocational	107,851	111,029	0.52%	3,178	2.95 %
Other	178,457	0	0.00%	(178,457)	(100.00)%
Support Services:					
Pupils	1,080,123	1,385,391	6.43%	305,268	28.26 %
Instructional Staff	491,593	499,461	2.32%	7,868	1.60 %
Board of Education	86,954	51,168	0.24%	(35,786)	(41.15)%
Administration	1,668,841	1,663,846	7.73%	(4,995)	(.30)%
Fiscal Services	535,009	526,810	2.45%	(8,199)	(1.53)%
Business	19,764	4,120	0.02%	(15,644)	(79.15)%
Operation and Maintenance					
of Plant Services	2,364,180	2,777,194	12.91%	413,014	17.47 %
Pupil Transportation	1,517,630	1,635,150	7.60%	117,520	7.74 %
Central Services	5,963	16,567	0.08%	10,604	177.83 %
Operation of Non-Instructional Services:					
Food Services	2,458	2,054	0.01%	(404)	16.44 %
Community Service	34,792	106,976	0.50%	72,184	207.47 %
Other	1,464	1,210	0.01%	(254)	(17.35)%
Extracurricular Activities	669,812	745,079	3.46%	75,267	11.24 %
Capital Outlay	7,844	25,470	0.12%	17,626	224.71 %
Debt Service	1,102,505	1,142,745	5.31%	40,240	3.65 %
Total Expenditures	<u>\$ 19,696,874</u>	<u>\$ 21,516,375</u>	<u>100.00%</u>	<u>\$ 1,819,501</u>	<u>9.24 %</u>

Regular Instruction - the School District had a 2.5 percent wage increase approved by the Board during fiscal year 1998. Severance and early retirement incentive payments were made in fiscal year 1999.

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

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

Support Services - Pupils - the increase in this area is due to use of academic tutors, proctors, and aides to promote enhancements to the curriculum.

Support Services - Board of Education - the decrease in expenditures is the result of changing special education attorney expenses directly to the category.

Operation and Maintenance of Plant Services - the increase in these expenditures is the result of the roof replacements over the summer of 1998.

Pupil Transportation - the increased costs in pupil transportation were due to the addition of one bus to the fleet and the 2.5 percent wage increase.

Community Services - the increase in community services is due to the addition of a part time community relations contracted service.

Extracurricular Activities - the increase in extracurricular activities cost is due to the 2.5 percent increase in wages and the implementation of a longevity increase starting with the 1998-1999 school year.

Capital Outlay -increased primarily due to increased spending patterns in equipment.

Debt Service - debt service expenditures increased due to \$461,000 of debt being retired in fiscal year 1999.

Financial Highlights

General Fund Balance. The fund balance of the general fund increased from \$3,518,527 at June 30, 1998 to \$4,212,273 at June 30, 1999. This increase is due to increased collections in real estate and personal property taxes primarily due to the full collection of taxes from the 1997 levy and the increase in the state foundation funding formula.

Enterprise Funds. Food service, uniform school supplies, and kindergarten fees are classified as enterprise operations since they resemble those activities found in private industry. Management periodically decides to determine the amount of profit/loss resulting from these operations that are significantly financed from user fees. In total, the enterprise funds had a net income of \$34,605 for the fiscal year ended June 30, 1999.

General Fixed Assets. The general fixed assets of the School District are used to carry on the main educational and support function of the School District and are not financial resources available for expenditure. The total general fixed assets at June 30, 1999 were \$24,488,995. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets.

Debt Administration. At June 30, 1999, general obligation bonds outstanding totaled \$10,789,000. During fiscal year 1999, \$461,000 of general obligation bonds were retired. As of June 30, 1999, the voted debt margin was \$27,706,374 and the unvoted debt margin was \$427,726. The School District's bond rating is A1A.

Cash Management. The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation, as well as investing available cash in instruments issued by the United States Treasury, Repurchase Agreements and the State Treasury Asset Reserve of Ohio (STAROhio). The total amount of interest earned was \$433,472 for the year ended June 30, 1999, which was credited directly to the general fund, capital projects fund, all day kindergarten fund, and auxiliary services. The program is beneficial because of access to daily balances which enables the Board of Education to maintain the minimum balance in its accounts and invest its assets.

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

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

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

The School District has insurance contracts for fleet insurance, boiler and machinery, crime, property and inland marine coverage. The School District participates in the Ohio Schools Board Association Workers' Compensation Group Rating Program as described in Note 9B.

Pension Plans. All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 10 to the general purpose financial statements for complete details.

Independent Audit

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Jim Petro, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 1999. The opinion appears at the beginning of the financial section of this report.

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

Awards

Certificate of Achievement. The School District is submitting this report to the Government Finance Officers Association of the United States and Canada (GFOA) for their Certificate of Achievement for Excellence in Financial Reporting award programs. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

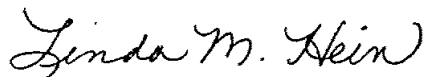
Acknowledgments

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

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

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

Respectfully submitted,



Linda M. Hein
Treasurer
Kenston Local School District



Robert A. Lee, Ph.D.
Superintendent

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL OFFICIALS
JUNE 30, 1999**

BOARD OF EDUCATION

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

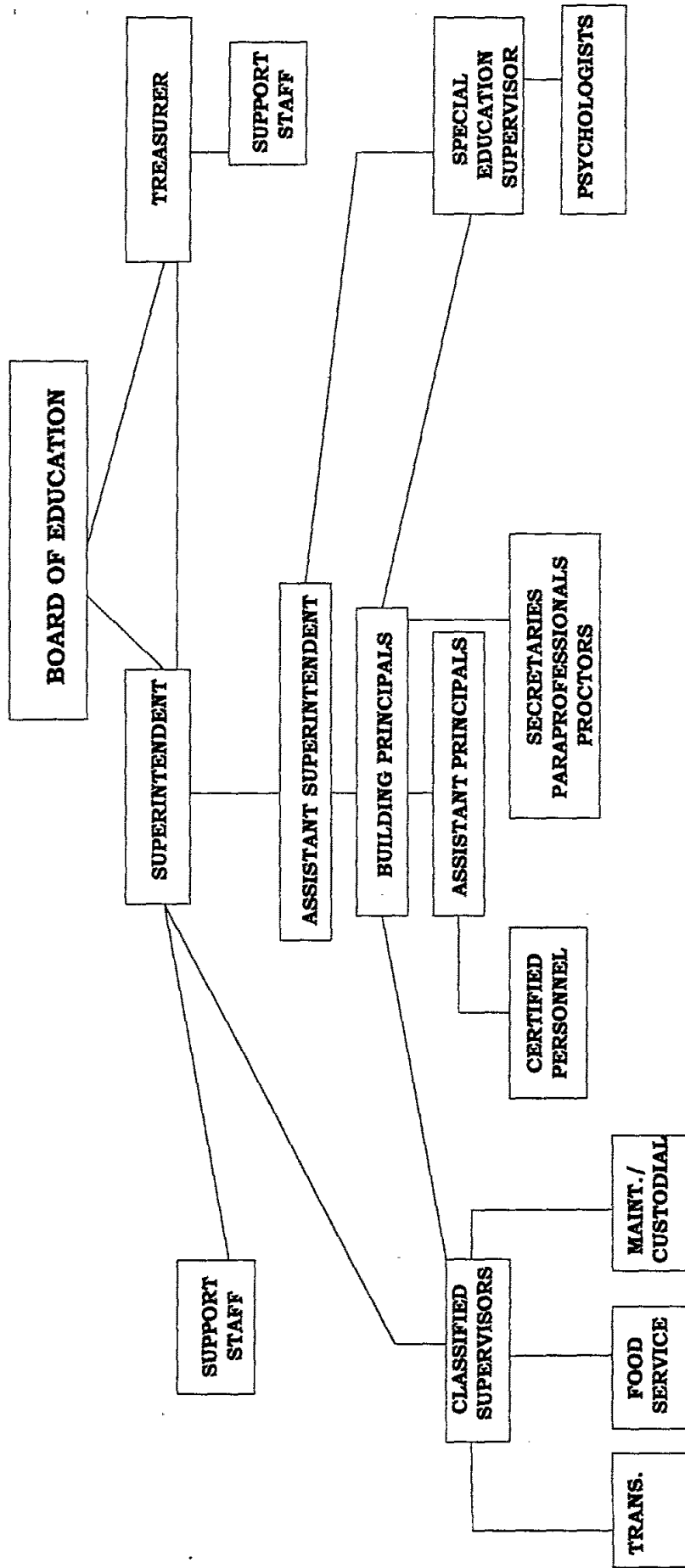
Treasurer

Ms. Linda M. Hein

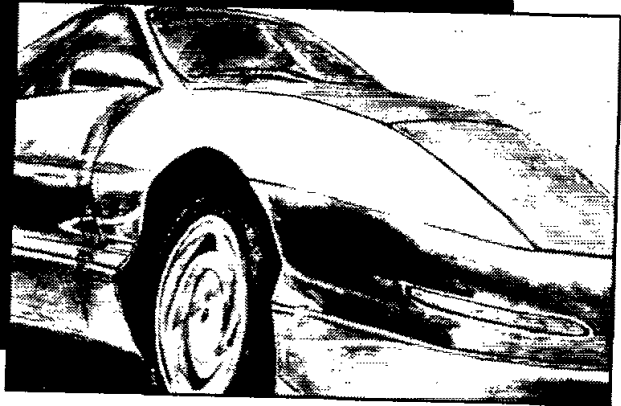
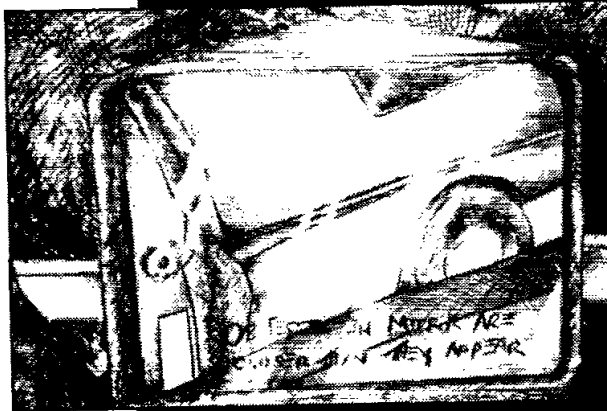
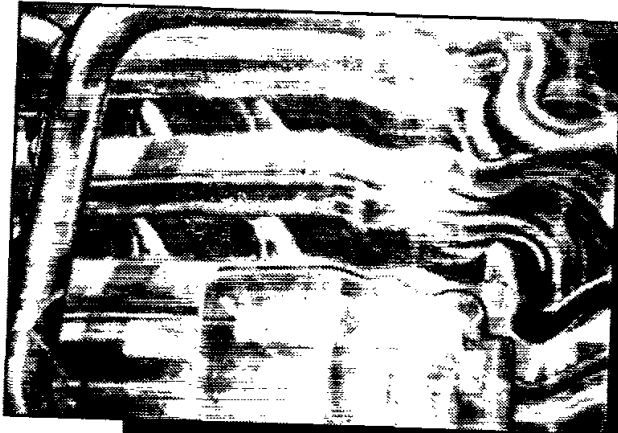
Administration

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

KENSTON LOCAL SCHOOL DISTRICT



FINANCIAL SECTION



Artwork created by (clockwise starting from upper left)

Chad Halfacre - Grade 12

Mark Goldberg - Grade 11

Tyler Kobick - Grade 11

Nick Stephanadis - Grade 12



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

Report of Independent Accountants

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

We have audited the accompanying general-purpose financial statements of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 27, 1999

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,224,003	\$ 218,337	\$ 530,056	\$ 297,805
Restricted Assets	276,374	0	0	0
Investments	824,384	0	0	0
Receivables:				
Taxes	15,207,760	0	1,310,311	0
Accounts	41,382	0	0	0
Intergovernmental	150	0	0	0
Accrued Interest	12,629	0	0	0
Materials and Supplies Inventory	77,756	0	0	0
Fixed Assets (Net, where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$ 19,664,438	\$ 218,337	\$ 1,840,367	\$ 297,805

See the accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 408,967	\$ 1,073,852	\$ 45,376	\$ 0	\$ 0	\$ 5,798,396
0	0	0	0	0	276,374
0	0	0	0	0	824,384
0	0	0	0	0	16,518,071
93	0	0	0	0	41,475
10,117	3,928	0	0	0	14,195
0	0	0	0	0	12,629
14,704	0	0	0	0	92,460
100,317	0	0	24,488,995	0	24,589,312
0	0	0	0	714,056	714,056
0	0	0	0	11,873,449	11,873,449
<u>\$ 534,198</u>	<u>\$ 1,077,780</u>	<u>\$ 45,376</u>	<u>\$ 24,488,995</u>	<u>\$ 12,587,505</u>	<u>\$ 60,754,801</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 96,445	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	1,676,849	544	0	0
Compensated Absences Payable	221,753	0	0	0
Claims Payable	0	0	0	0
Deferred Revenue	13,118,260	0	1,126,311	0
Intergovernmental Payable	338,858	1,359	0	0
Due to Students	0	0	0	0
Matured Bonds Payable	0	0	0	0
Total Liabilities	15,452,165	1,903	1,126,311	0
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Budget Stabilization	276,374	0	0	0
Reserved for Encumbrances	919,950	62,331	0	8,331
Reserved for Inventory	77,756	0	0	0
Reserved for Property Taxes	2,089,500	0	184,000	0
Unreserved:				
Designated for Future Debt				
Service Requirements	0	0	530,056	0
Undesignated	848,693	154,103	0	289,474
Total Fund Equity and Other Credits	4,212,273	216,434	714,056	297,805
Total Liabilities, Fund Equity and Other Credits	\$ 19,664,438	\$ 218,337	\$ 1,840,367	\$ 297,805

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>(Memorandum Only)</u>
\$ 12,828	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,273
36,276	13,188	0	0	0	1,726,857
11,957	0	0	0	1,619,927	1,853,637
0	166,687	0	0	0	166,687
0	0	0	0	0	14,244,571
14,371	7,450	0	0	178,578	540,616
0	0	41,498	0	0	41,498
0	0	0	0	10,789,000	10,789,000
<u>75,432</u>	<u>187,325</u>	<u>41,498</u>	<u>0</u>	<u>12,587,505</u>	<u>29,472,139</u>
0	0	0	24,488,995	0	24,488,995
139,732	0	0	0	0	139,732
319,034	890,455	0	0	0	1,209,489
0	0	0	0	0	276,374
0	0	751	0	0	991,363
0	0	0	0	0	77,756
0	0	0	0	0	2,273,500
0	0	0	0	0	530,056
0	0	3,127	0	0	1,295,397
<u>458,766</u>	<u>890,455</u>	<u>3,878</u>	<u>24,488,995</u>	<u>0</u>	<u>31,282,662</u>
<u>\$ 534,198</u>	<u>\$ 1,077,780</u>	<u>\$ 45,376</u>	<u>\$ 24,488,995</u>	<u>\$ 12,587,505</u>	<u>\$ 60,754,801</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues						
Taxes	\$ 14,466,136	\$ 0	\$ 979,451	\$ 0	\$ 0	\$ 15,445,587
Intergovernmental	5,309,637	335,146	152,824	90,140	0	5,887,747
Earnings on Investments	422,837	230	0	5,504	0	428,571
Tuition and Fees	54,837	0	0	0	0	54,837
Extracurricular Activities	0	297,299	0	0	0	297,299
Transportation Fees	84,174	0	0	0	0	84,174
Miscellaneous	65,397	47,826	0	687	3,878	117,788
Total Revenues	20,403,018	680,501	1,132,275	96,331	3,878	22,316,003
Expenditures						
Current:						
Instruction:						
Regular	9,307,223	59,186	0	79,659	0	9,446,068
Special	1,265,364	110,673	0	0	0	1,376,037
Vocational Education	111,029	0	0	0	0	111,029
Support Services:						
Pupils	1,246,276	139,115	0	0	0	1,385,391
Instructional Staff	466,410	33,051	0	0	0	499,461
Board of Education	51,168	0	0	0	0	51,168
Administration	1,592,697	71,149	0	0	0	1,663,846
Fiscal Services	510,525	342	15,943	0	0	526,810
Business	4,120	0	0	0	0	4,120
Operation and Maintenance						
of Plant Services	2,777,194	0	0	0	0	2,777,194
Pupil Transportation	1,635,150	0	0	0	0	1,635,150
Central Services	16,567	0	0	0	0	16,567
Operation of Non-						
Instructional Services:						
Food Service	2,054	0	0	0	0	2,054
Community Service	71,533	35,443	0	0	0	106,976
Other	1,210	0	0	0	0	1,210
Extracurricular Activities	406,097	338,982	0	0	0	745,079
Capital Outlay	25,470	0	0	0	0	25,470
Debt Service:						
Principal Retirement	66,000	0	395,000	0	0	461,000
Interest and Fiscal Charges	15,040	0	666,705	0	0	681,745
Total Expenditures	19,571,127	787,941	1,077,648	79,659	0	21,516,375
Excess of Revenues Over (Under) Expenditures	831,891	(107,440)	54,627	16,672	3,878	799,628
Other Financing Sources (Uses)						
Proceeds from Sale of Assets	15,909	0	0	0	0	15,909
Operating Transfers In	564,882	111,903	0	42,151	0	718,936
Operating Transfers Out	(718,936)	0	0	0	0	(718,936)
Total Other Financing Sources (Uses)	(138,145)	111,903	0	42,151	0	15,909
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	693,746	4,463	54,627	58,823	3,878	815,537
Fund Balances at Beginning of Year	3,518,527	211,971	659,429	238,982	0	4,628,909
Fund Balances at End of Year	\$ 4,212,273	\$ 216,434	\$ 714,056	\$ 297,805	\$ 3,878	\$ 5,444,446

