



**Auditor of State  
Betty Montgomery**



**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2004**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B	6B-SF-2004	84.027	\$324,884	\$0	\$324,884	\$0
Total Title VI-B			<u>324,884</u>	<u>0</u>	<u>324,884</u>	<u>0</u>
Total Special Education Cluster			324,884	0	324,884	0
Title I	C1-S1-2004	84.010	215,963	0	193,939	0
Total Title I			<u>215,963</u>	<u>0</u>	<u>193,939</u>	<u>0</u>
Title VI / Innovative Education Program Strategy	C2-S1-2002	84.298	(6,666)	0	6,666	0
Title VI / Innovative Education Program Strategy	C2-S1-2004	84.298	23,720	0	10,131	0
Total Title VI / Innovative Education Program Strategy			<u>17,054</u>	<u>0</u>	<u>16,797</u>	<u>0</u>
Drug Free Schools	DR-S1-2003	84.186	824	0	1,744	0
Drug Free Schools	DR-S1-2004	84.186	9,203	0	5,173	0
Total Drug Free Schools			<u>10,027</u>	<u>0</u>	<u>6,917</u>	<u>0</u>
Improving Teacher Quality	TR-S1-2004	84.367	77,962	0	74,777	0
Total Improving Teacher Quality			<u>77,962</u>	<u>0</u>	<u>74,777</u>	<u>0</u>
Technology Literacy Challenge Funds	TJ-S1-2004	84.318	5,846	0	5,846	0
Total Technology Literacy Challenge Funds			<u>5,846</u>	<u>0</u>	<u>5,846</u>	<u>0</u>
Total U.S. Department of Education			<u>651,736</u>	<u>0</u>	<u>623,160</u>	<u>0</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	0	36,890	0	35,556
National School Lunch Program	LL-P4-2003	10.555	20,092	0	20,092	0
National School Lunch Program	LL-P4-2004	10.555	63,237	0	63,237	0
Total National School Lunch Program			<u>83,329</u>	<u>36,890</u>	<u>83,329</u>	<u>35,556</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>83,329</u>	<u>36,890</u>	<u>83,329</u>	<u>35,556</u>
<b>Total Federal Financial Assistance</b>			<b><u>\$735,065</u></b>	<b><u>\$36,890</u></b>	<b><u>\$706,489</u></b>	<b><u>\$35,556</u></b>

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

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with the State and local grant monies. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

**NOTE C – FEDERAL TRANSFERS**

The Ohio Department of Education (ODE) transferred federal monies from grant year 2002 to grant year 2004 for Title VI / Innovative Education Program Strategies (CFDA #84.298). This transfer appears as a negative receipt in the 2002 grant year and a positive receipt in the 2004 grant year. This action by ODE allowed the District to extend the availability period for expenditure of this receipt.

CFDA - Catalog of Federal Domestic Assistance



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON 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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 14, 2005.

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

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

**Betty Montgomery**  
Auditor of State

January 14, 2005



## **Auditor of State Betty Montgomery**

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

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 its major federal program for the year ended June 30, 2004. The District's major federal program is 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 its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

#### **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 basic financial statements of Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2004, and have issued our report thereon January 14, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

January 14, 2005

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
JUNE 30, 2004**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



# Kenston Local School District

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



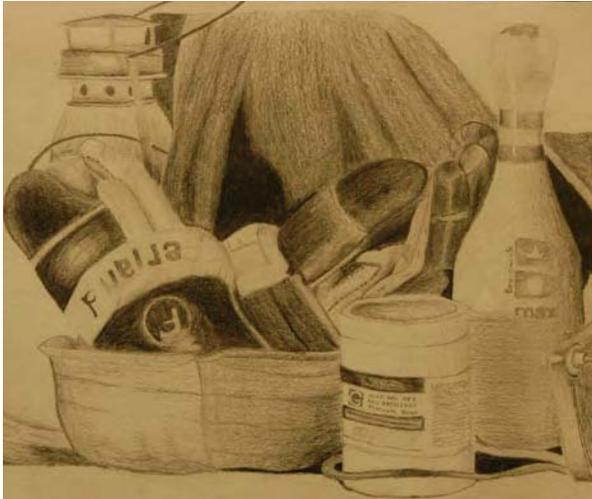
## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2004

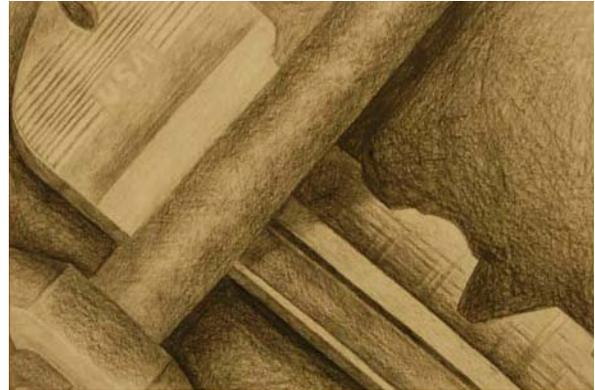


# Kenston Local School District

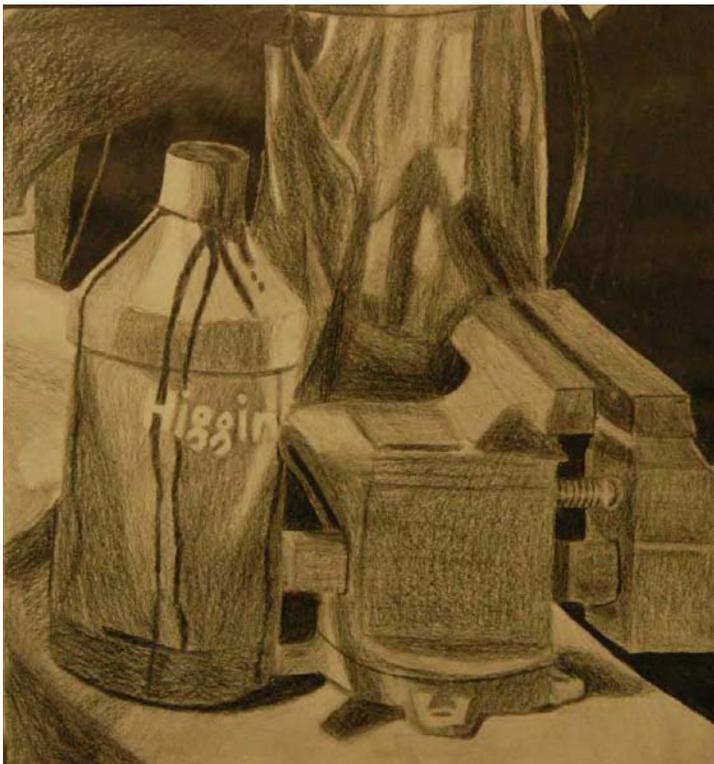
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**Steve Hyde**  
Grade 11



**Justin Highlander**  
Grade 10



**Abby Kula**  
Grade 9



**Becky Baumgartner**  
Grade 10



**Matt Koterba**  
Grade 12

**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2004

**Artwork in this report was created by  
the students of the Kenston Local School District.**

Cover Artwork Created By:

**Alexia Stubbs**

Kindergarten

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Grade 8

**Carri D'Angelo**

Grade 2

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Grade 3

**Joe Eszterhas**

Grade 5

**Taylor Lincoln**

Grade 7

**Marissa Meyer**

Grade 7

**Tamara Surtees**

Grade 6

**Joey McVeen**

# Introductory Section



**DeMark Watson**  
Kindergarten



**Dominic Bartolone**  
Kindergarten



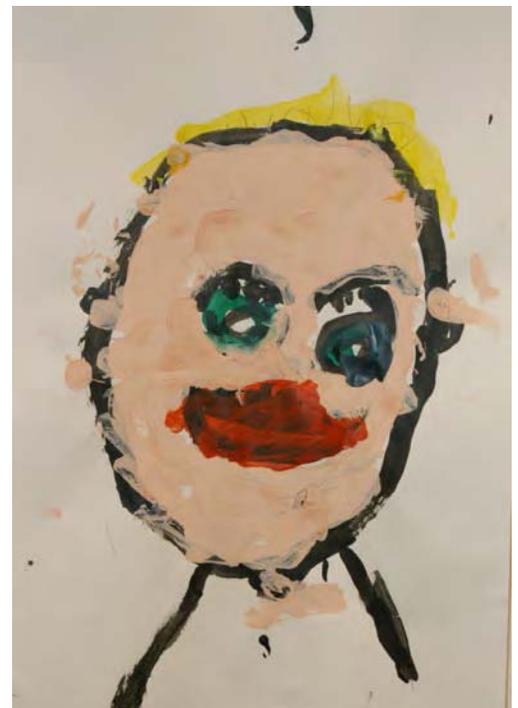
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Kindergarten



**Kyle Calabrese**  
Kindergarten



**Evan Frank**  
Kindergarten

KENSTON LOCAL SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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KENSTON LOCAL SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**Kenston  
Local Schools**

17419 Snyder Road  
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44023-2730  
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**Robert A. Lee, Ph.D.**  
*Superintendent*

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

**Linda M. Hein**  
*Treasurer*

January 14, 2005

**Board of Education Members  
Kenston Local School District**

We are pleased to submit to you the sixth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an opinion from the Auditor of the State of Ohio 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 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, Government Finance Officer's Association (GFOA) Certificate of Achievement, List of Principal Officials, and an Organizational Chart of the School District.
2. The Financial Section, which begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Purpose Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds by fund type, and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends, and the fiscal capacity of the Kenston Local School District.

## **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 District's were consolidated to form the present School District.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide services mandated by State and or Federal agencies.

## **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, the East Shore Regional Transportation System, and the Ohio School Boards Association Workers Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the combined financial statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the 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. The superintendent is an appointed Board of Directors member to the Chagrin Valley Chamber of Commerce.

While the School District is primarily residential in nature, there are several areas of commercial and industrial development. The commercial development exists primarily to serve the residents of the area. The industrial development is light manufacturing, while the School District partially includes Geauga Lake amusement park.

The 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. The trustees of both Auburn and Bainbridge Townships meet with the School District's leadership to seek input in the development of long range plans. The trustees of both townships are regular participants in the School District's Business Advisory Council.

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

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 2005. The Board put on the ballot a levy in November 2004, which was defeated by the voters.

Additional revenues from new commercial developments may extend the need for additional operating income past fiscal year 2005.

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature, to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's school foundation program which provided significant amounts of monetary support to the School District. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the thorough and efficient clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2001, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, ....the mandate of the [Ohio] Constitution has not been fulfilled. The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven ....major areas warrant further attention, study, and development by the General Assembly.... including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund,

which the Court found took the place of the unconstitutional emergency school loan assistance program. Further legislation was enacted which prompted yet another Supreme Court ruling. Note 20 details the latest ruling.

## **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. Computer labs are present in every building and computer instruction is offered to all students, grades K-12. 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 round six of the E-rate program.

The School District has utilized state and federal grant funds to implement both district and building level Professional Development. The School District continues to work endlessly in both assessing various student achievement indicators at all levels and targeting specific areas for annual improvement. The School District's vision and mission serve as a guide when coordinating a sustained training program that consistently meets the needs of each school. As a result of the School District's "Excellent" designation from the State of Ohio, a waiver day was able to be utilized to provide a full day of staff training in each of the buildings. This was followed up by two additional sustained training sessions in the targeted area for each building.

Literacy and the state standards served as the focus for the Early Learning Center and Gardiner Elementary School, curriculum pacing for Timmons Elementary School, the Middle School and the High School. The High School is also concentrating on teaching strategies that incorporate assessment, mirroring the type of assessment on the Ohio graduation test.

The Ohio Department of Education awarded a five year early literacy grant to the Kenston Early Learning Center. The literacy program is one of the first of its kind in Ohio. The Early Learning Center is presently in the second year of the five year grant. The Geauga County Educational Service Center is the fiscal agent for the fund.

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. The School District's Entry Year Program follows the Pathwise Domains guiding Best Practices in the classroom. All entry year teachers participating in the program in 2003-04 passed the Praxis III to progress toward Professional Licensure.

## **Future Projects**

The School District construction project, consisting of the following, will be completed by the summer of 2006.

- Build a new high school (9-12)
- Convert the existing high school to a middle school (6-8)
- Convert the existing middle school to an intermediate school (4-5) (which will not require new construction or remodeling)
- Use the existing Timmons Elementary School as an elementary school (1-3) (which will require additions to the existing structure)
- Convert the existing Gardiner Elementary School to a pre-kindergarten/kindergarten school

Following the passage of the November 2002 bond issue, the Board exchanged its Early Learning Center for approximately 62 acres of land owned by Bainbridge Township. The new high school will be built on that land. Pending construction of the new high school, and pending the renovation of Gardiner Elementary School to accommodate all programs and classes presently located at the Learning Center, the Early Learning Center is being leased from Bainbridge Township for nominal consideration.

## **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 fund level. 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 official's 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.

The School District works to provide intervention programs and assistance to all students needing academic support. Such support is offered through academic tutors and specialized instructional labs. Twelve advanced placement (AP) courses and 15 honors classes are available. The School District is accredited by the State of Ohio and has been awarded the National Blue Ribbon Schools award and recognized in Redbook Magazine as one of "America's Best High Schools". Over 90 percent of graduates continue their education at a college, university, or technical school.

### **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.

House Bill 55, the academic accountability legislation passed in the summer of 2003, resulted in the extraction of data from the EMIS database and the publication of a School District "Report Card". The School District met 22 of the 22 performance indicators for the 2003 report card, which classifies the School District as an "Excellent" school district for the third consecutive year. In addition, Kenston's performance index score was in the top ten in the State of Ohio.

## **Financial Condition**

This is the second year the School District has prepared financial statements following GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 creates basic financial statements for reporting on the School District's financial activities as follows:

***Government-wide financial statements*** - These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

***Fund financial statements*** - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

***Statements of budgetary comparisons*** - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District's finances for 2004 and the outlook for the future. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

***Financial Highlights - Internal Service Fund*** - The only internal service fund carried on the financial records of the School District is related to self-insurance. This fund accounts for the revenues and expenses related to the provision of dental and vision and medical benefits to School District employees. Effective fiscal year 1988, the School District implemented a medical self-insurance program. The internal service fund had a net asset deficit of \$6,607 at June 30, 2004, compared with net assets of \$484 at June 30, 2003, reflecting a net decrease in net assets of \$7,091.

***Financial Highlights - Fiduciary Funds*** - The trust fund carried on the financial records of the School District is a private purpose trust fund that has assets totaling \$326.

*Cash Management.* The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation, as well as investing available cash in instruments issued by the United States Treasury, Repurchase Agreements, certificates of deposit, Federal Home Loan bank note, and the State Treasury Asset Reserve of Ohio (STAROhio). The total amount of interest earned was \$394,505 for the year ended June 30, 2004, which was credited directly to the general fund, capital projects fund, debt service, food service, and auxiliary services. The program is beneficial because of access to daily balances which enables the Board of Education to maintain the minimum balance in its accounts and invest its assets.

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 105 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 School Boards Association Workers' Compensation Group Rating Program as described in Note 17.

*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 12 to the basic 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 Betty Montgomery, 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, 2004. 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

GFOA Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

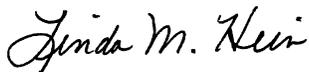
## Acknowledgments

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

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

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

Respectfully submitted,



Linda M. Hein  
Treasurer  
Kenston Local School District



Robert A. Lee, Ph.D.  
Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Kenston Local School District,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



*Nancy L. Zjelke*

President

*Jeffrey R. Enos*

Executive Director

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL OFFICIALS  
JUNE 30, 2004**

**BOARD OF EDUCATION**

Mr. Jerry Moreno  
Ms. Joan Hamilton  
Mr. Ralph Hastings  
Mr. Robert Applebaum

President  
Vice-President  
Member  
Member

**Treasurer**

Ms. Linda M. Hein

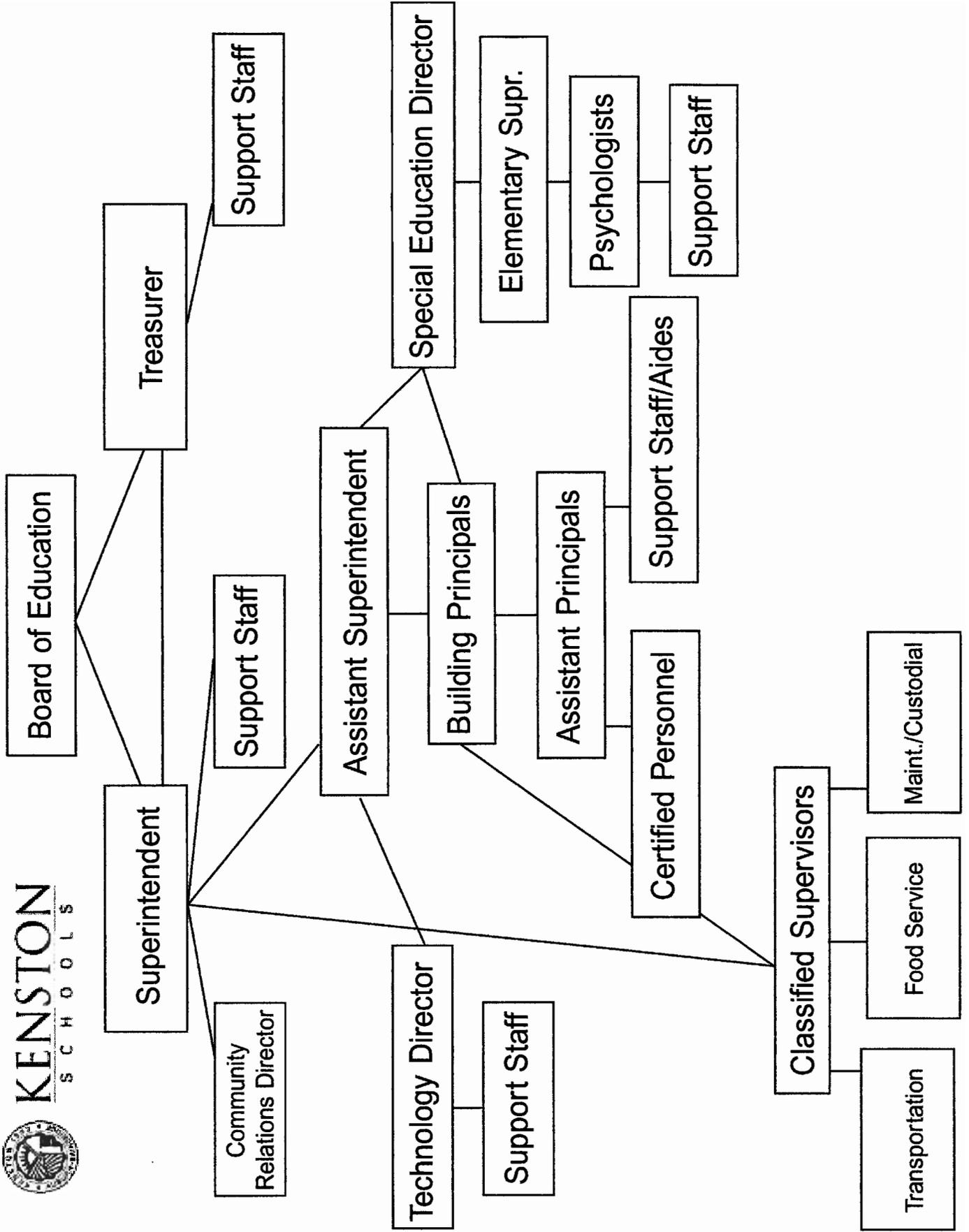
**Administration**

Dr. Robert A. Lee  
Mr. Daniel Keenan  
Ms. Rita Pressman

Superintendent  
Assistant Superintendent  
Director, Special Education



**KENSTON**  
S C H O O L S



# Financial Section



**Alex Fleming**  
Grade 2



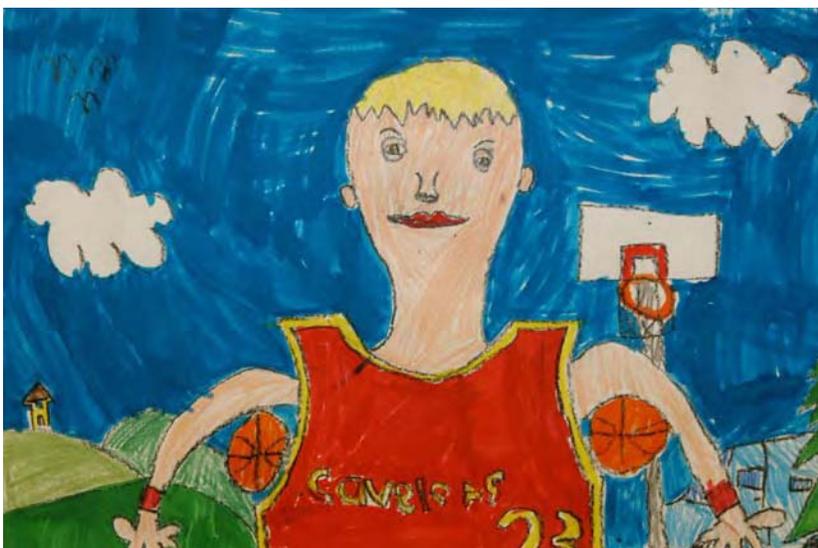
**Sam Gellen**  
Grade 3



**Kayla Korenowski**  
Grade 2



**Lauren Zucker**  
Grade 2



**Hunter Spires**  
Grade 3



**Max Pederson**  
Grade 2



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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



**Betty Montgomery**  
Auditor of State

January 14, 2005

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

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The discussion and analysis of the Kenston Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- In total, net assets increased \$104,410. Net assets of governmental activities increased \$97,857, which represents a 1 percent decrease from 2003. Net assets of business-type activities increased \$6,553 or 5 percent from 2003.
- General revenues accounted for \$29,034,434 in revenue or 88.9 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,634,484 or 11.1 percent of total revenues of \$32,668,918.
- Total assets of governmental activities decreased by \$2,735,346 as taxes receivable decreased by \$121,484, cash and investments decreased by \$4,377,335, and capital assets increased by \$1,716,120.
- The School District had \$31,381,902 in expenses related to governmental activities; only \$2,444,358 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$29,035,401 were adequate to provide for these programs.
- Among major funds, the general fund had \$26,586,297 in revenues and \$26,640,800 in expenditures. The general fund's fund balance declined to \$3,359,111 from \$3,510,450. The bond retirement fund decreased its fund balance to \$3,071,859 from \$3,181,198. Building improvement capital project fund decreased its fund balance to \$42,377,873 from \$44,946,655.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