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 14,548,639	\$ 14,730,136	\$ 181,497
Intergovernmental	5,309,435	5,309,487	52
Earnings on Investments	364,822	410,207	45,385
Tuition and Fees	26,830	26,830	0
Extracurricular Activities	0	0	0
Transportation Fees	84,174	84,174	0
Miscellaneous	56,255	56,256	1
Total Revenues	<u>20,390,155</u>	<u>20,617,090</u>	<u>226,935</u>
Expenditures			
Current:			
Instruction:			
Regular	9,233,393	9,233,393	0
Special	1,311,858	1,311,858	0
Vocational Education	110,202	110,202	0
Support Services:			
Pupils	1,244,851	1,244,851	0
Instructional Staff	492,509	492,509	0
Board of Education	53,612	53,612	0
Administration	1,643,966	1,643,966	0
Fiscal Services	570,136	570,136	0
Business	3,546	3,546	0
Operation and Maintenance of Plant Services	3,029,806	3,029,806	0
Pupil Transportation	1,979,931	1,979,931	0
Central Services	20,806	20,806	0
Operation of Non-Instructional Services:			
Food Service	2,054	2,054	0
Community Service	77,375	77,375	0
Other	980	980	0
Extracurricular Activities	400,184	400,184	0
Capital Outlay	31,902	31,902	0
Debt Service:			
Principal Retirement	66,000	66,000	0
Interest and Fiscal Charges	15,040	15,040	0
Total Expenditures	<u>20,288,151</u>	<u>20,288,151</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	102,004	328,939	226,935
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	15,909	15,909	0
Operating Transfers In	0	564,882	564,882
Operating Transfers Out	(892,002)	(718,936)	173,066
Advances In	67,874	67,874	0
Advances Out	(67,874)	(67,874)	0
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	5,155	5,155	0
Total Other Financing Sources (Uses)	<u>(870,938)</u>	<u>(132,990)</u>	<u>737,948</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(768,934)	195,949	964,883
Fund Balance at Beginning of Year	1,667,165	1,667,165	0
Prior Year Encumbrances Appropriated	1,516,938	1,516,938	0
Fund Balance at End of Year	<u>\$ 2,415,169</u>	<u>\$ 3,380,052</u>	<u>\$ 964,883</u>

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	335,146	335,146	0
Earnings on Investments	251	310	59
Tuition and Fees	0	0	0
Extracurricular Activities	296,544	297,299	755
Transportation Fees	0	0	0
Miscellaneous	47,826	47,826	0
Total Revenues	<u>679,767</u>	<u>680,581</u>	<u>814</u>
Expenditures			
Current:			
Instruction:			
Regular	63,415	63,415	0
Special	114,090	114,090	0
Vocational Education	0	0	0
Support Services:			
Pupils	145,625	145,625	0
Instructional Staff	38,697	38,697	0
Board of Education	0	0	0
Administration	68,684	68,684	0
Fiscal Services	342	342	0
Business	0	0	0
Operation and Maintenance of Plant Services	0	0	0
Pupil Transportation	0	0	0
Central Services	0	0	0
Operation of Non-Instructional Services:			
Food Service	0	0	0
Community Service	73,101	73,101	0
Other	0	0	0
Extracurricular Activities	361,376	361,376	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>865,330</u>	<u>865,330</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(185,563)</u>	<u>(184,749)</u>	<u>814</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	0	0	0
Operating Transfers In	111,903	111,903	0
Operating Transfers Out	0	0	0
Advances In	67,874	67,874	0
Advances Out	(67,874)	(67,874)	0
Refunds of Prior Year Receipts	(402)	(402)	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>111,501</u>	<u>111,501</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(74,062)</u>	<u>(73,248)</u>	<u>814</u>
Fund Balance at Beginning of Year	140,296	140,296	0
Prior Year Encumbrances Appropriated	76,965	76,965	0
Fund Balance at End of Year	<u>\$ 143,199</u>	<u>\$ 144,013</u>	<u>\$ 814</u>

See accompanying notes to the general purpose financial statements.

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,002,950	\$ 1,002,950	\$ 0	\$ 0	\$ 0	\$ 0
152,824	152,824	0	90,140	90,140	0
0	0	0	5,063	5,504	441
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,155,774</u>	<u>1,155,774</u>	<u>0</u>	<u>95,203</u>	<u>95,644</u>	<u>441</u>
0	0	0	82,263	82,263	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,943	15,943	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	7,318	7,318	0
395,000	395,000	0	0	0	0
666,705	666,705	0	0	0	0
<u>1,077,648</u>	<u>1,077,648</u>	<u>0</u>	<u>89,581</u>	<u>89,581</u>	<u>0</u>
<u>78,126</u>	<u>78,126</u>	<u>0</u>	<u>5,622</u>	<u>6,063</u>	<u>441</u>
0	0	0	0	0	0
0	0	0	42,151	42,151	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	687	687	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>42,838</u>	<u>42,838</u>	<u>0</u>
78,126	78,126	0	48,460	48,901	441
451,930	451,930	0	230,832	230,832	0
0	0	0	9,739	9,739	0
<u>\$ 530,056</u>	<u>\$ 530,056</u>	<u>\$ 0</u>	<u>\$ 289,031</u>	<u>\$ 289,472</u>	<u>\$ 441</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	EXPENDABLE TRUST FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	3,878	3,878	0
Earnings on Investments	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Transportation Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>3,878</u>	<u>3,878</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	751	751	0
Vocational Education	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal Services	0	0	0
Business	0	0	0
Operation and Maintenance of Plant Services	0	0	0
Pupil Transportation	0	0	0
Central Services	0	0	0
Operation of Non-Instructional Services:			
Food Service	0	0	0
Community Service	0	0	0
Other	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>751</u>	<u>751</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u>\$ 3,127</u>	<u>\$ 3,127</u>	<u>\$ 0</u>

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>TOTALS (MEMORANDUM ONLY)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 15,551,589	\$ 15,733,086	\$ 181,497
Intergovernmental	5,891,423	5,891,475	52
Earnings on Investments	370,136	416,021	45,885
Tuition and Fees	26,830	26,830	0
Extracurricular Activities	296,544	297,299	755
Transportation Fees	84,174	84,174	0
Miscellaneous	104,081	104,082	1
Total Revenues	<u>22,324,777</u>	<u>22,552,967</u>	<u>228,190</u>
Expenditures			
Current:			
Instruction:			
Regular	9,379,071	9,379,071	0
Special	1,426,699	1,426,699	0
Vocational Education	110,202	110,202	0
Support Services:			
Pupils	1,390,476	1,390,476	0
Instructional Staff	531,206	531,206	0
Board of Education	53,612	53,612	0
Administration	1,712,650	1,712,650	0
Fiscal Services	586,421	586,421	0
Business	3,546	3,546	0
Operation and Maintenance of Plant Services	3,029,806	3,029,806	0
Pupil Transportation	1,979,931	1,979,931	0
Central Services	20,806	20,806	0
Operation of Non-Instructional Services:			
Food Service	2,054	2,054	0
Community Service	150,476	150,476	0
Other	980	980	0
Extracurricular Activities	761,560	761,560	0
Capital Outlay	39,220	39,220	0
Debt Service:			
Principal Retirement	461,000	461,000	0
Interest and Fiscal Charges	681,745	681,745	0
Total Expenditures	<u>22,321,461</u>	<u>22,321,461</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>3,316</u>	<u>231,506</u>	<u>228,190</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	15,909	15,909	0
Operating Transfers In	154,054	718,936	564,882
Operating Transfers Out	(892,002)	(718,936)	173,066
Advances In	135,748	135,748	0
Advances Out	(135,748)	(135,748)	0
Refund of Prior Year Receipts	(402)	(402)	0
Refund of Prior Year Expenditures	5,842	5,842	0
Total Other Financing Sources (Uses)	<u>(716,599)</u>	<u>21,349</u>	<u>737,948</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(713,283)</u>	<u>252,855</u>	<u>966,138</u>
Fund Balance at Beginning of Year	2,490,223	2,490,223	0
Prior Year Encumbrances Appropriated	1,603,642	1,603,642	0
Fund Balance at End of Year	<u>\$ 3,380,582</u>	<u>\$ 4,346,720</u>	<u>\$ 966,138</u>

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service</u>	
<u>Operating Revenues</u>			
Food Services	\$ 452,746	\$ 0	\$ 452,746
Extracurricular Activities	133,873	22,461	156,334
Classroom Materials and Fees	114,993	0	114,993
Charges for Services	0	1,078,467	1,078,467
Miscellaneous	112	550	662
Total Operating Revenues	<u>701,724</u>	<u>1,101,478</u>	<u>1,803,202</u>
<u>Operating Expenses</u>			
Salaries and Wages	296,263	71,158	367,421
Fringe Benefits	96,898	22,492	119,390
Purchased Services	25,438	30,389	55,827
Supplies and Materials	296,545	1,484	298,029
Capital Outlay	10,562	0	10,562
Depreciation	11,610	0	11,610
Claims	0	1,262,277	1,262,277
Other	1,637	0	1,637
Total Operating Expenses	<u>738,953</u>	<u>1,387,800</u>	<u>2,126,753</u>
Operating Income (Loss)	<u>(37,229)</u>	<u>(286,322)</u>	<u>(323,551)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Earnings on Investment	4,901	0	4,901
Operating Grants	40,992	3,928	44,920
Government Commodities	25,941	0	25,941
Total Non-Operating Revenues	<u>71,834</u>	<u>3,928</u>	<u>75,762</u>
Net Income (Loss)	<u>34,605</u>	<u>(282,394)</u>	<u>(247,789)</u>
Retained Earnings at Beginning of Year	284,429	1,172,849	1,457,278
Retained Earnings at End of Year	<u>319,034</u>	<u>890,455</u>	<u>1,209,489</u>
Contributed Capital at Beginning and End of Year	139,732	0	139,732
Retained Earnings and Contributed Capital at End of Year	<u>\$ 458,766</u>	<u>\$ 890,455</u>	<u>\$ 1,349,221</u>

See accompanying notes to the general purpose financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Internal Service</u>	(Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Operations	\$ 701,684	\$1,101,478	\$ 1,803,162
Cash Payments to Employees for Services	(296,835)	(70,530)	(367,365)
Cash Payments for Employee Benefits	(86,942)	(1,246,080)	(1,333,022)
Cash Payments to Suppliers for Goods and Services	(293,680)	(31,871)	(325,551)
Cash Payments for Other Activities	(1,637)	0	(1,637)
Net Cash (Used for) Operating Activities	<u>22,590</u>	<u>(247,003)</u>	<u>(224,413)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>			
Operating Grants Received	40,188	0	40,188
Net Cash Provided by Non-Capital Financing Activities	<u>40,188</u>	<u>0</u>	<u>40,188</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Payments for Capital Acquisitions	(9,896)	0	(9,896)
Proceeds from Sale of Assets	2,552	0	2,552
Net Cash (Used for) Capital and Related Financing Activities	<u>(7,344)</u>	<u>0</u>	<u>(7,344)</u>
<u>Cash Flows from Investing Activities</u>			
Earnings on Investments	7,048	0	7,048
Net Cash Provided by Investing Activities	<u>7,048</u>	<u>0</u>	<u>7,048</u>
Net Increase (Decrease) in Cash and Cash Equivalents	62,482	(247,003)	(184,521)
Cash and Cash Equivalents at Beginning of Year	346,485	1,320,855	1,667,340
Cash and Cash Equivalents at End of Year	<u>\$ 408,967</u>	<u>\$1,073,852</u>	<u>\$ 1,482,819</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Operating (Loss)	\$ (37,229)	\$ (286,322)	\$ (323,551)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Depreciation Expense	11,610	0	11,610
Donated Commodities Used During Year	25,941	0	25,941
(Increase) Decrease in Assets:			
Accounts Receivable	(39)	0	(39)
Inventory Held for Resale	2,944	0	2,944
Increase (Decrease) in Liabilities:			
Accounts Payable	9,977	0	9,977
Accrued Wages and Benefits	4,593	651	5,244
Compensated Absences Payable	(4,784)	0	(4,784)
Claims Payable	0	34,045	34,045
Intergovernmental Payable	9,577	4,623	14,200
Total Adjustments	<u>59,819</u>	<u>39,319</u>	<u>99,138</u>
Net Cash (Used for) Operating Activities	<u>\$ (22,590)</u>	<u>\$ (247,003)</u>	<u>\$ (224,413)</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>ENTERPRISE FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Food Service	\$ 452,715	\$ 452,745	\$ 30
Extracurricular Activities	129,290	133,866	4,576
Classroom Materials and Fees	114,961	114,961	0
Earnings on Investments	5,565	7,048	1,483
Operating Grants	66,129	66,129	0
Charges for Services	0	0	0
Miscellaneous	112	112	0
Total Revenues	768,772	774,861	6,089
<u>Expenses</u>			
Salaries and Wages	296,836	296,836	0
Fringe Benefits	87,155	87,155	0
Purchased Services	15,412	15,412	0
Supplies and Materials	308,484	308,484	0
Capital Outlay	14,687	14,687	0
Other	1,872	1,872	0
Total Expenses	724,446	724,446	0
Excess of Revenues Over(Under) Expenses	44,326	50,415	6,089
Fund Equity at Beginning of Year	339,088	339,088	0
Prior Year Encumbrances Appropriated	7,397	7,397	0
Fund Equity at End of Year	\$ 390,811	\$ 396,900	\$ 6,089

<u>INTERNAL SERVICE FUNDS</u>			<u>TOTALS (MEMORANDUM ONLY)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 0	\$ 0	\$ 0	\$ 452,715	\$ 452,745	\$ 30
0	0	0	129,290	133,866	4,576
22,461	22,461	0	137,422	137,422	0
0	0	0	5,565	7,048	1,483
0	0	0	66,129	66,129	0
1,078,467	1,078,467	0	1,078,467	1,078,467	0
550	550	0	662	662	0
<u>1,101,478</u>	<u>1,101,478</u>	<u>0</u>	<u>1,870,250</u>	<u>1,876,339</u>	<u>6,089</u>
70,530	70,530	0	367,366	367,366	0
1,246,427	1,246,427	0	1,333,582	1,333,582	0
30,387	30,387	0	45,799	45,799	0
1,484	1,484	0	309,968	309,968	0
0	0	0	14,687	14,687	0
0	0	0	1,872	1,872	0
<u>1,348,828</u>	<u>1,348,828</u>	<u>0</u>	<u>2,073,274</u>	<u>2,073,274</u>	<u>0</u>
(247,350)	(247,350)	0	(203,024)	(196,935)	6,089
1,320,855	1,320,855	0	1,659,943	1,659,943	0
0	0	0	7,397	7,397	0
<u>\$ 1,073,505</u>	<u>\$1,073,505</u>	<u>\$ 0</u>	<u>\$1,464,316</u>	<u>\$1,470,405</u>	<u>\$ 6,089</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Kenston Local School District (the "School District") operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the School District's 5 instructional support facilities staffed by 261 non-certificated employees and administrative employees, and 191 certificated full-time teaching personnel that provide services to 3,056 students and other community members.