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

***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets* and *all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

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

*Fund Financial Statements*

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

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

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

**Table 1 - Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003**	2004	2003**	2004	2003
<b>Assets</b>						
Current and Other Assets	\$ 70,038,540	\$ 74,490,006	\$ 203,233	\$ 171,490	\$ 70,241,773	\$ 74,661,496
Capital Assets	<u>15,679,252</u>	<u>13,963,132</u>	<u>57,742</u>	<u>70,711</u>	<u>15,736,994</u>	<u>14,033,843</u>
<b>Total Assets</b>	<u>85,717,792</u>	<u>88,453,138</u>	<u>260,975</u>	<u>242,201</u>	<u>85,978,767</u>	<u>88,695,339</u>
<b>Liabilities</b>						
Long-Term Liabilities	53,858,001	55,168,807	30,491	13,924	53,888,492	55,182,731
Other Liabilities	<u>20,924,162</u>	<u>22,446,559</u>	<u>97,541</u>	<u>101,887</u>	<u>21,021,703</u>	<u>22,548,446</u>
<b>Total Liabilities</b>	<u>74,782,163</u>	<u>77,615,366</u>	<u>128,032</u>	<u>115,811</u>	<u>74,910,195</u>	<u>77,731,177</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Debt	5,563,378	5,900,132	57,742	70,711	5,621,120	5,970,843
Restricted	3,231,875	3,403,546	0	0	3,231,875	3,403,546
Unrestricted (Deficit)	<u>2,140,376</u>	<u>1,534,094</u>	<u>75,201</u>	<u>55,679</u>	<u>2,215,577</u>	<u>1,589,773</u>
<b>Total Net Assets</b>	<u>\$10,935,629</u>	<u>\$10,837,772</u>	<u>\$ 132,943</u>	<u>\$ 126,390</u>	<u>\$11,068,572</u>	<u>\$10,964,162</u>

\*\* Capital assets were restated at 6/30/2003

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

Total assets decreased \$2,716,572. Equity in pooled cash and cash equivalents decreased \$4,359,010 due to expenses for construction projects. Capital assets increased \$1,703,151 due to construction of a new high school complex and major improvements.

The net assets of the School District's business-type activities increased by \$6,553 or 5 percent. Management increased fees, where feasible, to ensure that business-type activities remained self supporting.

Table 2 shows the changes in net assets for fiscal year 2004 and 2003.

**Table 2 - Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 933,017	\$ 270,996	\$ 1,104,788	\$ 979,118	\$ 2,037,805	\$ 1,250,114
Operating Grants and Contributions	1,451,082	1,157,840	85,338	69,651	1,536,420	1,227,491
Capital Grants and Contributions	60,259	312,218	0	0	60,259	312,218
General Revenues:						
Property and Other Taxes	22,278,691	20,077,830	0	0	22,278,691	20,077,830
Grants and Entitlements	7,002,579	6,772,184	0	0	7,002,579	6,772,184
Investment Earnings	(246,305)	903,723	2,228	1,195	(244,077)	904,918
Other	6,336	0	0	0	6,336	0
Loss on Sale of Capital Assets	(5,900)	0	(3,195)	0	(9,095)	0
<b>Total Revenues</b>	<u>31,479,759</u>	<u>29,494,791</u>	<u>1,189,159</u>	<u>1,049,964</u>	<u>32,668,918</u>	<u>30,544,755</u>
<b>Program Expenses</b>						
Instruction	15,792,309	15,260,968	0	0	15,792,309	15,260,968
Support Services:						
Pupil/Instructional Staff	2,893,806	2,714,421	0	0	2,893,806	2,714,421
Board of Education, Admin., Fiscal, and Business	3,515,978	3,056,240	0	0	3,515,978	3,056,240
Operation and Maintenance						
of Plant	3,251,788	3,187,029	0	0	3,251,788	3,187,029
Pupil Transportation	1,974,489	2,010,267	0	0	1,974,489	2,010,267
Central	117,910	23,029	0	0	117,910	23,029
Operation of Non-Instructional						
Services	84,727	129,766	0	0	84,727	129,766
Other	0	12,458	0	0	0	12,458
Extracurricular Activities	1,342,710	1,032,012	0	0	1,342,710	1,032,012
Interest and Fiscal Charge	2,408,185	1,185,659	0	0	2,408,185	1,185,659
Food Service	0	0	752,938	703,830	752,938	703,830
Uniform School Supplies	0	0	134,610	133,242	134,610	133,242
Kindergarten Fees	0	0	196,069	182,926	196,069	182,926
Special Rotary	0	0	98,989	125,216	98,989	125,216
<b>Total Program Expenses</b>	<u>31,381,902</u>	<u>28,611,849</u>	<u>1,182,606</u>	<u>1,145,214</u>	<u>32,564,508</u>	<u>29,757,063</u>
Increase (Decrease) in Net						
Assets before Transfers	97,857	882,942	6,553	(95,250)	104,410	787,692
Transfers	0	(4,550)	0	4,550	0	0
Increase (Decrease) in Net Assets	<u>\$ 97,857</u>	<u>\$ 878,392</u>	<u>\$ 6,553</u>	<u>\$ (90,700)</u>	<u>\$ 104,410</u>	<u>\$ 787,692</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

Total revenues increased \$2,124,163. Property taxes increased \$2,200,861 due to reevaluation of real property values, including new construction of the shopping area within District limits and collection of a 2.5 mill operating levy in the second half of fiscal year 2004.

Total expenses increased \$2,807,445. Instruction expenses increased \$531,341 due to increased salaries and benefits. Interest and fiscal charges increased \$1,222,526 due to the initial interest payment for the 2003 School Improvement Bonds of \$45,000,000 in 2004.

***Governmental Activities***

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 71 percent of revenues for governmental activities for the District in fiscal year 2004.

Instruction comprises 50 percent of governmental program expenses. Interest expense and fiscal charges were 7.7 percent. Interest expense and fiscal charges were attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2004 and 2003. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3 - Governmental Activities**

	Total Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
Instruction	\$ 15,792,309	\$ 15,260,968	\$ 14,835,503	\$ 14,652,736
Support Services:				
Pupil and Instructional Staff	2,893,806	2,714,421	2,853,912	2,316,352
Board of Education, Administration, Fiscal, and Business	3,515,978	3,056,240	3,502,570	2,878,325
Operation and Maintenance of Plant	3,251,788	3,187,029	3,251,788	3,187,029
Pupil Transportation	1,974,489	2,010,267	1,911,476	1,913,152
Central	117,910	23,029	117,910	22,529
Operation of Non-Instructional Service	84,727	129,766	42,846	91,441
Extracurricular Activities	1,342,710	1,032,012	684,491	611,114
Interest and Fiscal Charges	2,408,185	1,185,659	1,769,604	1,185,659
Other	0	12,458	(32,556)	12,458
<b>Total Expenses</b>	<u>\$ 31,381,902</u>	<u>\$ 28,611,849</u>	<u>\$ 28,937,544</u>	<u>\$ 26,870,795</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

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The dependence upon tax revenues for governmental activities is apparent. Over 94 percent of instruction activities are supported through taxes and other general revenues, for all governmental activities general revenue support is 92 percent. The community, as a whole, is by far the primary support for the School District's students.

***Business-Type Activities***

Business-type activities include adult/community education, the food service operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,189,159 and expenses of \$1,182,606 for fiscal year 2004. As discussed earlier, management continues to review these programs to ascertain if it would be feasible to increase or maintain fees to ensure that net assets do not decline in fiscal year 2005. The School District is also taking steps to reduce expenses. Business activities receive no support from tax revenues.

**The School District's Funds**

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,519,523 and expenditures of \$34,284,553. The net change in fund balance for the year in the general fund experienced a decline of \$151,339 due to an increase in salaries and personnel. In the building improvement fund, the net change in fund balance for the year decreased \$2,568,782 due to an increase of capital expenditures. The decrease in the net change in fund balance for the debt service fund, in the amount of \$109,339, was due to additional principal and interest payments.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2004, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was \$25,289,573, which was above original budget estimates of \$25,110,083. Of this \$179,490 difference, most was due to conservative tax, intergovernmental, and tuition estimates.

The original appropriations of \$28,363,228 were decreased to \$28,107,443. Pupil support services proved to be lower than anticipated in the original budget.

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2004, the School District had \$15,736,944 invested in land, buildings, improvements, vehicles, equipment, and construction in progress, \$15,679,252 in governmental activities. Table 4 shows fiscal 2004 balances compared to 2003:

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 125,211	\$ 125,211	\$ 0	\$ 0	\$ 125,211	\$ 125,211
Construction in Progress	2,546,374	351,896	0	0	2,546,374	351,896
Land and Buildings/ Improvements	11,094,497	11,333,375	0	0	11,094,497	11,333,375
Furniture and Equipment	766,539	865,128	57,742	70,711	824,281	935,839
Vehicles	1,146,631	1,287,522	0	0	1,146,631	1,287,522
	<u>\$15,679,252</u>	<u>\$13,963,132</u>	<u>\$ 57,742</u>	<u>\$ 70,711</u>	<u>\$15,736,994</u>	<u>\$14,033,843</u>

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

For fiscal year 2003, a change in Ohio law allows school districts to take the student population times the prior year's base cost per pupil times 3 percent to determine the amount to set aside for textbooks and capital improvements. For fiscal year 2004, this amounted to \$451,714 for each set aside. For fiscal year 2004, the School District had qualifying disbursements or offsets exceeding these requirements.

As of June 30, 2004, the School District has contractual commitments for construction of a new high school complex and major renovations of other school buildings. The balance outstanding on these contracts is \$2,635,189.

See Note 10 for additional information on capital assets.

***Debt***

At June 30, 2004, the District had \$51,749,500 in bonds outstanding, \$923,500 due within one year. Table 5 summarizes bonds and notes outstanding.

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

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

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
1986 General Obligation Bonds	\$ 1,025,000	\$ 1,230,000
GES Septic System	94,500	108,000
2003 School Improvement Bonds	44,180,000	45,000,000
2003 School Improvement Refunding Bonds	<u>6,450,000</u>	<u>6,725,000</u>
<b>Total Long-Term Bonds</b>	<b><u>\$51,749,500</u></b>	<b><u>\$53,063,000</u></b>

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

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

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

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

At June 30, 2004, the School District's overall voted legal debt margin was \$8,606,981 with an unvoted debt margin of \$636,496.

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

**Current Issues**

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

**KENSTON LOCAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**for the Fiscal Year Ended June 30, 2004**  
**Unaudited**

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

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

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

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Linda Hein, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44203 or e-mail at [Ke\\_Hein@lgca.org](mailto:Ke_Hein@lgca.org).

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 49,392,574	\$ 178,145	\$ 49,570,719
Accrued Interest Receivable	14,672	0	14,672
Accounts Receivable	2,786	14,535	17,321
Intergovernmental Receivable	112,722	0	112,722
Materials and Supplies Inventory	95,201	10,553	105,754
Taxes Receivable	20,342,312	0	20,342,312
Deferred Charges	78,273	0	78,273
Nondepreciable Capital Assets	2,671,585	0	2,671,585
Depreciable Capital Assets, Net	<u>13,007,667</u>	<u>57,742</u>	<u>13,065,409</u>
<b>Total Assets</b>	<u>85,717,792</u>	<u>260,975</u>	<u>85,978,767</u>
<b><u>Liabilities</u></b>			
Accounts Payable	33,529	104	33,633
Contracts Payable	70,605	0	70,605
Accrued Wages	2,378,919	59,089	2,438,008
Intergovernmental Payable	765,087	38,348	803,435
Deferred Revenue	16,690,840	0	16,690,840
Accrued Interest Payable	190,183	0	190,183
Claims Payable	602,047	0	602,047
Deferred Credits	192,952	0	192,952
Long-Term Liabilities:			
Due Within One Year	1,648,540	24,438	1,672,978
Due In More Than One Year	<u>52,209,461</u>	<u>6,053</u>	<u>52,215,514</u>
<b>Total Liabilities</b>	<u>74,782,163</u>	<u>128,032</u>	<u>74,910,195</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	5,563,378	57,742	5,621,120
Restricted for:			
Debt Service	3,012,684	0	3,012,684
Other Purposes	116,083	0	116,083
Set-Aside	103,108	0	103,108
Unrestricted (Deficit)	<u>2,140,376</u>	<u>75,201</u>	<u>2,215,577</u>
<b>Total Net Assets</b>	<u>\$ 10,935,629</u>	<u>\$ 132,943</u>	<u>\$ 11,068,572</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$ 12,660,016	\$ 204,482	\$ 741,124	\$ 0	\$ (11,714,410)	\$ 0	\$ (11,714,410)
Special	2,993,982	0	11,200	0	(2,982,782)	0	(2,982,782)
Vocational	87,691	0	0	0	(87,691)	0	(87,691)
Other	50,620	0	0	0	(50,620)	0	(50,620)
Support Services:							
Pupil	2,000,613	0	12,606	20,376	(1,967,631)	0	(1,967,631)
Instructional Staff	893,193	0	6,912	0	(886,281)	0	(886,281)
Board of Education	59,496	0	0	0	(59,496)	0	(59,496)
Administration	2,548,908	13,408	0	0	(2,535,500)	0	(2,535,500)
Fiscal	866,883	0	0	0	(866,883)	0	(866,883)
Business	40,691	0	0	0	(40,691)	0	(40,691)
Operation and Maintenance of Plant	3,251,788	0	0	0	(3,251,788)	0	(3,251,788)
Pupil Transportation	1,974,489	63,013	0	0	(1,911,476)	0	(1,911,476)
Central	117,910	0	0	0	(117,910)	0	(117,910)
Operation of Non-Instructional Services							
Extracurricular Activities	84,727	41,881	0	0	(42,846)	0	(42,846)
Interest and Fiscal Charges	1,342,710	577,677	40,659	39,883	(684,491)	0	(684,491)
Other	2,408,185	0	638,581	0	(1,769,604)	0	(1,769,604)
	<u>0</u>	<u>32,556</u>	<u>0</u>	<u>0</u>	<u>32,556</u>	<u>0</u>	<u>32,556</u>
<b>Total Governmental Activities</b>	<u>31,381,902</u>	<u>933,017</u>	<u>1,451,082</u>	<u>60,259</u>	<u>(28,937,544)</u>	<u>0</u>	<u>(28,937,544)</u>
<b>Business-Type Activities</b>							
Food Service	752,938	648,239	85,338	0	0	(19,361)	(19,361)
Uniform School Supplies	134,610	144,148	0	0	0	9,538	9,538
Kindergarten Fees	196,069	198,740	0	0	0	2,671	2,671
Special Rotary	98,989	113,661	0	0	0	14,672	14,672
<b>Total Business-Type Activities</b>	<u>1,182,606</u>	<u>1,104,788</u>	<u>85,338</u>	<u>0</u>	<u>0</u>	<u>7,520</u>	<u>7,520</u>
<b>Totals</b>	<u>\$ 32,564,508</u>	<u>\$ 2,037,805</u>	<u>\$ 1,536,420</u>	<u>\$ 60,259</u>	<u>(28,937,544)</u>	<u>7,520</u>	<u>(28,930,024)</u>
<b>General Revenues and Transfers</b>							
Property Taxes Levied for:							
General Purposes					19,127,964	0	19,127,964
Debt Service					3,149,913	0	3,149,913
Other Taxes					814	0	814
Grants and Entitlements not Restricted to Specific Programs							
Investment Earnings					7,002,579	0	7,002,579
Loss on Sale of Capital Assets					(246,305)	2,228	(244,077)
Miscellaneous					(5,900)	(3,195)	(9,095)
					<u>6,336</u>	<u>0</u>	<u>6,336</u>
<b>Total General Revenues and Transfers</b>					<u>29,035,401</u>	<u>(967)</u>	<u>29,034,434</u>
Change in Net Assets					97,857	6,553	104,410
Net Assets Beginning of Year, as Restated					<u>10,837,772</u>	<u>126,390</u>	<u>10,964,162</u>
<b>Net Assets End of Year</b>					<u>\$ 10,935,629</u>	<u>\$ 132,943</u>	<u>\$ 11,068,572</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2004**