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

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

Reporting Entity

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

Reporting Entity (Continued)

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Worker's Compensation Group Rating Plan. The organization is presented in Note 15 to the general purpose 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 16 to the general purpose financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

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

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

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

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

Proprietary Fund Types (Continued)

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

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

Fiduciary Fund Types

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

Account Groups

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

C. **Budgetary Process** (Continued)

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

C. **Budgetary Process** (Continued)

Appropriations (Continued)

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

Encumbrances

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

Lapsing of Appropriations

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

D. **Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to certificates of deposit, repurchase agreements, U.S. Treasury Notes, and STAROhio. All

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents (Continued)

investments of the School District had a maturity of one year or less. Except for STAROhio, investments are reported at cost since they are either non-negotiable certificates of deposits, repurchase agreements, or U.S. Treasury notes with maturities of one year or less at the time of purchase. STAROhio is reported at fair value, which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to \$422,837, which includes \$216,979 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than 3 months that are not purchased from the pool are reported as investments.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to reflect statutory restrictions on their use. By State statute monies must be set aside to create a textbook subsidy reserve and a budget stabilization reserve. The reserve for budget stabilization also includes a refund received in fiscal year 1998 from the Bureau of Workers' Compensation, which State statute required to be included in this reserve. See Note 19 for the calculations of the year-end restricted asset balance and the corresponding fund balance reserves.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

F. **Inventory**

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

G. **Fixed Assets and Depreciation**

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Cleveland Foundation
Venture Capital
Auxiliary Services
Disadvantaged Pupil Aid Program
Teacher Development
Education Management Information Systems
Instructional Materials Subsidy
Title VI-B
Title I
Title VI
Drug-Free Schools Grant
Learn and Serve Grant

Capital Projects Funds

School Net Plus

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 26 percent of the School District's operating revenue during the 1999 fiscal year.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

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

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

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

J. Accrued Liabilities and Long-Term Obligations

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

K. Fund Balance Reserves

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

L. Contributed Capital

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

M. Estimates

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

N. Total Columns on General Purpose Financial Statements

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 3: ACCOUNTABILITY

Fund balances at June 30, 1999 included the following fund deficits:

Internal Service Fund:	
Special Rotary	\$12,042

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

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

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

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

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

NOTE 4: BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
GAAP Basis	\$ 693,746	\$ 4,463	\$ 54,627	\$ 58,823	\$ 3,878
Net Adjustments for Revenue Accruals	287,101	67,951	23,499	0	0
Net Adjustments for Expenditure Accruals	159,808	(71,337)	0	(1,592)	0
Adjustments for Encumbrances	(944,706)	(74,325)	0	(8,330)	(751)
Budget Basis	\$ 195,949	\$ (73,248)	\$ 78,126	\$ 48,901	\$ 3,127

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

	Enterprise	Internal Service
GAAP Basis	\$ 34,605	\$ (282,394)
Revenue Accrual	1,303	(3,928)
Expense Accrual	38,176	39,319
Depreciation Expense	(11,610)	0
Adjustments for Encumbrances	(12,059)	(347)
Budget Basis	\$ 50,415	\$ (247,350)

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds or other obligations of the State of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or division (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Cash on Hand

At fiscal year end, the School District had \$703 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

Deposits

At June 30, 1999, the carrying amount of the School District's deposits was \$679,932 and the bank balance was \$1,026,873. Of the bank balance, \$235,131 was covered by Federal Depository Insurance and \$791,742 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

GASB Statement No. 3 requires the School District's investments be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

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

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$ 586,042	\$ 586,042	\$ 595,813
Repurchase Agreement	451,878	451,878	451,878
	<u>\$ 1,037,920</u>	<u>1,037,920</u>	<u>1,047,691</u>
STAROhio (Uncategorized)		5,181,302	5,181,302
Totals		<u>\$ 6,219,222</u>	<u>\$ 6,228,993</u>

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$ 6,074,770	\$ 824,384
Investments:		
Certificate of Deposit (with maturities greater than 3 months)	238,342	(238,342)
Repurchase Agreement	(451,878)	451,878
STAR Ohio	(5,181,302)	5,181,302
GASB Statement 3	\$ 679,932	\$ 6,219,222

NOTE 6: PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value listed as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance fiscal year 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 6: PROPERTY TAXES (Continued)

1999 tangible personal property taxes are levied after April 1, 1999 on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which fiscal year 1999 taxes were collected are:

	<u>1998 Second Half Collections</u>		<u>1999 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 370,408,460	91.06%	\$ 389,537,360	91.07%
Public Utility	16,013,730	3.94%	15,580,050	3.64%
Tangible Personal Property	20,352,290	5.00%	22,608,970	5.29%
Total Assessed Value	\$ 406,774,480	100.00%	\$ 427,726,380	100.00%
 Tax Rate per \$1,000 of Assessed Valuation	 \$ 78.30		 \$ 77.30	

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

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

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)**

NOTE 6: PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Kenston Local School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$2,273,500 and is recognized as revenue, \$2,089,500 was available to the general fund, and \$184,000 was available to the debt service fund.

NOTE 7: RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent, billings for user charged services, and student fees), 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Driver's Education	\$ 150
Enterprise Fund	
Food Service - Federal Assistance	10,117
Internal Service Fund	
Driver's Education	3,928
Total Intergovernmental Receivables	\$ 14,195

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 8: FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999 follows:

	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Furniture and Equipment	\$ 489,921	\$ 9,896	\$ (2,552)	\$ 497,265
Less Accumulated Depreciation	(385,338)	(11,610)	0	(396,948)
Net Fixed Assets	\$ 104,583	\$ (1,714)	\$ (2,552)	\$ 100,317

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$ 517,984	\$ 0	\$ 0	\$ 517,984
Building and Improvements	16,586,713	724,837	0	17,311,550
Furniture, Fixtures and Equipment	3,491,294	377,525	(193,292)	3,675,527
Vehicles	1,571,350	372,227	(167,700)	1,775,877
Textbooks	1,208,057	0	0	1,208,057
Total General Fixed Assets	\$23,375,398	\$ 1,474,589	\$ (360,992)	\$24,488,995

NOTE 9: 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 1999, the School District contracted with Crum and Forster Insurance for fleet and liability insurance, Travelers Insurance for boiler and machinery, and Crum and Forster Insurance for crime, property, and inland marine coverage. Coverages provided were as follows:

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)**

NOTE 9: **RISK MANAGEMENT** (Continued)

A. **Property and Liability** (Continued)

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

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

B. **Worker's Compensation**

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the GRP.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)**

NOTE 9: RISK MANAGEMENT (Continued)

C. Employee Insurance Benefits

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly payments are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$166,687 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses (GASB 30). Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning <u>of Year</u>	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$ 139,874	\$1,170,034	\$1,177,266	\$ 132,642
1999	\$ 132,642	\$1,262,277	\$1,228,232	\$ 166,687

NOTE 10: DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

A. **School Employees Retirement System** (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended up to a statutory maximum amount by SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$415,773, \$387,710, and \$369,025, respectively; 66 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$141,532, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and in the general long-term obligations account group.

B. **State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

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

\$1,354,962, \$1,259,174, and \$1,164,128, respectively; 82 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$240,602, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. **Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11: **POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$774,264 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve fund. At June 30, 1998 (the latest information available) the balance in the fund was \$2.156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 11: POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 1999 fiscal year equaled \$50,684.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 12: 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:

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)**

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

A. **Compensated Absences** (Continued)

Vacation Leave (Continued)

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

Administrative personnel accumulate 20 days vacation leave and the Superintendent and Treasurer accumulate 27 days vacation leave. As of June 30, 1999, the District recorded, as a fund liability, a vacation leave liability of \$41,882 and \$99,384 in the General Long-Term Obligation Account Group.

Sick Leave

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

Employees meet the eligibility requirements for retirement with either: a) twenty-five years of service and age 55 or over, b) five years of service and age 60 or over, or c) any age with thirty years of service. As of June 30, 1999, the District recorded \$19,900 as a fund liability and \$1,377,124 in the general long-term obligations account group for sick pay-related severance benefits.

B. **Life Insurance**

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

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

C. **Early Retirement Incentive**

The School District's Board of Education adopted an early retirement incentive program to be effective June 26, 1998 through June 25, 1999. Participation was open to employees who were at least 55 years old and had at least 10 consecutive years of service with the Board. Participation is limited to a maximum of five percent of those certified employees who are members of the State Teachers Retirement System as of July 1, 1998. A certified employee who is eligible to participate in the plan during the period June 26, 1998 through June 25, 1999 must be currently employed by the Board, has attained the age of at least 50, notifies the Board in writing between March 15 and April 15, 1998 of their intention to retire no later than June 25, 1999, agrees to retire and does in fact retire within 90 days after receipt of notice from STRS that service credit has been purchased by the Board, and retires no later than June 25, 1999. The early retirement incentive liability is reflected in the compensated absences fund liability and the general long-term obligations account group. As of June 30, 1999, the School District recorded, as a fund liability, an early retirement incentive liability of \$171,928 and \$143,419 in the general long-term obligations account group.

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

NOTE 13: **LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	<u>Principal Outstanding 6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/99</u>
School Improvement Bonds 1992 - 4.9% to 6.5%	\$ 8,710,000	\$ 0	\$ (190,000)	\$ 8,520,000
General Obligation Bonds 1986 - 7.125%	2,255,000	0	(205,000)	2,050,000
Bus Bonds - 1999 - 5.20%	285,000	0	(66,000)	219,000
Total Long-Term Bonds	<u>11,250,000</u>	<u>0</u>	<u>(461,000)</u>	<u>10,789,000</u>
Pension Obligation	174,242	178,578	(174,242)	178,578
Compensated Absences	1,535,304	84,623	0	1,619,927
Total General Long- Term Obligations	<u>\$ 12,959,546</u>	<u>\$ 263,201</u>	<u>\$ (635,242)</u>	<u>\$ 12,587,505</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

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

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

The District's voted legal debt margin was \$27,706,374, with an unvoted debt margin of \$427,726 at June 30, 1999.

Principal and interest requirements to retire general obligation debt at June 30, 1999, are as follows:

Year Ending June 30	Principal	Interest	Total
2000	\$ 534,000	\$ 649,098	\$ 1,183,098
2001	693,000	612,250	1,305,250
2002	792,000	570,766	1,362,766
2003	815,000	522,998	1,337,998
2004	1,020,000	469,611	1,489,611
2005	1,150,000	405,456	1,555,456
2006	1,285,000	329,897	1,614,897
2007	1,555,000	238,746	1,793,746
2008	1,730,000	133,577	1,863,577
2009	1,215,000	39,118	1,254,118
	<u>\$ 10,789,000</u>	<u>\$ 3,971,517</u>	<u>\$ 14,760,517</u>

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, kindergarten, and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	<u>Food Service</u>	<u>Kindergarten Fund</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 452,858	\$ 114,993	\$ 133,873	\$ 701,724
Operating Expenses				
Before Depreciation	484,959	107,380	135,004	727,343
Depreciation Expense	11,610	0	0	11,610
Operating Income (Loss)	(43,711)	7,613	(1,131)	(37,229)
Operating Grants	40,992	0	0	40,992
Earnings on Investments	3,907	0	994	4,901
Donated Commodities	25,941	0	0	25,941
Net Income (Loss)	27,129	7,613	(137)	34,605
Fixed Assets Additions	9,896	0	0	9,896
Net Working Capital	260,831	28,355	81,220	370,406
Total Assets	423,996	28,355	81,847	534,198
Total Equity	349,191	28,355	81,220	458,766

NOTE 15: PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

Auburn Career Center

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

Lake Geauga Computer Association

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

Auburn-Bainbridge Recreation Board

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

Ohio Schools' Council Association

The Ohio Schools Council is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying a one time fee of \$500 and an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Finance information can be obtained by contacting Joseph Lesak, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford Heights, Ohio 44146.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

Ohio Schools' Council Association (Continued)

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

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

NOTE 17: CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

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.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 18: SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio School Funding Plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$3,334,921 of School Foundation support for all of its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and in a decision issued February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion of this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 19: SET ASIDE REQUIREMENTS

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

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)**

NOTE 19: SET ASIDE REQUIREMENTS (Continued)

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Reserve</u>	<u>Totals</u>
Set-Aside Cash Balance Carried				
Forward July 1, 1998	\$ 0	\$ 0	\$ 103,308	\$ 103,308
Current Year Set-Aside				
Requirement	519,199	519,199	173,066	1,211,464
Qualifying Expenditures	(591,048)	(1,066,434)	0	(1,657,482)
Total	<u>\$ (71,849)</u>	<u>\$(547,235)</u>	<u>\$ 276,374</u>	<u>\$(342,710)</u>
Cash Balance Carried Forward				
to FY 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 276,374</u>	<u>\$ 276,374</u>

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

Amount Restricted for Budget Stabilization	276,374
Total Restricted Assets	<u><u>\$ 276,374</u></u>

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

NOTE 20: YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the School District's operations as early as fiscal year 1999.

The School District has completed an inventory of computer systems and other equipment necessary to conducting School District operations and has identified such systems as being financial reporting, payroll and grant reporting.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

NOTE 20: **YEAR 2000 ISSUE** (Continued)

The Lake Geauga Computer Association State Software Development Team has indicated that:

“The payroll processing software supported with the OECN State Software is compliant with the Year 2000.”

“The accounting software supported with the OECN State Software is compliant with the Year 2000.”

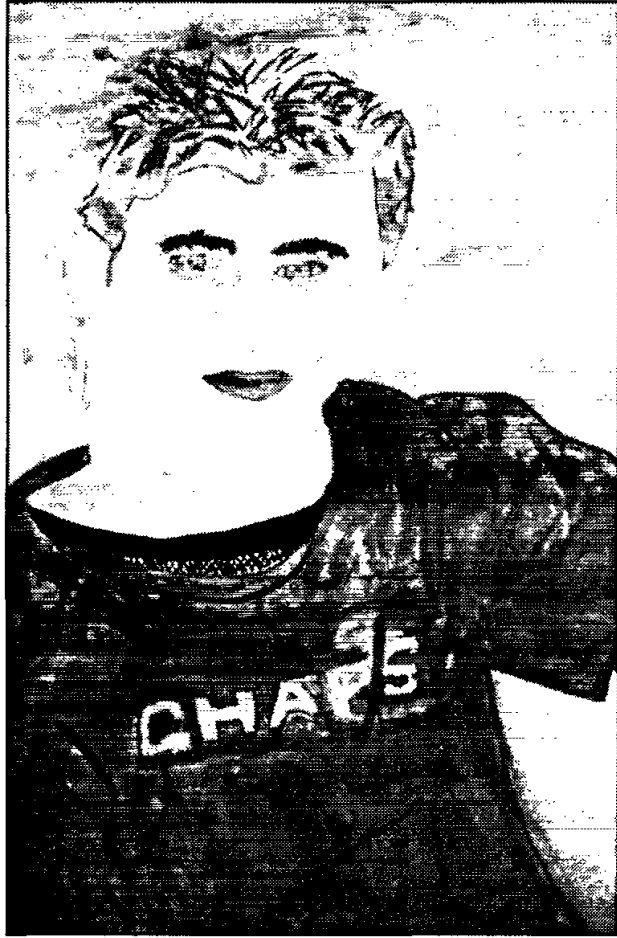
“The education management information system software supported with the OECN State Software is compliant with the Year 2000.”

“The equipment inventory and vehicle inventory system software supported with the OECN State Software will be compliant with the Year 2000, beginning with the March 1999 release of SAAS V2.1.”

Property tax billing, collection, and remittance for the School District is handled by Geauga County. The County is responsible for remediating this system.

The Cleveland Electric Illuminating Company (CEI) provides the electricity to the School District. The School District has obtained assurances from CEI regarding remediating this system. CEI is responsible for remediating this system.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.



Artwork created by
Laura Schafer - Grade 8



Artwork created by Alex Flamini - Grade 4

COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES

KENSTON LOCAL SCHOOL DISTRICT

SUPPLEMENTAL DATA
GENERAL FUND

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

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 14,548,639	\$ 14,730,136	\$ 181,497
Intergovernmental	5,309,435	5,309,487	52
Earnings on Investments	364,822	410,207	45,385
Tuition and Fees	26,830	26,830	0
Transportation Fees	84,174	84,174	0
Miscellaneous	56,255	56,256	1
Total Revenues	20,390,155	20,617,090	226,935
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	7,017,247	7,017,247	0
Fringe Benefits	1,564,969	1,564,969	0
Purchased Services	174,607	174,607	0
Supplies and Materials	246,824	246,824	0
Capital Outlay - New	194,984	194,984	0
Capital Outlay - Replacement	32,852	32,852	0
Other	1,910	1,910	0
Total Regular Instruction	9,233,393	9,233,393	0
Special:			
Salaries and Wages	808,112	808,112	0
Fringe Benefits	146,329	146,329	0
Purchased Services	341,902	341,902	0
Supplies and Materials	7,672	7,672	0
Capital Outlay - New	7,843	7,843	0
Total Special Instruction	1,311,858	1,311,858	0
Vocational Education:			
Salaries and Wages	89,649	89,649	0
Fringe Benefits	19,258	19,258	0
Purchased Services	1,295	1,295	0
Total Vocational Education	110,202	110,202	0
Total Instruction	10,655,453	10,655,453	0

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:			
Pupils:			
Salaries and Wages	651,310	651,310	0
Fringe Benefits	153,407	153,407	0
Purchased Services	135,472	135,472	0
Supplies and Materials	13,988	13,988	0
Capital Outlay - New	788	788	0
Capital Outlay - Replacement	20,842	20,842	0
Other	269,044	269,044	0
Total Pupils	<u>1,244,851</u>	<u>1,244,851</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	300,254	300,254	0
Fringe Benefits	81,809	81,809	0
Purchased Services	18,691	18,691	0
Supplies and Materials	52,714	52,714	0
Capital Outlay - New	33,534	33,534	0
Capital Outlay - Replacement	4,617	4,617	0
Other	890	890	0
Total Instructional Staff	<u>492,509</u>	<u>492,509</u>	<u>0</u>
Board of Education			
Salaries and Wages	9,360	9,360	0
Fringe Benefits	2,066	2,066	0
Purchased Services	37,967	37,967	0
Supplies and Materials	475	475	0
Other	3,744	3,744	0
Total Board of Education	<u>53,612</u>	<u>53,612</u>	<u>0</u>
Administration:			
Salaries and Wages	1,073,628	1,073,628	0
Fringe Benefits	428,278	428,278	0
Purchased Services	31,934	31,934	0
Supplies and Materials	28,458	28,458	0
Capital Outlay - New	34,422	34,422	0
Capital Outlay - Replacement	35,462	35,462	0
Other	11,784	11,784	0
Total Administration	<u>1,643,966</u>	<u>1,643,966</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:			
Fiscal Services:			
Salaries and Wages	182,796	182,796	0
Fringe Benefits	73,437	73,437	0
Purchased Services	13,019	13,019	0
Supplies and Materials	11,326	11,326	0
Capital Outlay - New	7,871	7,871	0
Capital Outlay - Replacement	3,626	3,626	0
Other	278,061	278,061	0
Total Fiscal Services	<u>570,136</u>	<u>570,136</u>	<u>0</u>
Business:			
Salaries and Wages	2,722	2,722	0
Fringe Benefits	446	446	0
Purchased Services	378	378	0
Total Business	<u>3,546</u>	<u>3,546</u>	<u>0</u>
Operation and Maintenance of Plant Services:			
Salaries and Wages	789,707	789,707	0
Fringe Benefits	223,826	223,826	0
Purchased Services	1,906,936	1,906,936	0
Supplies and Materials	92,280	92,280	0
Capital Outlay - New	11,472	11,472	0
Capital Outlay - Replacement	5,585	5,585	0
Total Operation and Maintenance of Plant Services	<u>3,029,806</u>	<u>3,029,806</u>	<u>0</u>
Pupil Transportation:			
Salaries and Wages	767,147	767,147	0
Fringe Benefits	227,242	227,242	0
Purchased Services	131,433	131,433	0
Supplies and Materials	209,704	209,704	0
Capital Outlay - New	643,193	643,193	0
Capital Outlay - Replacement	1,212	1,212	0
Total Pupil Transportation	<u>1,979,931</u>	<u>1,979,931</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Support Services:			
Central Services:			
Purchased Services	7,364	7,364	0
Other	13,442	13,442	0
Total Central Services	<u>20,806</u>	<u>20,806</u>	<u>0</u>
Total Support Services	<u>9,039,163</u>	<u>9,039,163</u>	<u>0</u>
Operation of Non-Instructional Services:			
Food Services:			
Salaries and Wages	2,054	2,054	0
Total Food Services	<u>2,054</u>	<u>2,054</u>	<u>0</u>
Community Services:			
Purchased Services	76,375	76,375	0
Capital Outlay	1,000	1,000	0
Total Community Services	<u>77,375</u>	<u>77,375</u>	<u>0</u>
Other:			
Salaries and Wages	755	755	0
Fringe Benefits	225	225	0
Total Other	<u>980</u>	<u>980</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>80,409</u>	<u>80,409</u>	<u>0</u>
Extracurricular Activities:			
Academic-Subject Oriented:			
Salaries and Wages	80,933	80,933	0
Fringe Benefits	12,104	12,104	0
Total Academic-Subject Oriented	<u>93,037</u>	<u>93,037</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Extracurricular Activities:			
Sports Oriented:			
Salaries and Wages	265,766	265,766	0
Fringe Benefits	38,381	38,381	0
Purchased Services	3,000	3,000	0
Total Sports Oriented	307,147	307,147	0
Total Extracurricular Activities	400,184	400,184	0
Capital Outlay	31,902	31,902	0
Debt Service:			
Principal Retirement	66,000	66,000	0
Interest and Fiscal Charges	15,040	15,040	0
Total Debt Service	81,040	81,040	0
Total Expenditures	20,288,151	20,288,151	0
Excess of Revenue Over (Under) Expenditures	102,004	328,939	226,935
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	15,909	15,909	0
Operating Transfers In	0	564,882	564,882
Operating Transfers Out	(892,002)	(718,936)	173,066
Advances In	67,874	67,874	0
Advances Out	(67,874)	(67,874)	0
Refund of Prior Year Expenditures	5,155	5,155	0
Total Other Financing Sources (Uses)	(870,938)	(132,990)	737,948
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(768,934)	195,949	964,883
Fund Balance at Beginning of Year	1,667,165	1,667,165	0
Prior Year Encumbrances Appropriated	1,516,938	1,516,938	0
Fund Balance at End of Year	\$ 2,415,169	\$ 3,380,052	\$ 964,883

KENSTON LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

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

Cleveland Foundation - this grant is for support of a three day summer program to re-train 42 elementary science teachers from Geauga County's seven public school districts.

Venture Capital - this fund is to support the proposed change in the organizational testing and scheduling for middle school and high school.

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

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

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

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

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

Instructional Materials Subsidy - this fund accounts for State monies provided to purchase various instructional materials and supplies.

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

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

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1999**

	<u>Public School Support</u>	<u>Cleveland Foundation</u>	<u>Venture Capital</u>	<u>Student Activity</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 53,072	\$ 0	\$ 13,552	\$ 47,915
Total Assets	\$ 53,072	\$ 0	\$ 13,552	\$ 47,915
<u>Liabilities</u>				
Accrued Wages and Benefits	202	0	0	0
Intergovernmental Payable	129	0	18	255
Total Liabilities	331	0	18	255
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Encumbrances	11,263	0	1,103	6,336
Unreserved, Undesignated	41,478	0	12,431	41,324
Total Fund Equity	52,741	0	13,534	47,660
Total Liabilities and Fund Equity	\$ 53,072	\$ 0	\$ 13,552	\$ 47,915

<u>Auxiliary Services</u>	<u>Disadvantaged Pupil Aid Program</u>	<u>Teacher Development</u>	<u>Educational Management Information Systems</u>	<u>Instructional Material Subsidy</u>	<u>Education For Economic Security</u>
\$ 38,198	\$ 20	\$ 11,432	\$ 13,772	\$ 324	\$ 11,221
<u>\$ 38,198</u>	<u>\$ 20</u>	<u>\$ 11,432</u>	<u>\$ 13,772</u>	<u>\$ 324</u>	<u>\$ 11,221</u>
\$ 0	\$ 0	\$ 0	\$ 342	\$ 0	\$ 0
0	0	267	4	0	13
<u>0</u>	<u>0</u>	<u>267</u>	<u>346</u>	<u>0</u>	<u>13</u>
37,414	0	75	0	0	398
784	20	11,090	13,426	324	10,810
<u>38,198</u>	<u>20</u>	<u>11,165</u>	<u>13,426</u>	<u>324</u>	<u>11,208</u>
<u>\$ 38,198</u>	<u>\$ 20</u>	<u>\$ 11,432</u>	<u>\$ 13,772</u>	<u>\$ 324</u>	<u>\$ 11,221</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 1999**

	<u>Title VI B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Grant</u>	<u>Learn and Serve Grant</u>	<u>Totals</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,400	\$ 9,703	\$ 4,439	\$ 4,090	\$ 9,199	\$ 218,337
Total Assets	\$ 1,400	\$ 9,703	\$ 4,439	\$ 4,090	\$ 9,199	\$ 218,337
<u>Liabilities</u>						
Accrued Wages and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 544
Intergovernmental Payable	237	427	7	2	0	1,359
Total Liabilities	237	427	7	2	0	1,903
<u>Fund Equity</u>						
Fund Balance:						
Reserved for Encumbrances	900	72	3,351	944	475	62,331
Unreserved, Undesignated	263	9,204	1,081	3,144	8,724	154,103
Total Fund Equity	1,163	9,276	4,432	4,088	9,199	216,434
Total Liabilities and Fund Equity	\$ 1,400	\$ 9,703	\$ 4,439	\$ 4,090	\$ 9,199	\$ 218,337

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Public School Support	Cleveland Foundation	Venture Capital	Student Activity	Auxiliary Services	Disadvantaged Pupil Aid Program
Revenues						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,418	\$ 0
Earnings on Investments	0	0	0	0	230	0
Extracurricular Activities	183,863	0	0	113,436	0	0
Miscellaneous	23,889	0	0	23,937	0	0
Total Revenues	207,752	0	0	137,373	23,648	0
Expenditures						
Current:						
Instruction:						
Regular	0	1,500	3,195	0	0	0
Special	0	0	0	0	0	0
Support Services:						
Pupils	52,826	0	0	0	0	0
Instructional Staff	0	0	28,156	0	0	0
Administration	4,369	0	25	0	0	0
Fiscal Services	0	0	0	0	0	0
Operation of Non-Instructional Services:						
Community Service	0	0	0	0	34,892	0
Extracurricular Activities	130,241	0	0	208,741	0	0
Total Expenditures	187,436	1,500	31,376	208,741	34,892	0
Excess of Revenues Over (Under) Expenditures	20,316	(1,500)	(31,376)	(71,368)	(11,244)	0
Other Financing Sources						
Operating Transfers In	2,468	0	0	89,435	0	0
Total Other Financing Sources	2,468	0	0	89,435	0	0
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	22,784	(1,500)	(31,376)	18,067	(11,244)	0
Fund Balances at Beginning of Year	29,957	1,500	44,910	29,593	49,442	20
Fund Balances at End of Year	\$ 52,741	\$ 0	\$ 13,534	\$ 47,660	\$ 38,198	\$ 20

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Teacher Development	Educational Management Information Systems	Instructional Material Subsidy	Education For Economic Security
Revenues				
Intergovernmental	\$ 13,339	\$ 8,644	\$ 45,326	\$ 9,210
Earnings on Investments	0	0	0	0
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	<u>13,339</u>	<u>8,644</u>	<u>45,326</u>	<u>9,210</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	45,123	9,368
Special	7,309	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	30,041	0	0
Fiscal Services	0	0	0	0
Operation of Non-				
Instructional Services:				
Community Service	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	<u>7,309</u>	<u>30,041</u>	<u>45,123</u>	<u>9,368</u>
Excess Revenues Over (Under) Expenditures	<u>6,030</u>	<u>(21,397)</u>	<u>203</u>	<u>(158)</u>
Other Financing Sources (Uses)				
Operating Transfers In	0	20,000	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,030	(1,397)	203	(158)
Fund Balance at Beginning of Year	<u>5,135</u>	<u>14,823</u>	<u>121</u>	<u>11,366</u>
Fund Balance at End of Year	<u>\$ 11,165</u>	<u>\$ 13,426</u>	<u>\$ 324</u>	<u>\$ 11,208</u>

<u>Title VI B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Learn and Serve Grant</u>	<u>Total</u>
\$ 107,060	\$ 96,962	\$ 11,681	\$ 9,506	\$ 10,000	\$ 335,146
0	0	0	0	0	230
0	0	0	0	0	297,299
0	0	0	0	0	47,826
<u>107,060</u>	<u>96,962</u>	<u>11,681</u>	<u>9,506</u>	<u>10,000</u>	<u>680,501</u>
0	0	0	0	0	59,186
4,411	84,931	12,145	0	1,877	110,673
80,316	0	0	5,973	0	139,115
0	0	0	4,895	0	33,051
33,589	2,325	0	0	800	71,149
342	0	0	0	0	342
0	0	241	310	0	35,443
0	0	0	0	0	338,982
<u>118,658</u>	<u>87,256</u>	<u>12,386</u>	<u>11,178</u>	<u>2,677</u>	<u>787,941</u>
<u>(11,598)</u>	<u>9,706</u>	<u>(705)</u>	<u>(1,672)</u>	<u>7,323</u>	<u>(107,440)</u>
0	0	0	0	0	111,903
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,903</u>
(11,598)	9,706	(705)	(1,672)	7,323	4,463
12,761	(430)	5,137	5,760	1,876	211,971
<u>\$ 1,163</u>	<u>\$ 9,276</u>	<u>\$ 4,432</u>	<u>\$ 4,088</u>	<u>\$ 9,199</u>	<u>\$ 216,434</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PUBLIC SCHOOL SUPPORT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Extracurricular Activities	\$ 183,107	\$ 183,862	\$ 755
Miscellaneous	23,889	23,889	0
Total Revenues	<u>206,996</u>	<u>207,751</u>	<u>755</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Supplies and Materials	698	698	0
Total Instruction	<u>698</u>	<u>698</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	932	932	0
Fringe Benefits	142	142	0
Purchased Services	21,828	21,828	0
Supplies and Materials	32,541	32,541	0
Capital Outlay	1,894	1,894	0
Other	1,916	1,916	0
Total Pupils	<u>59,253</u>	<u>59,253</u>	<u>0</u>
Instructional Staff:			
Purchased Services	350	350	0
Supplies and Materials	3,321	3,321	0
Total Instructional Staff	<u>3,671</u>	<u>3,671</u>	<u>0</u>
Total Support Services	<u>62,924</u>	<u>62,924</u>	<u>0</u>
Extracurricular Activities:			
Co-Curricular Activities:			
Salaries and Wages	1,918	1,918	0
Fringe Benefits	316	316	0
Purchased Services	119,947	119,947	0
Supplies and Materials	16,808	16,808	0
Capital Outlay	30	30	0
Total Extracurricular Activities	<u>139,019</u>	<u>139,019</u>	<u>0</u>
Total Expenditures	<u>202,641</u>	<u>202,641</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>4,355</u>	<u>5,110</u>	<u>755</u>
Other Financing Sources (Uses)			
Operating Transfers In	2,468	2,468	0
Total Other Financing Sources (Uses)	<u>2,468</u>	<u>2,48</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,823	7,578	755
Fund Balance at Beginning of Year	27,890	27,890	0
Prior Year Encumbrances Appropriated	2,196	2,196	0
Fund Balance at End of Year	<u>\$ 36,909</u>	<u>37,664</u>	<u>\$ 755</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 CLEVELAND FOUNDATION SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 0	\$ 0	\$ 0
 Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	1,500	1,500	0
Total Expenditures	1,500	1,500	0
Excess of Revenues Over(Under) Expenditures	(1,500)	(1,500)	0
 Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	1,500	1,500	0
 Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 VENTURE CAPITAL SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 0	\$ 0	\$ 0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	3,252	3,252	0
Total Instruction	3,252	3,252	0
Support Services:			
Instructional Staff:			
Purchased Services	10,977	10,977	0
Supplies and Materials	16,754	16,754	0
Other	1,572	1,572	0
Total Instructional Staff	29,303	29,303	0
Administration:			
Fringe	42	42	0
Total Administration	42	42	0
Total Support Services	29,345	29,345	0
Total Expenditures	32,597	32,597	0
Excess of Revenues Over (Under) Expenditures	(32,597)	(32,597)	0
Fund Balance at Beginning of Year	44,659	44,659	0
Prior Year Encumbrances Appropriated	388	388	0
Fund Balance at End of Year	\$ 12,450	\$ 12,450	\$ 0