	General	Building Improvement	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 3,416,514	\$ 42,449,873	\$ 2,527,064	\$ 300,578	\$48,694,029
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	103,108	0	0	0	103,108
Investments	0	0	0	0	0
Receivables:					
Taxes	17,135,077	0	3,207,235	0	20,342,312
Accounts	2,786	0	0	0	2,786
Intergovernmental	66,304	0	0	46,418	112,722
Accrued Interest	14,672	0	0	0	14,672
Materials and Supplies Inventory	95,201	0	0	0	95,201
<b>Total Assets</b>	<u>\$20,833,662</u>	<u>\$ 42,449,873</u>	<u>\$ 5,734,299</u>	<u>\$ 346,996</u>	<u>\$69,364,830</u>
<b>Liabilities and Fund Balances</b>					
<u>Liabilities</u>					
Accounts Payable	\$ 20,320	\$ 1,395	\$ 0	\$ 11,814	\$ 33,529
Contracts Payable	0	70,605	0	0	70,605
Accrued Wages	2,377,894	0	0	1,025	2,378,919
Compensated Absences Payable	173,452	0	0	0	173,452
Intergovernmental Payable	494,379	0	0	4,727	499,106
Deferred Revenue	<u>14,408,506</u>	<u>0</u>	<u>2,662,440</u>	<u>0</u>	<u>17,070,946</u>
Total Liabilities	<u>17,474,551</u>	<u>72,000</u>	<u>2,662,440</u>	<u>17,566</u>	<u>20,226,557</u>
<u>Fund Balances</u>					
Reserved for:					
Budget Stabilization	103,108	0	0	0	103,108
Taxes	2,726,571	0	544,795	0	3,271,366
Encumbrances	1,301,306	2,559,597	0	75,321	3,936,224
Unreserved, Undesignated, Reported in:					
General Fund	(771,874)	0	0	0	(771,874)
Special Revenue Funds	0	0	0	225,226	225,226
Debt Service Funds	0	0	2,527,064	0	2,527,064
Capital Projects Funds	<u>0</u>	<u>39,818,276</u>	<u>0</u>	<u>28,883</u>	<u>39,847,159</u>
Total Fund Balances	<u>3,359,111</u>	<u>42,377,873</u>	<u>3,071,859</u>	<u>329,430</u>	<u>49,138,273</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$20,833,662</u>	<u>\$42,449,873</u>	<u>\$ 5,734,299</u>	<u>\$ 346,996</u>	<u>\$69,364,830</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004**

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**Total Governmental Fund Balances** \$ 49,138,273

*Amounts Reported for Governmental Activities in the  
statement of net assets are different because:*

Capital Assets used in governmental activities are not functional  
resources and therefore are not reported in the funds. 15,679,252

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

Property Tax	380,106	
Total		380,106

An internal service fund is used by management to charge the costs  
of insurance to individual funds. The assets and liabilities of the  
internal service fund are included in governmental activities in the  
in the statement of net assets. (6,607)

Bond premium on the refunding issuance in governmental activities  
is deferred and to be amortized over the life of the new issuance. (192,952)

Loss on early retirement of bond in governmental activities is deferred  
and to be amortized over the remaining life of the refunded bond. 78,273

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

General Obligation Bonds	(51,749,500)	
Compensated Absences	(1,935,052)	
Intergovernmental Payable	(265,981)	
Accrued Interest Payable	(190,183)	
Total		(54,140,716)

**Net Assets of Governmental Activities** \$ 10,935,629

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General	Building Improvement	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 18,940,418	\$ 0	\$ 3,387,062	\$ 0	\$ 22,327,480
Intergovernmental	6,631,397	0	402,103	775,874	7,809,374
Tuition and Fees	148,588	0	0	0	148,588
Transportation Fees	63,013	0	0	0	63,013
Earnings on Investments	733,943	(341,716)	0	50	392,277
Extracurricular Activities	0	0	0	648,218	648,218
Miscellaneous	68,938	0	0	61,635	130,573
<b>Total Revenues</b>	<u>26,586,297</u>	<u>(341,716)</u>	<u>3,789,165</u>	<u>1,485,777</u>	<u>31,519,523</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	12,379,565	0	0	202,413	12,581,978
Special	2,768,600	0	0	147,402	2,916,002
Vocational	103,612	0	0	0	103,612
Other	50,620	0	0	0	50,620
Support Services:					
Pupil	1,698,301	0	0	282,119	1,980,420
Instructional Staff	820,284	0	0	17,994	838,278
Board of Education	105,542	0	0	0	105,542
Administrative	2,235,439	0	0	189,909	2,425,348
Fiscal Services	815,008	0	58,184	347	873,539
Business	37,745	39,851	0	0	77,596
Operation and Maintenance of					
Plant Services	3,060,599	111,596	0	530	3,172,725
Pupil Transportation	1,856,084	0	0	624	1,856,708
Central	5,968	570,000	0	0	575,968
Operation of Non-Instructional Services:					
Community Services	98,198	0	0	360	98,558
Other	18,821	0	0	0	18,821
Extracurricular Activities	566,703	0	0	676,485	1,243,188
Capital Outlay	0	1,505,619	0	0	1,505,619
Debt Service:					
Principal Retirement	13,500	0	1,300,000	0	1,313,500
Interest and Fiscal Charges	6,211	0	2,540,320	0	2,546,531
<b>Total Expenditures</b>	<u>26,640,800</u>	<u>2,227,066</u>	<u>3,898,504</u>	<u>1,518,183</u>	<u>34,284,553</u>
Excess of Revenues Over (Under) Expenditures	<u>(54,503)</u>	<u>(2,568,782)</u>	<u>(109,339)</u>	<u>(32,406)</u>	<u>(2,765,030)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Assets	149	0	0	0	149
Transfers In	0	0	0	96,985	96,985
Transfers Out	(96,985)	0	0	0	(96,985)
<b>Total Other Financing Sources (Uses)</b>	<u>(96,836)</u>	<u>0</u>	<u>0</u>	<u>96,985</u>	<u>149</u>
Net Change in Fund Balances	<u>(151,339)</u>	<u>(2,568,782)</u>	<u>(109,339)</u>	<u>64,579</u>	<u>(2,764,881)</u>
Fund Balances Beginning of Year	<u>3,510,450</u>	<u>44,946,655</u>	<u>3,181,198</u>	<u>264,851</u>	<u>51,903,154</u>
<b>Fund Balances End of Year</b>	<u>\$ 3,359,111</u>	<u>\$ 42,377,873</u>	<u>\$ 3,071,859</u>	<u>\$ 329,430</u>	<u>\$ 49,138,273</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**Net Change in Fund Balances - Total Governmental Funds** \$(2,764,881)