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STUDENT ACTIVITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Extracurricular Activities	\$ 113,437	\$ 113,437	\$ 0
Miscellaneous	23,937	23,937	0
Total Revenues	<u>137,374</u>	<u>137,374</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Extracurricular Activities:			
Academic-Subject Oriented Services:			
Salaries and Wages	3,764	3,764	0
Fringe Benefits	583	583	0
Purchased Services	5,988	5,988	0
Supplies and Materials	1,317	1,317	0
Capital Outlay	1,460	1,460	0
Other	1,775	1,775	0
Total Academic-Subject Oriented Services	<u>14,887</u>	<u>14,887</u>	<u>0</u>
Sports Oriented Activities:			
Salaries	31,062	31,062	0
Fringe Benefits	4,830	4,830	0
Purchased Services	73,702	73,702	0
Supplies and Materials	57,223	57,223	0
Capital Outlay	26,046	26,046	0
Other	13,407	13,407	0
Total Sports Oriented Activities	<u>206,270</u>	<u>206,270</u>	<u>0</u>
Co-Curricular Activities:			
Capital Outlay	1,200	1,200	0
Total Co-Curricular Activities	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Total Expenditures	<u>222,357</u>	<u>222,357</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(84,983)</u>	<u>(84,983)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	89,435	89,435	0
Total Other Financing Sources (Uses)	<u>89,435</u>	<u>89,435</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,452	4,452	0
Fund Balance at Beginning of Year	14,294	14,294	0
Prior Year Encumbrances Appropriated	15,454	15,454	0
Fund Balance at End of Year	<u>\$ 34,200</u>	<u>\$ 34,200</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
AUXILIARY SERVICE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 23,418	\$ 23,418	\$ 0
Earnings on Investments	251	310	59
Total Revenues	<u>23,669</u>	<u>23,728</u>	<u>59</u>
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,948	1,948	0
Supplies and Materials	26,703	26,703	0
Capital Outlay	43,655	43,655	0
Total Expenditures	<u>72,306</u>	<u>72,306</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(48,637)	(48,578)	59
Fund Balance at Beginning of Year	2,101	2,101	0
Prior Year Encumbrances Appropriated	47,261	47,261	0
Fund Balance at End of Year	<u>\$ 725</u>	<u>\$ 784</u>	<u>\$ 59</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DISADVANTAGED PUPIL AID PROGRAM SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TEACHER DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 13,339	\$ 13,339	\$ 0
Total Revenues	<u>13,339</u>	<u>13,339</u>	<u>0</u>
Expenditures			
Current:			
Special Instruction:			
Salaries and Wages	4,231	4,231	0
Fringe Benefits	617	617	0
Purchased Services	2,293	2,293	0
Total Expenditures	<u>7,141</u>	<u>7,141</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	6,198	6,198	0
Fund Balance at Beginning of Year	5,159	5,159	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u>\$ 11,357</u>	<u>\$ 11,357</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EDUCATIONAL MANAGEMENT INFORMATION SYSTEMS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 8,644	\$ 8,644	\$ 0
Total Revenues	<u>8,644</u>	<u>8,644</u>	<u>0</u>
Expenditures			
Current:			
Support Services:			
Administration:			
Salaries and Wages	3,126	3,126	0
Fringe Benefits	1,465	1,465	0
Purchased Services	24,673	24,673	0
Supplies and Materials	0	0	0
Capital Outlay	1,451	1,451	0
Total Expenditures	<u>30,715</u>	<u>30,715</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(22,071)</u>	<u>(22,071)</u>	<u>0</u>
Other Financing Sources (Uses)			
Operating Transfers In	20,000	20,000	0
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,071)	(2,071)	0
Fund Balance at Beginning of Year	15,841	15,841	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u><u>\$ 13,770</u></u>	<u><u>\$ 13,770</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 INSTRUCTIONAL MATERIAL SUBSIDY SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 45,326	\$ 45,326	\$ 0
Total Revenues	<u>45,326</u>	<u>45,326</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Supplies and Materials	47,094	47,094	0
Total Expenditures	<u>47,094</u>	<u>47,094</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(1,768)	(1,768)	0
Fund Balance at Beginning of Year	24	24	0
Prior Year Encumbrances Appropriated	2,068	2,068	0
Fund Balance at End of Year	<u>\$ 324</u>	<u>\$ 324</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EDUCATION FOR ECONOMIC SECURITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 9,209	\$ 9,209	\$ 0
Total Revenues	<u>9,209</u>	<u>9,209</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	2,707	2,707	0
Fringe Benefits	664	664	0
Purchased Services	2,790	2,790	0
Supplies and Materials	4,710	4,710	0
Total Instruction	<u>10,871</u>	<u>10,871</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	244	244	0
Total Operation of Non-Instructional Services	<u>244</u>	<u>244</u>	<u>0</u>
Total Expenditures	<u>11,115</u>	<u>11,115</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(1,906)	(1,906)	0
Fund Balance at Beginning of Year	8,864	8,864	0
Prior Year Encumbrances Appropriated	3,865	3,865	0
Fund Balance at End of Year	<u>\$ 10,823</u>	<u>\$ 10,823</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE VI B SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 107,060	\$ 107,060	\$ 0
Total Revenues	<u>107,060</u>	<u>107,060</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Special Instruction:			
Purchased Services	4,411	4,411	0
Total Instruction	<u>4,411</u>	<u>4,411</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	24,330	24,330	0
Fringe Benefits	1,894	1,894	0
Purchased Services	54,020	54,020	0
Total Pupils	<u>80,244</u>	<u>80,244</u>	<u>0</u>
Administration:			
Salaries and Wages	28,801	28,801	0
Fringe Benefits	4,625	4,625	0
Supplies and Materials	900	900	0
Total Administration	<u>34,326</u>	<u>34,326</u>	<u>0</u>
Fiscal Services:			
Salaries and Wages	300	300	0
Fringe Benefits	42	42	0
Total Fiscal Services	<u>342</u>	<u>342</u>	<u>0</u>
Total Support Services	<u>114,912</u>	<u>114,912</u>	<u>0</u>
Total Expenditures	<u>119,323</u>	<u>119,323</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(12,263)	(12,263)	0
Fund Balance at Beginning of Year	11,863	11,863	0
Prior Year Encumbrances Appropriated	900	900	0
Fund Balance at End of Year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE I SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 96,963	\$ 96,963	\$ 0
Total Revenues	<u>96,963</u>	<u>96,963</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Special Instruction:			
Salaries and Wages	74,000	74,000	0
Fringe Benefits	9,850	9,850	0
Purchased Services	614	614	0
Supplies and Materials	613	613	0
Total Instruction	<u>85,077</u>	<u>85,077</u>	<u>0</u>
Support Services:			
Administration:			
Salaries and Wages	2,000	2,000	0
Fringe Benefits	326	326	0
Total Support Services	<u>2,326</u>	<u>2,326</u>	<u>0</u>
Total Expenditures	<u>87,403</u>	<u>87,403</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>9,560</u>	<u>9,560</u>	<u>0</u>
Other Financing Sources (Uses)			
Advances In	67,874	67,874	0
Advances Out	(67,874)	(67,874)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>9,560</u>	<u>9,560</u>	<u>0</u>
Fund Balance at Beginning of Year	70	70	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u>\$ 9,630</u>	<u>\$ 9,630</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE VI SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 11,681	\$ 11,681	\$ 0
Total Revenues	<u>11,681</u>	<u>11,681</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special Instruction:			
Salaries and Wages	4,085	4,085	0
Fringe Benefits	902	902	0
Purchased Services	3,600	3,600	0
Supplies and Materials	7,399	7,399	0
Total Instruction	<u>15,986</u>	<u>15,986</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	241	241	0
Total Operation of Non-Instructional Services	<u>241</u>	<u>241</u>	<u>0</u>
Total Expenditures	<u>16,227</u>	<u>16,227</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,546)</u>	<u>(4,546)</u>	<u>0</u>
Fund Balance at Beginning of Year	2,011	2,011	0
Prior Year Encumbrances Appropriated	3,153	3,153	0
Fund Balance at End of Year	<u><u>\$ 618</u></u>	<u><u>\$ 618</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DRUG FREE SCHOOLS GRANT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 9,506	\$ 9,506	\$ 0
Total Revenues	<u>9,506</u>	<u>9,506</u>	<u>0</u>
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	6,128	6,128	0
Total Pupils	<u>6,128</u>	<u>6,128</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	251	251	0
Fringe Benefits	23	23	0
Purchased Services	2,402	2,402	0
Supplies and Materials	3,047	3,047	0
Total Instructional Staff	<u>5,723</u>	<u>5,723</u>	<u>0</u>
Total Support Services	<u>11,851</u>	<u>11,851</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	310	310	0
Total Operation of Non-Instructional Services	<u>310</u>	<u>310</u>	<u>0</u>
Total Expenditures	<u>12,161</u>	<u>12,161</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(2,655)	(2,655)	0
Fund Balance at Beginning of Year	5,623	5,623	0
Prior Year Encumbrances Appropriated	180	180	0
Fund Balance at End of Year	<u>\$ 3,148</u>	<u>\$ 3,148</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
LEARN AND SERVE GRANT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 10,000	\$ 10,000	\$ 0
Total Revenues	10,000	10,000	0
Expenditures			
Current:			
Instruction:			
Special Instruction:			
Purchased Services	1,475	1,475	0
Total Instruction	1,475	1,475	0
Support Services:			
Administration:			
Purchased Services	1,275	1,275	0
Total Support Services	1,275	1,275	0
Total Expenditures	2,750	2,750	0
Excess of Revenues Over (Under) Expenditures	7,250	7,250	0
Other Financing Sources (Uses)			
Refund of Prior Year Receipts	(402)	(402)	0
Total Other Financing Sources (Uses)	(402)	(402)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,848	6,848	0
Fund Balance at Beginning of Year	1,877	1,877	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	\$ 8,725	\$ 8,725	\$ 0

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 335,146	\$ 335,146	\$ 0
Earnings on Investments	251	310	59
Extracurricular Activities	296,544	297,299	755
Miscellaneous	47,826	47,826	0
Total Revenues	<u>679,767</u>	<u>680,581</u>	<u>814</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	5,959	5,959	0
Fringe Benefits	664	664	0
Purchased Services	4,290	4,290	0
Supplies and Materials	52,502	52,502	0
Total Regular Instruction	<u>63,415</u>	<u>63,415</u>	<u>0</u>
Special:			
Salaries and Wages	82,316	82,316	0
Fringe Benefits	11,369	11,369	0
Purchased Services	12,393	12,393	0
Supplies and Materials	8,012	8,012	0
Total Special Instruction	<u>114,090</u>	<u>114,090</u>	<u>0</u>
Total Instruction	<u>177,505</u>	<u>177,505</u>	<u>0</u>
Support Services:			
Pupils:			
Salaries and Wages	25,262	25,262	0
Fringe Benefits	2,036	2,036	0
Purchased Services	81,976	81,976	0
Supplies and Materials	32,541	32,541	0
Capital Outlay	1,894	1,894	0
Other	1,916	1,916	0
Total Pupils	<u>145,625</u>	<u>145,625</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	251	251	0
Fringe Benefits	23	23	0
Purchased Services	13,729	13,729	0
Supplies and Materials	23,122	23,122	0
Other	1,572	1,572	0
Total Instructional Staff	<u>38,697</u>	<u>38,697</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration:			
Salaries and Wages	33,927	33,927	0
Fringe Benefits	6,458	6,458	0
Purchased Services	25,948	25,948	0
Supplies and Materials	900	900	0
Capital Outlay	1,451	1,451	0
Total Administration	<u>68,684</u>	<u>68,684</u>	<u>0</u>
Fiscal Services:			
Salaries and Wages	300	300	0
Fringe Benefits	42	42	0
Total Fiscal Services	<u>342</u>	<u>342</u>	<u>0</u>
Total Support Services	<u>253,348</u>	<u>253,348</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,948	1,948	0
Supplies and Materials	27,498	27,498	0
Capital Outlay	43,655	43,655	0
Total Operation of Non-Instructional Services	<u>73,101</u>	<u>73,101</u>	<u>0</u>
Extracurricular Activities:			
Academic-Subject Oriented:			
Salaries and Wages	3,764	3,764	0
Fringe Benefits	583	583	0
Purchased Services	5,988	5,988	0
Supplies and Materials	1,317	1,317	0
Capital Outlay	1,460	1,460	0
Other	1,775	1,775	0
Total Academic-Subject Oriented	<u>14,887</u>	<u>14,887</u>	<u>0</u>
Sports-Oriented:			
Salaries and Wages	31,062	31,062	0
Fringe Benefits	4,830	4,830	0
Purchased Services	73,702	73,702	0
Supplies and Materials	57,223	57,223	0
Capital Outlay	26,046	26,046	0
Other	13,407	13,407	0
Total Sports-Oriented	<u>206,270</u>	<u>206,270</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Co-Curricular:			
Salaries and Wages	1,918	1,918	0
Fringe Benefits	316	316	0
Purchased Services	119,947	119,947	0
Supplies and Materials	16,808	16,808	0
Capital Outlay	1,230	1,230	0
Total - Co-Curricular	140,219	140,219	0
Total Extracurricular Activities	361,376	361,376	0
Total Expenditures	865,330	865,330	0
Excess of Revenue Over (Under) Expenditures	(185,563)	(184,749)	814
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	111,903	111,903	0
Advances In	67,874	67,874	0
Advances Out	(67,874)	(67,874)	0
Refund of Prior Year Receipts	(402)	(402)	0
	111,501	111,501	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(74,062)	(73,248)	814
Fund Balance at Beginning of Year	140,296	140,296	0
Prior Year Encumbrances Appropriated	76,965	76,965	0
Fund Balance at End of Year	\$ 143,199	\$ 144,013	\$ 814

KENSTON LOCAL SCHOOL DISTRICT

DEBT SERVICE FUND

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

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

KENSTON LOCAL SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
JUNE 30, 1999**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Total</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 151,670	\$ 112,652	\$ 33,483	\$ 297,805
Total Assets	<u>\$ 151,670</u>	<u>\$ 112,652</u>	<u>\$ 33,483</u>	<u>\$ 297,805</u>
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity				
Fund Balance:				
Reserved for Encumbrances	0	7,318	1,013	8,331
Unreserved, Undesignated	151,670	105,334	32,470	289,474
Total Fund Equity	<u>151,670</u>	<u>112,652</u>	<u>33,483</u>	<u>297,805</u>
Total Liabilities and Fund Equity	<u>\$ 151,670</u>	<u>\$ 112,652</u>	<u>\$ 33,483</u>	<u>\$ 297,805</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Total</u>
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 90,140	\$ 90,140
Earnings on Investments	0	5,504	0	5,504
Miscellaneous	0	687	0	687
Total Revenues	<u>0</u>	<u>6,191</u>	<u>90,140</u>	<u>96,331</u>
Expenditures				
Instruction:				
Regular	0	0	79,659	79,659
Total Expenditures	<u>0</u>	<u>0</u>	<u>79,659</u>	<u>79,659</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>6,191</u>	<u>10,481</u>	<u>16,672</u>
Other Financing Sources (Uses)				
Operating Transfers In	42,151	0	0	42,151
Total Other Financing Sources	<u>42,151</u>	<u>0</u>	<u>0</u>	<u>42,151</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	42,151	6,191	10,481	58,823
Fund Balances at Beginning of Year	<u>109,519</u>	<u>106,461</u>	<u>23,002</u>	<u>238,982</u>
Fund Balances at End of Year	<u><u>\$ 151,670</u></u>	<u><u>\$ 112,652</u></u>	<u><u>\$ 33,483</u></u>	<u><u>\$297,805</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP) AND ACTUAL
PERMANENT IMPROVEMENT CAPITAL PROJECT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	\$ 42,151	\$ 42,151	\$ 0
	<u>42,151</u>	<u>42,151</u>	<u>0</u>
Total Other Financing Sources (Uses)	42,151	42,151	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	42,151	42,151	0
Fund Balance at Beginning of Year	109,518	109,518	0
Prior Year Encumbrances Appropriated	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 151,669</u>	<u>\$ 151,669</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET (NON-GAAP) AND ACTUAL
 BUILDING CAPITAL PROJECT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Earnings on Investments	\$ 5,063	\$ 5,504	\$ 441
Total Revenues	<u>5,063</u>	<u>5,504</u>	<u>441</u>
<u>Expenditures</u>			
Capital Outlay:			
Building Improvement Services	7,318	7,318	0
Total Expenditures	<u>7,318</u>	<u>7,318</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,255)</u>	<u>(1,814)</u>	<u>441</u>
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Expenditures	687	687	0
Total Other Financing Sources (Uses)	<u>687</u>	<u>687</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,568)	(1,127)	441
Fund Balance at Beginning of Year	99,142	99,142	0
Prior Year Encumbrances Appropriated	7,318	7,318	0
Fund Balance at End of Year	<u>\$ 104,892</u>	<u>\$ 105,333</u>	<u>\$ 441</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOOLNET PLUS CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 90,140	\$ 90,140	\$ 0
Total Revenues	<u>90,140</u>	<u>90,140</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	4,050	4,050	0
Supplies and Materials	3,573	3,573	0
Capital Outlay - New	74,640	74,640	0
Total Expenditures	<u>82,263</u>	<u>82,263</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	7,877	7,877	0
Fund Balance at Beginning of Year	22,172	22,172	0
Prior Year Encumbrances Appropriated	2,421	2,421	0
Fund Balance at End of Year	<u><u>\$ 32,470</u></u>	<u><u>\$ 32,470</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 90,140	\$ 90,140	\$ 0
Earnings on Investments	5,063	5,504	441
Total Revenues	<u>95,203</u>	<u>95,644</u>	<u>441</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	4,050	4,050	0
Supplies and Materials	3,573	3,573	0
Capital Outlay - New	74,640	74,640	0
Total Instruction	<u>82,263</u>	<u>82,263</u>	<u>0</u>
Capital Outlay:			
Building Improvement Services	7,318	7,318	0
Total Capital Outlay	<u>7,318</u>	<u>7,318</u>	<u>0</u>
Total Expenditures	<u>89,581</u>	<u>89,581</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>5,622</u>	<u>6,063</u>	<u>441</u>
Other Financing Sources (Uses)			
Operating Transfers In	42,151	42,151	0
Refund of Prior Year Expenditures	687	687	0
Total Other Financing Sources (Uses)	<u>42,838</u>	<u>42,838</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	48,460	48,901	441
Fund Balance at Beginning of Year	230,832	230,832	0
Prior Year Encumbrances Appropriated	9,739	9,739	0
Fund Balance at End of Year	<u>\$ 289,031</u>	<u>\$ 289,472</u>	<u>\$ 441</u>

KENSTON LOCAL SCHOOL DISTRICT

ENTERPRISE FUNDS

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 1999**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 298,858	\$ 28,276	\$ 81,833	\$ 408,967
Accounts Receivable	0	79	14	93
Intergovernmental Receivable	10,117	0	0	10,117
Materials and Supplies: Inventory	14,704	0	0	14,704
Total Current Assets	<u>323,679</u>	<u>28,355</u>	<u>81,847</u>	<u>433,881</u>
Fixed Assets (Net of Depreciation)	100,317	0	0	100,317
Total Assets	<u><u>\$ 423,996</u></u>	<u><u>\$ 28,355</u></u>	<u><u>\$ 81,847</u></u>	<u><u>\$ 534,198</u></u>
<u>Liabilities</u>				
Accounts Payable	\$ 12,828	0	0	12,828
Accrued Wages and Benefits	36,276	0	0	36,276
Compensated Absences Payable	11,957	0	0	11,957
Intergovernmental Payable	13,744	0	627	14,371
Total Liabilities	<u>74,805</u>	<u>0</u>	<u>627</u>	<u>75,432</u>
<u>Fund Equity</u>				
Contributed Capital	139,732	0	0	139,732
Retained Earnings: Unreserved	209,459	28,355	81,220	319,034
Total Fund Equity	<u>349,191</u>	<u>28,355</u>	<u>81,220</u>	<u>458,766</u>
Total Liabilities and Fund Equity	<u><u>\$ 423,996</u></u>	<u><u>\$ 28,355</u></u>	<u><u>\$ 81,847</u></u>	<u><u>\$ 534,198</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<u>Operating Revenues</u>				
Food Services	\$ 452,746	\$ 0	\$ 0	\$ 452,746
Extracurricular Activities	0	0	133,873	133,873
Classroom Materials and Fees	0	114,993	0	114,993
Miscellaneous	112	0	0	112
Total Operating Revenues	<u>452,858</u>	<u>114,993</u>	<u>133,873</u>	<u>701,724</u>
<u>Operating Expenses</u>				
Salaries and Wages	184,760	0	111,503	296,263
Fringe Benefits	74,397	0	22,501	96,898
Purchased Services	25,438	0	0	25,438
Materials and Supplies	188,165	107,380	1,000	296,545
Capital Outlay	10,562	0	0	10,562
Depreciation	11,610	0	0	11,610
Other	1,637	0	0	1,637
Total Operating Expenses	<u>496,569</u>	<u>107,380</u>	<u>135,004</u>	<u>738,953</u>
Operating Income (Loss)	<u>(43,711)</u>	<u>7,613</u>	<u>(1,131)</u>	<u>(37,229)</u>
<u>Non-Operating Revenue</u>				
Earnings on Investments	3,907	0	994	4,901
Operating Grants	40,992	0	0	40,992
Government Commodities	25,941	0	0	25,941
Total Non-Operating Revenue	<u>70,840</u>	<u>0</u>	<u>994</u>	<u>71,834</u>
Net Income (Loss)	<u>27,129</u>	<u>7,613</u>	<u>(137)</u>	<u>34,605</u>
Retained Earnings at Beginning of Year	182,330	20,742	81,357	284,429
Retained Earnings at End of Year	209,459	28,355	81,220	319,034
Contributed Capital at Beginning and End of Year	139,732	0	0	139,732
Retained Earnings and Contributed Capital at End of Year	<u>\$ 349,191</u>	<u>\$ 28,355</u>	<u>\$ 81,220</u>	<u>\$ 458,766</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Operations	\$ 452,858	\$ 114,961	\$ 133,865	\$ 701,684
Cash Payments to Employees for Services	(185,336)	0	(111,499)	(296,835)
Cash Payments for Employee Benefits	(64,442)	0	(22,500)	(86,942)
Cash Payments to Suppliers for Goods and Services	(184,828)	(107,852)	(1,000)	(293,680)
Cash Payments for Other Activities	(1,637)	0	0	(1,637)
Net Cash Provided by (Used for) Operating Activities	16,615	7,109	(1,134)	22,590
<u>Cash Flows from Noncapital Financing Activities</u>				
Operating Grants Received	40,188	0	0	40,188
Net Cash Provided by Noncapital Financing Activities	40,188	0	0	40,188
<u>Cash Flows from Capital and Related Financing Activities</u>				
Payments for Capital Acquisitions	(9,896)	0	0	(9,896)
Proceeds from Sale of Assets	2,552	0	0	2,552
Net Cash (Used for) Capital and Related Financing Activities	(7,344)	0	0	(7,344)
<u>Cash Flows from Investing Activities</u>				
Earnings on Investments	5,585	0	1,463	7,048
Net Cash Provided by Investing Activities	5,585	0	1,463	7,048
Net Increase in Cash and Cash Equivalents	55,044	7,109	329	62,482
Cash and Cash Equivalents at Beginning of Year	243,814	21,167	81,504	346,485
Cash and Cash Equivalents at End of Year	<u>\$ 298,858</u>	<u>\$ 28,276</u>	<u>\$ 81,833</u>	<u>\$ 408,967</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Total</u>
<u>Reconciliation of Operating Income</u>				
<u>(Loss) to Net Cash Provided by</u>				
<u>(Used for) Operating Activities</u>				
Operating Income (Loss)	(43,711)	7,613	(1,131)	(37,229)
<u>Adjustments to Reconcile Operating</u>				
<u>Income (Loss) to Net Cash Provided</u>				
<u>by (Used for) Operating Activities</u>				
Depreciation Expense	11,610	0	0	11,610
Donated Commodities Used				
During Year	25,941	0	0	25,941
(Increase) Decrease in Assets:				
Accounts Receivable	0	(32)	(7)	(39)
Inventory Held for Resale	2,944	0	0	2,944
Increase (Decrease) in Liabilities:				
Accounts Payable	10,448	(471)	0	9,977
Accrued Wages and Benefits	4,593	0	0	4,593
Compensated Absences Payable	(4,784)	0	0	(4,784)
Intergovernmental Payable	9,574	0	3	9,577
Total Adjustments	60,326	(503)	(4)	59,819
Net Cash Provided by (Used for)				
Operating Activities	\$ 16,615	\$ 7,110	\$ (1,135)	\$ 22,590

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Earnings on Investments	\$ 4,340	\$ 5,585	\$ 1,245
Operating Grants	66,129	66,129	0
Food Services	452,715	452,745	30
Miscellaneous	112	112	0
Total Revenue	<u>523,296</u>	<u>524,571</u>	<u>1,275</u>
Expenses			
Salaries and Wages:			
Food Services	185,336	185,336	0
Total Salaries and Wages	<u>185,336</u>	<u>185,336</u>	<u>0</u>
Fringe Benefits:			
Food Services	64,654	64,654	0
Total Fringe Benefits	<u>64,654</u>	<u>64,654</u>	<u>0</u>
Purchased Services:			
Operation and Maintenance of Plant Service	11,199	11,199	0
Food Services	4,213	4,213	0
Total Purchased Services	<u>15,412</u>	<u>15,412</u>	<u>0</u>
Supplies and Materials:			
Food Services	195,887	195,887	0
Total Supplies and Materials	<u>195,887</u>	<u>195,887</u>	<u>0</u>
Capital Outlay:			
Capital Outlay			
Food Services	14,687	14,687	0
Total Capital Outlay	<u>14,687</u>	<u>14,687</u>	<u>0</u>
Other - Food Services	1,872	1,872	0
Total Expenses	<u>477,848</u>	<u>477,848</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	45,448	46,723	1,275
Fund Equity at Beginning of Year	241,438	241,438	0
Prior Year Encumbrances Appropriated	2,379	2,379	0
Fund Equity at End of Year	<u>\$ 289,265</u>	<u>\$ 290,540</u>	<u>\$ 1,275</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
UNIFORM SCHOOL SUPPLIES ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Classroom Materials and Fees	\$ 114,961	\$ 114,961	\$ 0
Total Revenues	<u>114,961</u>	<u>114,961</u>	<u>0</u>
<u>Expenses</u>			
Supplies and Materials:			
Regular Instruction	111,481	111,481	0
Adult/Continuing	116	116	0
Total Expenses	<u>111,597</u>	<u>111,597</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	<u>3,364</u>	<u>3,364</u>	<u>0</u>
Fund Equity at Beginning of Year	16,146	16,146	0
Prior Year Encumbrances Appropriated	5,018	5,018	0
Fund Equity at End of Year	<u>\$ 24,528</u>	<u>\$ 24,528</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
KINDERGARTEN FEES ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Extracurricular Activities	\$ 129,290	\$ 133,866	\$ 4,576
Earnings on Investments	1,225	1,463	238
Total Revenues	<u>130,515</u>	<u>135,329</u>	<u>4,814</u>
Expenses			
Salaries and Wages:			
Regular Instruction	96,766	96,766	0
Pupils - Support Service	11,479	11,479	0
Food Services	3,255	3,255	0
Total Salaries and Wages	<u>111,500</u>	<u>111,500</u>	<u>0</u>
Fringe Benefits:			
Regular Instruction	22,501	22,501	0
Total Fringe Benefits	<u>22,501</u>	<u>22,501</u>	<u>0</u>
Supplies and Materials:			
Regular Instruction	1,000	1,000	0
Total Supplies and Materials	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Expenses	<u>135,001</u>	<u>135,001</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(4,486)	328	4,814
Fund Equity at Beginning of Year	81,504	81,504	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	<u><u>\$ 77,018</u></u>	<u><u>\$ 81,832</u></u>	<u><u>\$ 4,814</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Food Services	\$ 452,715	\$ 452,745	\$ 30
Extracurricular Activities	129,290	133,866	4,576
Classroom Materials and Fees	114,961	114,961	0
Earnings on Investments	5,565	7,048	1,483
Operating Grants	66,129	66,129	0
Miscellaneous	112	112	0
Total Revenues	<u>768,772</u>	<u>774,861</u>	<u>6,089</u>
Expenses			
Salaries and Wages:			
Regular Instruction	188,591	188,591	0
Pupils Support Services	96,766	96,766	0
Food Service	11,479	11,479	0
Total Salaries and Wages	<u>296,836</u>	<u>296,836</u>	<u>0</u>
Fringe Benefits:			
Regular Instruction	22,501	22,501	0
Food Service	64,654	64,654	0
Total Fringe Benefits	<u>87,155</u>	<u>87,155</u>	<u>0</u>
Purchased Services:			
Operation and Maintenance of Plant Services	11,199	11,199	0
Food Services	4,213	4,213	0
Total Purchased Services	<u>15,412</u>	<u>15,412</u>	<u>0</u>
Supplies and Materials:			
Regular Instruction	112,481	112,481	0
Adult-Continuing Education	116	116	0
Food Services	195,887	195,887	0
Total Supplies and Materials	<u>308,484</u>	<u>308,484</u>	<u>0</u>
Capital Outlay:			
Food Services	14,687	14,687	0
Total Capital Outlay	<u>14,687</u>	<u>14,687</u>	<u>0</u>
Other:			
Food Services	1,872	1,872	0
Total Other Expenses	<u>1,872</u>	<u>1,872</u>	<u>0</u>
Total Expenses	<u>724,446</u>	<u>724,446</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	<u>44,326</u>	<u>50,415</u>	<u>6,089</u>
Fund Equity at Beginning of Year	339,088	339,088	0
Prior Year Encumbrances Appropriated	<u>7,397</u>	<u>7,397</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 390,811</u>	<u>\$ 396,900</u>	<u>\$ 6,089</u>

KENSTON LOCAL SCHOOL DISTRICT

INTERNAL SERVICE FUNDS

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 1999**

	<u>Special Rotary</u>	<u>Rate Stabilization</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 4,668	\$1,069,184	\$1,073,852
Receivables:			
Intergovernmental	3,928	0	3,928
Total Assets	\$ 8,596	1,069,184	1,077,780
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages and Benefits	\$ 13,188	\$ 0	\$ 13,188
Claims Payable	0	166,687	166,687
Intergovernmental Payable	7,450	0	7,450
Total Liabilities	20,638	166,687	187,325
<u>Fund Equity</u>			
Retained Earnings:			
Unreserved	(12,042)	902,497	890,455
Total Fund Equity (Deficit)	(12,042)	902,497	890,455
Total Liabilities and Fund Equity	\$ 8,596	\$1,069,184	\$1,077,780