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

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

Capital Additions	\$ 2,800,240	
Current Year Depreciation	<u>(1,078,220)</u>	
Total		1,722,020

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

Gain (Loss) on Disposal of Capital Assets	<u>(5,900)</u>	
Total		(5,900)

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

Taxes	<u>(48,790)</u>	
Total		(48,790)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,313,500

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditures is reported when due. 30,140

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

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

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

Intergovernmental Payable	(9,002)	
Compensated Absences Payable	<u>(133,969)</u>	
Total		(142,971)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities (7,091)

**Change in Net Assets of Governmental Activities** \$ 97,857

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes	\$17,010,145	\$17,707,995	\$17,707,995	\$ 0
Intergovernmental	7,228,229	6,647,325	6,629,639	(17,686)
Earnings on Investments	130,120	148,588	148,588	0
Tuition and Fees	58,000	63,013	63,013	0
Transportation Fees	598,089	649,967	733,368	83,401
Miscellaneous	<u>85,500</u>	<u>72,685</u>	<u>72,685</u>	<u>0</u>
<b>Total Revenues</b>	<u>25,110,083</u>	<u>25,289,573</u>	<u>25,355,288</u>	<u>65,715</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular	12,853,312	12,739,222	12,739,222	0
Special	3,000,812	3,211,738	3,211,738	0
Vocational Education	114,800	113,927	113,927	0
Other	65,600	50,620	50,620	0
Support Services:				
Pupils	2,010,077	1,754,608	1,754,608	0
Instructional Staff	945,811	935,232	935,232	0
Board of Education	162,225	136,263	136,263	0
Administration	2,401,452	2,327,519	2,327,519	0
Fiscal Services	831,489	859,105	859,105	0
Business	40,950	37,576	37,576	0
Operation and Maintenance of				
Plant Services	3,158,311	3,263,833	3,263,833	0
Pupil Transportation	1,985,801	1,942,207	1,942,207	0
Central Services	8,673	8,248	8,248	0
Operation of Non-Instructional Services:				
Community Services	124,331	121,783	121,783	0
Other	16,350	16,615	16,615	0
Extracurricular Activities:				
Academic-Subject Oriented	163,400	150,246	150,246	0
Sports-Oriented	436,713	418,990	418,990	0
Capital Outlay:				
Other Facility Acquisition and Construction	23,121	0	0	0
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	<u>6,500</u>	<u>6,211</u>	<u>6,211</u>	<u>0</u>
<b>Total Expenditures</b>	<u>28,363,228</u>	<u>28,107,443</u>	<u>28,107,443</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(3,253,145)</u>	<u>(2,817,870)</u>	<u>(2,752,155)</u>	<u>65,715</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from Sale of Assets	200	149	149	0
Refund of Prior Year Expenditures	11,000	11,032	11,032	0
Transfers Out	<u>(96,985)</u>	<u>(96,985)</u>	<u>(96,985)</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(85,785)</u>	<u>(85,804)</u>	<u>(85,804)</u>	<u>0</u>
Net Change in Fund Balance	(3,338,930)	(2,903,674)	(2,837,959)	65,715
Fund Balance at Beginning of Year	3,960,740	3,960,740	3,960,740	0
Prior Year Encumbrances Appropriated	<u>1,075,213</u>	<u>1,075,213</u>	<u>1,075,213</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,697,023</u>	<u>\$ 2,132,279</u>	<u>\$ 2,197,994</u>	<u>\$ 65,715</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<b><u>Assets</u></b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 178,145	\$ 595,440
Receivables:		
Accounts	14,535	0
Materials and Supplies Inventory	<u>10,553</u>	<u>0</u>
Total Current Assets	203,233	595,440
Capital Assets (Net of Depreciation)	<u>57,742</u>	<u>0</u>
<b>Total Assets</b>	<u>260,975</u>	<u>595,440</u>
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accounts Payable	104	0
Accrued Wages	59,089	0
Intergovernmental Payable	38,348	0
Claims Payable	0	602,047
Compensated Absences Payable	<u>24,438</u>	<u>0</u>
Total Current Liabilities	121,979	602,047
Long-Term Liabilities:		
Compensated Absences Payable	<u>6,053</u>	<u>0</u>
<b>Total Liabilities</b>	<u>128,032</u>	<u>602,047</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets	57,742	0
Unrestricted (Deficit)	<u>75,201</u>	<u>(6,607)</u>
<b>Total Net Assets (Deficit)</b>	<u>\$ 132,943</u>	<u>\$ (6,607)</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<b><u>Operating Revenues</u></b>		
Tuition	\$ 310,226	\$ 0
Food Services	635,681	0
Extracurricular Activities	2,175	0
Classroom Materials and Fees	144,148	0
Charges for Services	12,558	0
Miscellaneous	<u>0</u>	<u>2,659,482</u>
<b>Total Operating Revenues</b>	<b><u>1,104,788</u></b>	<b><u>2,659,482</u></b>
<b><u>Operating Expenses</u></b>		
Salaries and Wages	472,870	0
Fringe Benefits	136,868	0
Claims	0	2,666,573
Purchased Services	402,138	0
Supplies and Materials	159,973	0
Depreciation	9,774	0
Capital Outlay	<u>983</u>	<u>0</u>
<b>Total Operating Expenses</b>	<b><u>1,182,606</u></b>	<b><u>2,666,573</u></b>
Operating Income (Loss)	<u>(77,818)</u>	<u>(7,091)</u>
<b><u>Non-Operating Revenues</u></b>		
Earnings on Investments	2,228	0
Operating Grants	61,261	0
Donated Commodities	24,077	0
Loss on Sale of Assets	<u>(3,195)</u>	<u>0</u>
<b>Total Non-Operating Revenues</b>	<b><u>84,371</u></b>	<b><u>0</u></b>
Changes in Net Assets	6,553	(7,091)
Net Assets (Deficit) Beginning of Year, Restated	<u>126,390</u>	<u>484</u>
<b>Net Assets (Deficit) End of Year</b>	<b><u>\$ 132,943</u></b>	<b><u>\$ (6,607)</u></b>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 1,090,733	\$ 2,659,482
Cash Payments for Goods and Services	(565,913)	0
Cash Payments to Employees for Services	(456,646)	0
Cash Payments for Employee Benefits	(136,432)	0
Cash Payments for Other Operating Expenses	<u>(983)</u>	<u>(2,557,761)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(69,241)</u>	<u>101,721</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Operating Grants Received	<u>85,338</u>	<u>0</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>85,338</u>	<u>0</u>
<b><u>Cash Flows Provided by Investing Activities</u></b>		
Earnings on Investments	<u>2,228</u>	<u>0</u>
<b>Net Cash Provided by Investing Activities</b>	<u>2,228</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	18,325	101,721
Cash and Cash Equivalents Beginning of Year	<u>159,820</u>	<u>493,719</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 178,145</u>	<u>\$ 595,440</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>		
Operating Income (Loss)	\$ (77,818)	\$ (7,091)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	9,774	0
Increase (Decrease) in Assets:		
Accounts Receivable	(14,055)	0
Materials and Supplies Inventory	637	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,135)	(2,195)
Accrued Salaries and Benefits Payable	(14,440)	0
Intergovernmental Payable	14,229	0
Compensated Absences Payable	16,567	0
Claims Payable	<u>0</u>	<u>111,007</u>
Total Adjustments	<u>8,577</u>	<u>108,812</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (69,241)</u>	<u>\$ 101,721</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2004**