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Special Rotary</u>	<u>Rate Stabilization</u>	<u>Total</u>
<u>Operating Revenues</u>			
Extracurricular Activities	\$ 22,461	\$ 0	\$ 22,461
Charges for Services	90,354	988,113	1,078,467
Miscellaneous	550	0	550
Total Operating Revenues	<u>113,365</u>	<u>988,113</u>	<u>1,101,478</u>
<u>Operating Expenses</u>			
Salaries and Wages	71,158	0	71,158
Fringe Benefits	22,492	0	22,492
Purchased Services	30,389	0	30,389
Supplies and Materials	1,484	0	1,484
Claims	0	1,262,277	1,262,277
Total Operating Expenses	<u>125,523</u>	<u>1,262,277</u>	<u>1,387,800</u>
Operating (Loss)	<u>(12,158)</u>	<u>(274,164)</u>	<u>(286,322)</u>
<u>Non-Operating Revenues</u>			
Earnings on Investments	3,928	0	3,928
Total Non-Operating Revenues	<u>3,928</u>	<u>0</u>	<u>3,928</u>
Net (Loss)	<u>(8,230)</u>	<u>(274,164)</u>	<u>(282,394)</u>
Retained Earnings (Deficit) at Beginning of Year	<u>(3,812)</u>	<u>1,176,661</u>	<u>1,172,849</u>
Retained Earnings (Deficit) at End of Year	<u><u>\$ (12,042)</u></u>	<u><u>\$ 902,497</u></u>	<u><u>\$ 890,455</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	<u>Special Rotary</u>	<u>Rate Stabilization</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Cash Received from Operations	\$ 113,365	\$ 988,113	\$1,101,478
Cash Payments to Employees for Services	(70,530)	0	(70,530)
Cash Payments for Employee Benefits	(17,847)	(1,228,233)	(1,246,080)
Cash Payments to Suppliers for Goods and Services	(31,871)	0	(31,871)
Net Cash (Used for) Operating Activities	<u>(6,883)</u>	<u>(240,120)</u>	<u>(247,003)</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(6,883)</u>	<u>(240,120)</u>	<u>(247,003)</u>
Cash and Cash Equivalents at Beginning of Year	11,551	1,309,304	1,320,855
Cash and Cash Equivalents at End of Year	<u>\$ 4,668</u>	<u>\$1,069,184</u>	<u>\$1,073,852</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Operating (Loss)	<u>\$ (12,158)</u>	<u>\$ (274,164)</u>	<u>\$ (286,322)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Increase/(Decrease) in Liabilities:			
Accrued Wages and Benefits	651	0	651
Claims Payable	0	34,045	34,045
Intergovernmental Payable	4,623	0	4,623
Total Adjustments	<u>5,274</u>	<u>34,045</u>	<u>39,319</u>
Net Cash (Used for) Operating Activities	<u>\$ (6,884)</u>	<u>\$ (240,119)</u>	<u>\$ (247,003)</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SPECIAL ROTARY INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Classroom Materials and Fees	\$ 22,461	\$ 22,461	\$ 0
Charges for Services	90,354	90,354	0
Miscellaneous	550	550	0
Total Revenues	<u>113,365</u>	<u>113,365</u>	<u>0</u>
Expenses			
Salaries and Wages:			
Community Services	70,388	70,388	0
Extracurricular Activities	142	142	0
Total Salaries and Wages	<u>70,530</u>	<u>70,530</u>	<u>0</u>
Fringe Benefits:			
Community Services	18,174	18,174	0
Extracurricular Activities	21	21	0
Total Fringe Benefits	<u>18,195</u>	<u>18,195</u>	<u>0</u>
Purchased Services:			
Extracurricular Activities	30,387	30,387	0
Total Purchased Services	<u>30,387</u>	<u>30,387</u>	<u>0</u>
Supplies and Materials:			
Extracurricular Activities	1,484	1,484	0
Total Supplies and Materials	<u>1,484</u>	<u>1,484</u>	<u>0</u>
Total Expenses	<u>120,596</u>	<u>120,596</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	<u>(7,231)</u>	<u>(7,231)</u>	<u>0</u>
Fund Equity at Beginning of Year	11,551	11,551	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	<u>\$ 4,320</u>	<u>\$ 4,320</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
RATE STABILIZATION INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Charges for Services	\$ 988,113	\$ 988,113	\$ 0
Total Revenues	<u>988,113</u>	<u>988,113</u>	<u>0</u>
Expenses			
Fringe Benefits:			
Health Services	1,228,232	1,228,232	0
Total Fringe Benefits	<u>1,228,232</u>	<u>1,228,232</u>	<u>0</u>
Total Expenses	<u>1,228,232</u>	<u>1,228,232</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(240,119)	(240,119)	0
Fund Equity at Beginning of Year	1,309,304	1,309,304	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	<u>\$1,069,185</u>	<u>\$1,069,185</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Classroom Materials and Fees	\$ 22,461	\$ 22,461	\$ 0
Charges for Services	1,078,467	1,078,467	0
Miscellaneous	550	550	0
Total Revenues	1,101,478	1,101,478	0
Expenses			
Salaries and Wages:			
Community Services	70,388	70,388	0
Extracurricular Activities	142	142	0
Total Salaries and Wages	70,530	70,530	0
Fringe Benefits:			
Community Service	18,174	18,174	0
Health Services	1,228,232	1,228,232	0
Extracurricular Activities	21	21	0
Total Fringe Benefits	1,246,427	1,246,427	0
Purchased Services:			
Extracurricular Activities	30,387	30,387	0
Total Purchased Services	30,387	30,387	0
Supplies and Materials:			
Extracurricular Activities	1,484	1,484	0
Total Supplies and Materials	1,484	1,484	0
Total Expenses	1,348,828	1,348,828	0
Excess of Revenues Over (Under) Expenses	(247,350)	(247,350)	0
Fund Equity at Beginning of Year	1,320,855	1,320,855	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$1,073,505	\$1,073,505	\$ 0

KENSTON LOCAL SCHOOL DISTRICT

FIDUCIARY FUNDS

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

Expendable Trust Fund

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

Agency Fund

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

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL EXPENDABLE TRUST AND AGENCY FUNDS
 JUNE 30, 1999**

	<u>Expendable Trust</u>	<u>Agency Fund</u>	<u>Totals</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 3,878	\$ 41,498	\$ 45,376
Total Assets	\$ 3,878	\$ 41,498	\$ 45,376
<u>Liabilities</u>			
Due to Students	\$ 0	\$ 41,498	\$ 41,498
Total Liabilities	0	41,498	41,498
<u>Fund Equity</u>			
Fund Balance:			
Reserved for Encumbrances	751	0	751
Unreserved, Undesignated	3,127	0	3,127
Total Fund Equity	3,878	0	3,878
 Total Liabilities and Fund Equity	 \$ 3,878	 \$ 41,498	 \$ 45,376

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 3,878	\$ 3,878	\$ 0
Total Revenues	<u>3,878</u>	<u>3,878</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Special:			
Supplies and Materials	751	751	0
Total Expenditures	<u>751</u>	<u>751</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>3,127</u>	<u>3,127</u>	<u>0</u>
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 3,127</u></u>	<u><u>\$ 3,127</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Balance</u> <u>6/30/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/99</u>
<u>Student Activities</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 42,119	\$ 0	\$ 621	\$ 41,498
Total Assets	\$ 42,119	\$ 0	\$ 621	\$ 41,498
<u>Liabilities</u>				
Due to Students	\$ 42,119	\$ 0	\$ 621	\$ 41,498
Total Liabilities	\$ 42,119	\$ 0	\$ 621	\$ 41,498

KENSTON LOCAL SCHOOL DISTRICT
GENERAL FIXED ASSETS ACCOUNT GROUP

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

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND TYPE
JUNE 30, 1999**

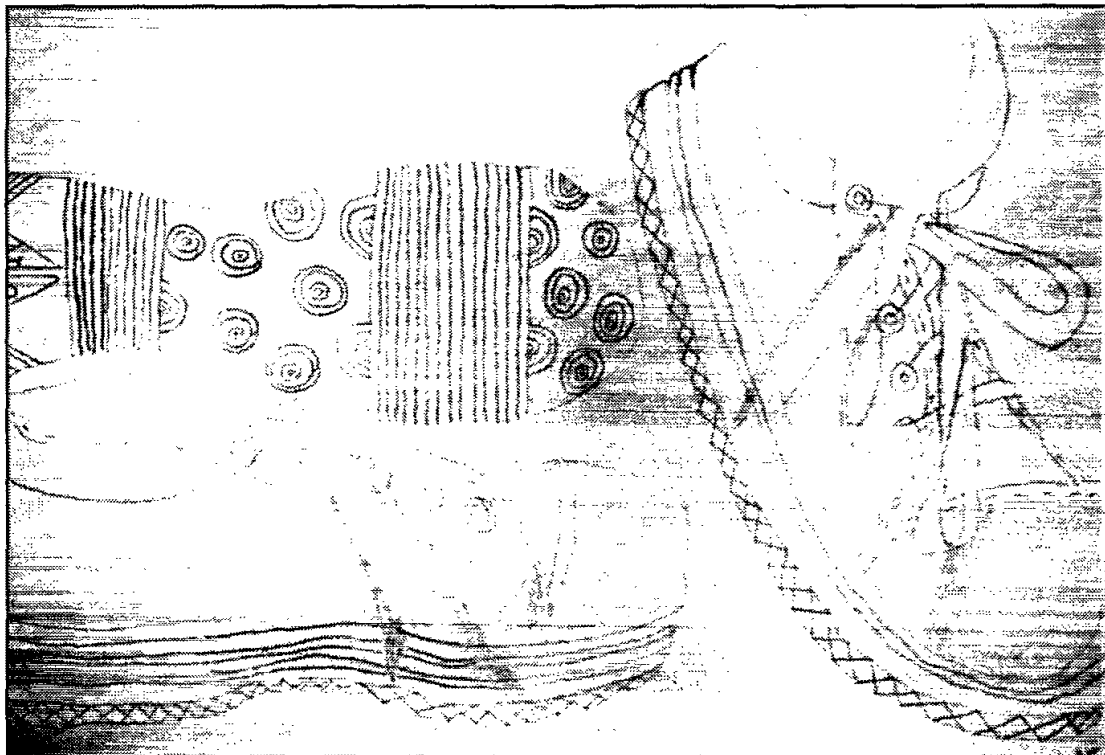
	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment and Furniture</u>	<u>Vehicles</u>	<u>Textbooks and Library Books</u>
Instruction	\$ 18,178,658	\$ 337,917	\$ 14,791,317	\$ 2,676,593	\$ 0	\$ 372,831
Support Services:						
Pupils	49,213	0	0	49,213	0	0
Instructional Staff	1,215,800	0	0	380,574	0	835,226
Administration	252,451	0	0	252,451	0	0
Fiscal Services	34,589	0	0	29,346	5,243	0
Operation and Maintenance						
of Plant Services	2,529,015	1,217	2,374,451	149,174	4,173	0
Pupil Transportation	1,958,597	16,487	115,898	59,751	1,766,461	0
Community Service	19,421	0	0	19,421	0	0
Extracurricular Activities	251,251	162,363	29,884	59,004	0	0
Total General Fixed Assets	\$ 24,488,995	\$ 517,984	\$ 17,311,550	\$ 3,675,527	\$ 1,775,877	\$ 1,208,057

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

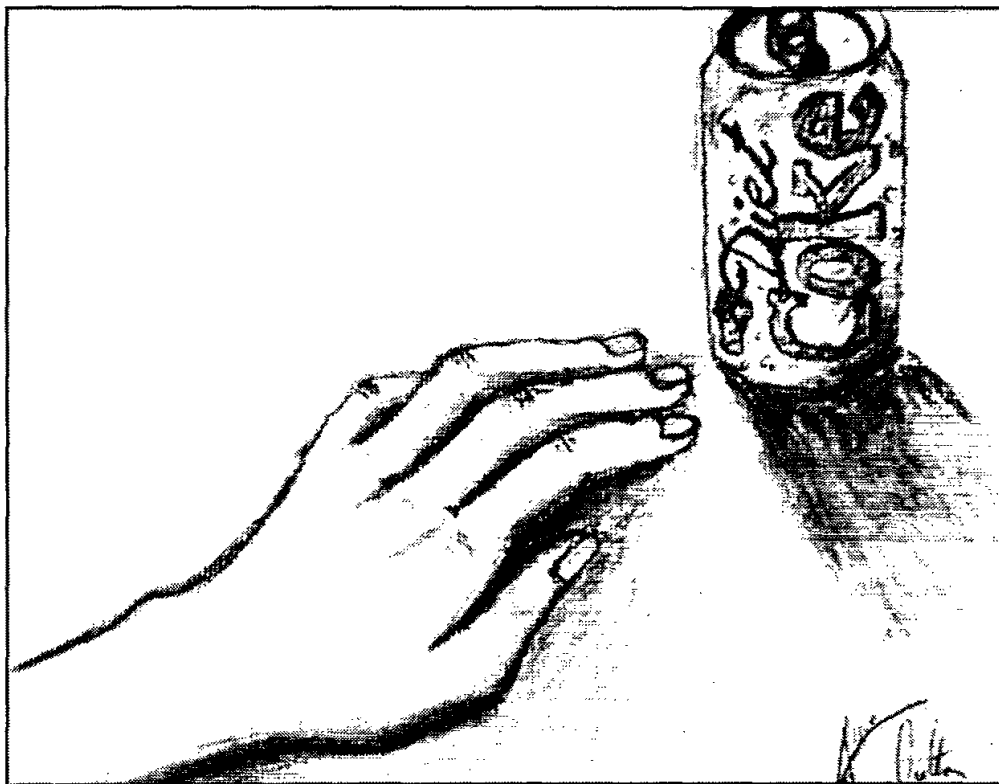
<u>Function</u>	<u>General Fixed Assets June 30, 1998</u>	<u>Increases</u>	<u>Decreases</u>	<u>General Fixed Assets June 30, 1999</u>
Instruction	\$ 18,033,938	\$ 259,352	\$ 114,632	\$ 18,178,658
Support Services:				
Pupils	32,920	19,663	3,370	49,213
Instructional Staff	1,217,550	34,134	35,884	1,215,800
Administration	274,152	13,195	34,896	252,451
Fiscal Services	29,374	5,215	0	34,589
Operation and Maintenance				
of Plant Services	1,795,867	733,148	0	2,529,015
Pupil Transportation	1,745,651	380,646	167,700	1,958,597
Community Service	16,186	3,235	0	19,421
Extracurricular Activities	229,760	26,001	4,510	251,251
Total General Fixed Assets	\$ 23,375,398	\$ 1,474,589	\$ (360,992)	\$ 24,488,995

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
AS OF JUNE 30, 1999**

General Fixed Assets:	
Land	\$ 517,984
Buildings	17,311,550
Furniture and Equipment	3,675,527
Vehicles	1,775,877
Library Books and Textbooks	1,208,057
Total General Fixed Assets	<u>\$ 24,488,995</u>
Investments in General Fixed Assets from Acquisitions/Adjustments during Fiscal Year 1999:	
General Fund	\$ 1,380,534
Capital Projects Fund	63,773
Special Revenue Funds	30,282
	<u>1,474,589</u>
Acquisitions Prior to June 30, 1998	23,375,398
Less Removals	<u>(360,992)</u>
Total Investment in General Fixed Assets	<u>\$ 24,488,995</u>

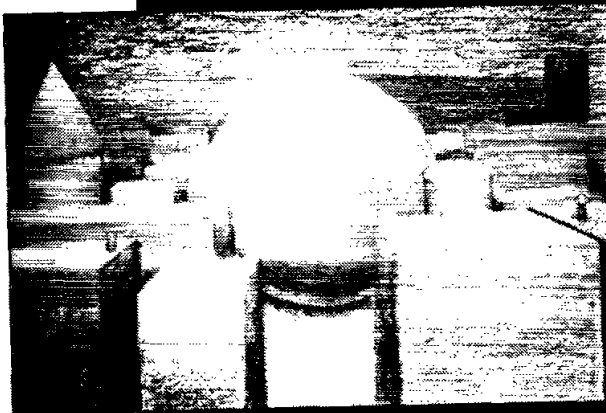
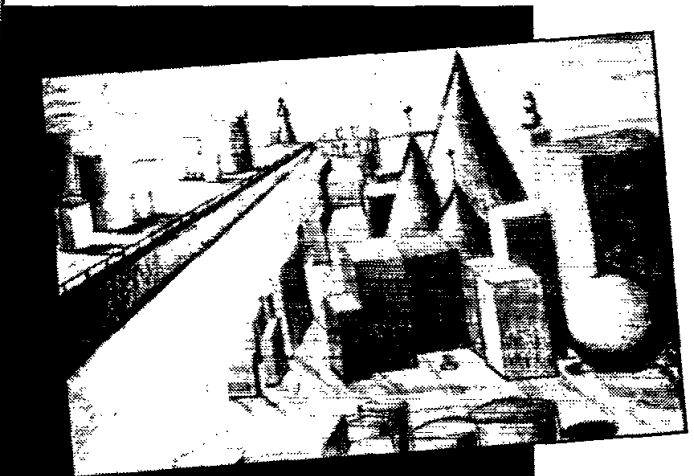
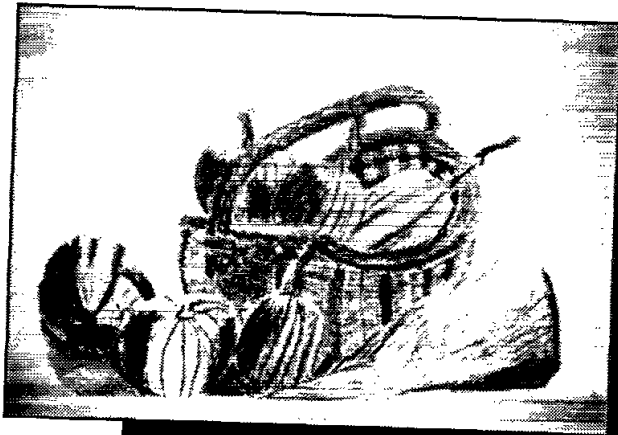


Artwork created by Alyssa Schmidt - Grade 7



Artwork created by Allie Oulten - Grade 7

STATISTICAL SECTION



Artwork created by (clockwise starting from upper left)

Matt Koterba - Grade 7

Jackie Staple - Grade 9

Katie Oulton - Grade 10

Jenna Walenga - Grade 9

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

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Instruction	\$10,933,134	\$10,107,942	\$ 9,165,701	\$ 9,059,381
Support Services:				
Pupils	1,385,391	1,080,123	943,761	905,171
Instructional Staff	499,461	491,593	442,676	463,251
Board of Education	51,168	86,954	54,478	36,139
Administration	1,663,846	1,668,841	1,582,327	1,476,847
Fiscal Services	526,810	535,009	522,248	510,021
Business	4,120	19,764	20,244	20,022
Operation and Maintenance of Plant Services	2,777,194	2,364,180	2,084,213	2,088,556
Pupil Transportation	1,635,150	1,517,630	1,302,733	1,282,466
Central Services	16,567	5,963	15,552	6,631
Operation of Non-Instructional Service	110,240	38,714	45,742	35,639
Extracurricular Activities	745,079	669,812	601,129	591,295
Capital Outlay	25,470	7,844	410,185	12,226
Debt Service	1,142,745	1,102,505	1,464,468	1,417,434
Expenditures and Other Financing Uses	718,936	161,187	457,376	183,503
Total	<u>\$22,235,311</u>	<u>\$19,858,061</u>	<u>\$19,112,833</u>	<u>\$18,088,582</u>

Source: School District financial records
(1) 1995 through 1999 reported on GAAP basis;
All other years reported on cash basis.

<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
\$ 8,586,641	\$ 7,658,877	\$ 7,182,609	\$ 6,721,012	\$ 6,503,490	\$ 6,172,771
844,833	770,298	714,928	681,557	628,069	602,088
486,421	374,385	423,469	381,629	385,406	426,338
31,409	12,720	11,861	9,975	13,379	10,256
1,335,338	1,297,796	1,206,039	1,156,296	1,088,359	1,023,811
461,653	430,364	411,586	407,551	347,023	307,334
17,858	3,347	3,199	3,060	10,596	58,684
1,867,879	1,598,712	1,426,340	1,403,690	1,304,357	1,269,027
1,048,672	1,010,924	1,032,660	909,795	889,617	932,618
93,163	277,516	221,212	21,422	33,752	67,981
6,319	3,673	1,704	7,694	27,370	8,476
564,401	417,972	423,722	338,554	359,847	323,214
1,373,524	6,083,141	405,639	25,968	61,486	8,329
1,362,022	1,426,421	11,069,151	553,038	607,526	645,189
141,145	105,135	209,106	43,670	43,014	24,056
<u>\$18,221,278</u>	<u>\$21,471,281</u>	<u>\$24,743,225</u>	<u>\$12,664,911</u>	<u>\$12,303,291</u>	<u>\$11,880,172</u>

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

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Taxes	\$15,445,587	\$14,458,297	\$14,151,774	\$11,804,545
Intergovernmental	5,887,747	5,275,059	4,449,720	4,422,995
Earnings on Investments	428,571	336,990	343,871	435,570
Tuition and Fees	54,837	28,550	31,409	50,088
Extracurricular Activities	297,299	246,473	254,072	263,331
Transportation Fees	84,174	60,612	47,809	0
Revenues and Other Financing Sources	852,633	375,112	933,625	245,791
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$23,050,848</u>	<u>\$20,781,093</u>	<u>\$20,212,280</u>	<u>\$17,222,320</u>

Source: School District financial records
(1) 1995 through 1999 reported on GAAP basis; all others reported on cash basis

<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
\$11,338,081	\$10,911,595	\$10,355,577	\$ 9,960,689	\$ 8,640,076	\$ 7,547,440
4,231,908	3,967,469	3,899,498	3,688,737	3,547,739	3,567,831
426,721	491,409	644,962	258,991	246,695	294,258
64,651	31,140	27,867	20,812	13,646	13,945
208,545	200,143	197,933	128,376	112,553	125,452
0	55,461	113,130	109,517	112,287	111,784
251,163	504,811	20,505,644	103,868	110,316	112,286
<u>\$16,521,069</u>	<u>\$16,162,028</u>	<u>\$35,744,611</u>	<u>\$14,270,990</u>	<u>\$12,783,312</u>	<u>\$11,772,996</u>

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

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

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

- (1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) Represents the collection year. The 1999 information can not be presented because all collections have not been made by June 30.
- (3) This amount can not be calculated, based on other information in this statistical table, because of retroactive additions and reductions which are brought on in one lump sum.

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

<u>Tax Year</u>	<u>Real Property</u>		<u>Public Utility Personal Property</u>		<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Actual Value</u>	
1998	\$389,537,360	\$1,112,963,885	\$15,580,050	\$17,704,602	\$22,608,970	\$90,435,880	\$427,726,380	\$1,221,104,367	35%
1997	370,408,460	1,058,309,886	16,013,730	18,197,420	20,352,290	81,409,160	406,774,480	1,157,916,466	35%
1996	351,104,830	1,003,156,667	16,827,440	19,122,091	18,218,900	72,875,600	386,151,170	1,095,154,358	35%
1995	324,208,710	926,310,600	17,123,130	19,458,102	15,826,110	63,304,440	357,157,950	1,009,073,142	35%
1994	307,323,700	878,067,714	17,151,580	19,490,432	15,855,950	63,423,800	340,331,230	960,981,946	35%
1993	296,668,420	847,624,057	16,051,460	18,240,295	14,371,230	57,484,920	327,091,110	923,349,272	35%
1992	239,515,650	684,330,429	15,921,050	18,092,102	15,134,980	60,539,920	270,571,680	762,962,451	35%
1991	230,968,710	659,910,600	16,036,010	18,222,739	14,958,000	59,832,000	261,962,720	737,965,339	35%
1990	220,256,380	629,303,943	16,130,300	18,329,886	14,452,480	57,809,920	250,839,160	705,443,749	35%
1989	180,947,630	516,993,229	13,529,130	15,374,011	13,629,080	54,516,320	208,105,840	586,883,560	35%

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

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

<u>Tax Year</u>	<u>School Levy</u>	<u>County Levy</u>	<u>Township Levy</u>	<u>Total Levy</u>	<u>Debt Service Included in Total Levy</u>		
					<u>School</u>	<u>County</u>	<u>Total</u>
1998	77.30	13.45	21.50	112.25	3.20	.30	3.50
1997	78.30	13.45	21.50	113.25	3.20	.30	3.50
1996	70.40	13.45	21.50	105.35	3.20	.30	3.50
1995	71.40	13.85	21.60	106.85	4.20	.30	4.50
1994	71.50	11.85	20.10	103.45	4.30	.30	4.60
1993	71.50	11.85	20.10	103.45	4.30	.30	4.60
1992	71.90	11.20	20.10	103.20	4.70	.30	5.00
1991	69.60	11.20	20.10	100.90	2.40	.30	2.70
1990	70.00	10.35	20.10	100.45	2.80	.55	3.35
1989	61.90	12.35	17.00	91.25	3.00	.45	3.45

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

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

<u>Fiscal Year</u>	<u>Gross General Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Ratio of Debt To Assessed Value</u>	<u>Per Capita</u>
1998/1999	\$ 10,789,000	\$ 714,056	\$ 10,074,944	\$ 427,726,380	87,913	2.35%	\$ 124
1997/1998	11,250,000	659,429	10,590,571	406,774,480	86,054	2.60%	131
1996/1997	11,645,000	421,674	11,223,326	386,151,170	86,054	2.91%	138
1995/1996	12,020,000	629,662	11,390,338	357,157,950	84,260	3.19%	140
1994/1995	12,650,000	578,664	12,071,336	340,331,230	83,400	3.55%	149
1993/1994	13,190,000	530,657	12,659,343	327,091,110	83,241	3.87%	156
1992/1993	13,470,000	333,701	13,136,299	270,571,680	82,094	4.86%	162
1991/1992	3,776,000	456,823	3,319,177	261,962,720	82,094	1.27%	41
1990/1991	4,055,000	348,024	3,706,976	250,839,160	81,129	1.48%	46
1989/1990	4,370,000	301,416	4,068,584	208,105,840	79,300	1.96%	50

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 1999**

Assessed Valuation	\$ 427,726,380
<hr style="border-top: 3px double #000;"/>	
Bonded Debt Limit - 9% of Assessed Value (1)	\$ 38,495,374
Amount of Debt Applicable to Debt Limit:	
Bonded Debt	10,789,000
<hr style="border-top: 1px solid #000;"/>	
Voted Debt Margin	\$ 27,706,374
<hr style="border-top: 3px double #000;"/>	
Bonded Debt Limit - .1% of Assessed Value (1)	\$ 427,726
Amount of Debt Applicable	0
<hr style="border-top: 1px solid #000;"/>	
Unvoted Debt Margin	\$ 427,726
<hr style="border-top: 3px double #000;"/>	

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

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDED DEBT
AS OF JUNE 30, 1999**

<u>Jurisdiction</u>	General Obligation Bonded Debt <u>Outstanding</u>	Percentage Applicable to <u>School District(1)</u>	Applicable to <u>School District</u>
Kenston Local School	\$ 10,789,000	100.00%	\$ 10,789,000
Geauga County	3,407,513	22.94%	781,683
Bainbridge Township	120,000	100.00%	120,000
Total			<u>\$ 11,690,683</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision by the total assessed valuation, which includes all overlapping valuation. The valuations were used for the 1998 collection year.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental And Similar Trust Expenditures(1)</u>	<u>Ratio of Debt Service To Governmental & Similar Trust (Percentage)</u>
1998/1999	\$ 395,000	\$ 666,705	\$ 1,061,705	\$ 22,235,311	4.77%
1997/1998	330,000	691,439	1,021,439	19,858,061	5.14%
1996/1997	725,000	739,468	1,464,468	19,112,833	7.66%
1995/1996	630,000	786,259	1,416,259	18,088,582	7.83%
1994/1995	540,000	822,022	1,362,022	18,221,278	7.47%
1993/1994	280,000	1,146,421	1,426,421	21,471,281	6.64%
1992/1993	280,000	654,684	934,684	24,743,225	3.78%
1991/1992	280,000	273,038	553,038	12,664,911	4.37%
1990/1991	315,000	292,526	607,526	12,303,291	4.94%
1989/1990	332,000	313,189	645,189	11,880,172	5.43%

Source: School District financial records

(1) Includes other financing uses. 1995-1999 on an accrual basis.

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

<u>Year</u>	Geauga	(1)	(1)	Geauga County	
	County	Bainbridge	Auburn	School	Unemployment
	<u>Population</u>	Township <u>Population</u>	Township <u>Population</u>	<u>Enrollment</u>	<u>Rate</u>
1999	87,913	9,694	3,298	3,056	3.0%
1998	86,054	9,694	3,298	3,027	3.5%
1997	86,054	9,694	3,298	2,928	3.6%
1996	84,260	9,694	3,298	2,790	3.8%
1995	83,400	9,694	3,298	2,601	3.8%
1994	83,241	9,694	3,298	2,522	5.1%
1993	82,094	9,694	3,298	2,445	5.8%
1992	82,094	9,694	3,298	2,346	5.4%
1991	81,129	9,694	3,298	2,309	4.0%
1990	79,300	9,694	3,298	2,277	4.0%

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

(1) Population data for 1990 - 1999 is assumed to be the same as that of the 1990 census as no subsequent data is available.

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

Calendar Year	Assessed Value Real Personal Property	Bank Deposits	Permits Issued	Bainbridge Township	Auburn Township
	(Amounts in 000's)(2)	(Amounts in 000's)(1)	Geauga County		
1998	\$ 406,774	\$ 243,704	\$ 47,503,140	\$ 25,313,695	\$ 9,588,896
1997	386,151	222,203	38,142,850	16,750,001	13,713,085
1996	357,157	202,741	41,162,110	19,513,510	18,600,297
1995	340,331	194,409	35,438,050	20,825,030	14,453,711
1994	327,091	178,559	28,009,880	17,286,643	9,751,000
1993	270,571	176,125	23,820,980	14,083,500	9,873,380
1992	261,963	145,373	N/A	13,120,000	6,778,113
1991	250,839	101,040	N/A	11,429,000	6,013,800
1990	208,106	88,358	N/A	11,130,700	6,224,752
1989	202,900	74,870	N/A	6,483,000	8,413,487

Sources: (1) Federal Reserve Bank of Cleveland

(2) Geauga County Auditor's Office (the values listed pertain to the year of collection)

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

<u>Name of Taxpayer</u>	<u>General Value</u>	<u>Percentage of Total Real Property Assessed Value</u>
Funtime, Inc.	\$ 2,802,720	.76%
Tanglewood Partners	2,661,620	.72%
Sea World, Inc.	2,004,170	.54%
422 Company, Ltd.	1,750,000	.47%
Capco Enterprises	1,610,000	.43%
General Signal Corporation	1,221,710	.33%
Bel Meadows, Inc.	950,410	.26%
Tanglewood Associates	929,770	.25%
Bainbridge Associates, Ltd.	901,260	.24%
Key Trust Company	857,070	.23%
Total	<u>\$ 15,688,730</u>	<u>4.23%</u>

Source: Geauga County Auditor
(1) Assessed values are for 1999 collection year

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

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Tangible Assessed Value</u>
Funtime, Inc.	\$ 3,961,590	19.47%
General Signal Corporation	2,085,620	10.25%
Sea World, Inc.	1,877,510	9.23%
Duramax, Inc.	1,140,700	5.60%
Nalco Diversified Technologies	502,040	2.47%
Mar Bal, Inc.	488,760	2.40%
Speed Selector, Inc.	451,760	2.22%
Beck Mfg., Inc.	417,530	2.05%
ETNA Products, Inc.	408,970	2.01%
Electrolock, Inc.	406,030	2.00%
Total	<u>\$ 11,740,510</u>	<u>57.70%</u>

Source: Geauga County Auditor
(1) Assessed values are for 1999 collection year

**KENSTON LOCAL SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS
 PUBLIC UTILITIES TAX
 DECEMBER 31, 1998**

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 8,645,620	53.99%
Western Reserve Telephone Company	4,472,890	27.93%
East Ohio Gas Company	1,483,360	9.26%
 Total	 \$ 14,601,870	 91.18%

Source: Geauga County Auditor
 (1) Assessed values are for 1999 collection year

**KENSTON LOCAL SCHOOL DISTRICT
TEN LARGEST EMPLOYERS
DECEMBER 31, 1998**

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Kenston Board of Education	Education	350
Stock Equipment Company	Coal feed systems	200
Johnsonite	Vinyl and rubber products	200
Milbar Company	Small hand tools	160
Mar-Bal, Inc.	Thermoset molding materials	150
Custom Materials, Inc.	Electrical insulation fabricating	77
Environmental Growth Chambers	Environmental and plant growth chambers	70
BF Goodrich Products Business	Industrial inks	60
Speed Selector, Inc.	Variable speed pulleys and belts	42
Schneider Saddlery Co., Inc.	Leather saddles and harnesses	40

Source: 1999 Harris Ohio Industry Directory in cooperation with the Ohio Department of Development

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

<u>Fiscal Year</u>	<u>Governmental & Similar Trust Fund Expenditures (1)</u>	<u>Average Student Enrollment</u>	<u>Per Pupil Cost</u>
1998/1999(2)	\$ 22,235,311	3,056	7,276
1997/1998(2)	19,858,061	3,027	6,560
1996/1997(2)	19,112,833	2,928	6,528
1995/1996(2)	18,088,582	2,790	6,483
1994/1995(2)	18,221,278	2,601	7,005
1993/1994	21,471,281	2,522	8,514
1992/1993	24,743,225	2,445	10,120
1991/1992	12,664,911	2,346	5,398
1990/1991	12,303,291	2,309	5,328
1989/1990	11,880,172	2,277	5,217

Source: School District Financial Records

(1) Includes other financing uses

(2) 1995 through 1999 on modified accrual basis.

**KENSTON LOCAL SCHOOL DISTRICT
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 1999**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	87	46.00%
Master's Degree	103	54.00%
Ph.D.	1	0.00%
Total	<u>191</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	55	29.00%
6 - 10	48	25.00%
11 and over	88	46.00%
	<u>191</u>	<u>100.00%</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

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Facsimile 614-466-4490

KENSTON LOCAL SCHOOL DISTRICT

GEUAGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2000**