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	Private Purpose Trust <u>Scholarship</u>	<u>Agency</u>
<b><u>Assets</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$ 326	\$ 70,903
<b><u>Liabilities</u></b>		
Due to Students	0	70,903
<b><u>Net Assets</u></b>		
Unreserved, Undesignated	326	0
<b>Total Net Assets</b>	<b><u>\$ 326</u></b>	<b><u>\$ 0</u></b>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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	Private Purpose Trust <u>Scholarship</u>
Additions	\$ 9,347
Deductions	<u>(9,158)</u>
Change in Net Assets	189
Net Assets Beginning of Year	<u>137</u>
<b>Net Assets End of Year</b>	<b><u>\$ 326</u></b>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Kenston Local School District (the “School District”) operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the School District’s 5 instructional support facilities staffed by 193 non-certificated employees and 243 certificated full-time teaching personnel that provide services to 3,123 students and other community members.

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

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

**Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (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 reporting entity of the School District has no component units.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

**Reporting Entity** (Continued)

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Workers' Compensation Group Rating Plan. The organization is presented in Note 17 to the basic financial statements. The School District is also associated with five jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools' Council Association, and the East Shore Regional Transportation System. These organizations are presented in Note 18 to the basic financial statements.

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

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

A. **Basis of Presentation**

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

**Government-wide Financial Statements**

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

***Government-wide Financial Statements*** (Continued)

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

***Fund Financial Statements***

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

The trust fund is reported using the economic resources measurement focus.

B. **Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories of governmental, proprietary, and fiduciary.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

B. **Fund Accounting** (Continued)

**Governmental Funds**

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

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

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

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

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

**Proprietary Funds**

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

**Enterprise Funds**

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

**B. Fund Accounting** (Continued)

*Internal Service Fund*

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

*Fiduciary Funds*

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

**C. Measurement Focus**

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

C. **Measurement Focus** (Continued)

*Fund Financial Statements* (Continued)

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

The private purpose trust fund is reported using the economic resources measurement focus.

D. **Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

*Revenues - Exchange and Non-exchange Transactions* (Continued)

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

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

*Deferred Revenue*

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

*Expenditures/Expenses*

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

*Expenditures/Expenses* (Continued)

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

E. **Cash and Cash Equivalents**

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

During fiscal year 2004, investments were limited to repurchase agreements, U.S. Treasury notes, Federal Home Loan Bank note, certificates of deposit, and STAROhio. Except for STAROhio and U.S. Treasury notes with maturities of more than one year, investments are reported at cost since they are either non-negotiable certificates of deposit, or repurchase agreements with maturity of one year or less. STAROhio and U.S. Treasury notes are reported at fair value, which is based on guaranteed market price.

STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2004.

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 2004 amounted to \$733,943, which includes \$673,054 assigned from other School District funds. During the year, the School District moved investments from the building improvement fund to the general fund. This resulted in negative interest revenue in the building improvement fund because investments were not available to offset the prior year adjustment for fair market value in accordance with GASB Statement No. 31.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

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

F. **Restricted Assets**

Assets are reported as restricted items when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount remaining in the budget stabilization set aside.

G. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. **Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are consumed. Inventories of proprietary funds consists of donated food, purchased food, and school supplies held for resale, and are expensed when used.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

**I. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets utilized by proprietary funds are not capitalized. The School District does not possess any infrastructure.

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

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

**J. Interfund Balances**

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, 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 noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

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

M. **Fund Balance Reserves and Designations**

The School District records reservations for portions of fund 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, property taxes, 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. The reserve for budget stabilization represents monies that previously were required to be set aside by State statute to protect against cyclical changes in revenue expenditures.

N. **Net Assets**

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

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

O. **Operating Revenues and Expenses**

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

**P. Interfund Activity**

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

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

**Q. Estimates**

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

**R. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications are made by Board resolution.

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

*Tax Budget*

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

R. **Budgetary Data** (Continued)

*Tax Budget* (Continued)

all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Geauga County Budget Commission for rate determination.

*Estimated Resources*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

*Appropriations*

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

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

R. **Budgetary Data** (Continued)

*Appropriations* (Continued)

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

*Encumbrances*

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

*Lapsing of Appropriations*

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

NOTE 3: **RESTATEMENT OF PRIOR YEAR NET ASSETS**

Net assets of governmental activities and business-type activities were restated as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Net Assets, June 30, 2003	\$ 11,393,737	\$ 126,059
Restatement Adjustment:		
Capital Assets	(555,965)	331
Net Assets, June 30, 2003, as Restated	<u>\$ 10,837,772</u>	<u>\$ 126,390</u>

Capital assets have been restated due to an increase in the School District's capitalization threshold from \$500 to \$1,000.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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**NOTE 4: FUND DEFICITS**

Fund balances at June 30, 2004 included the following individual fund deficits:

Fund	
Special Revenue:	
Entry Year Teachers	\$ 50
Miscellaneous Federal Grants	15
Enterprise Fund:	
Adult Education	21,375
Internal Service	6,607

The fund deficits in the special revenue funds and internal service fund resulted from 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.

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

**NOTE 5: BUDGETARY BASIS OF ACCOUNTING**

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balances (GAAP) basis.

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

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

Net Change in Fund Balance - General Fund	
GAAP Basis	\$ (151,339)
Net Adjustments for Revenue Accruals	(1,219,977)
Net Adjustments for Expenditure Accruals	(145,017)
Adjustments for Encumbrances	<u>(1,321,626)</u>
Budget Basis	<u><u>\$(2,837,959)</u></u>

NOTE 6: **DEPOSITS AND INVESTMENTS**

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

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

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

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

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.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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 School 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 \$752 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".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*.

*Deposits*

At June 30, 2004, the carrying amount of the School District's deposits was \$2,278,963 and the bank balance was \$2,467,289. Of the bank balance, \$300,000 was covered by Federal Depository Insurance and \$2,167,289 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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

*Investments* (Continued)

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 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$ 0	\$ 43,250,127	\$ 43,250,127	\$ 43,250,127
Federal Home Loan Bank Note	311,223	0	311,223	311,223
Repurchase Agreement	<u>0</u>	<u>638,341</u>	<u>638,341</u>	<u>638,341</u>
	<u>\$ 311,223</u>	<u>\$ 43,888,468</u>	44,199,691	44,199,691
STAROhio (Uncategorized)			<u>3,162,542</u>	<u>3,162,542</u>
Totals			<u>\$47,362,233</u>	<u>\$47,362,233</u>

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:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 49,641,948	\$ 0
Petty Cash	(752)	0
Investments:		
U.S. Treasury Notes	(43,250,127)	43,250,127
Federal Home Loan Bank Note	(311,223)	311,223
Repurchase Agreement	(638,341)	638,341
STAROhio	<u>(3,162,542)</u>	<u>3,162,542</u>
GASB Statement No. 3	<u>\$ 2,278,963</u>	<u>\$ 47,362,233</u>

NOTE 7: **PROPERTY TAXES**

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

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are paid annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004 are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$2,726,571 in the general fund and \$544,795 in the debt service fund. The amount available as an advance at June 30, 2003 was \$1,494,148 in the general fund and \$307,646 in the debt service fund. The difference is in the timing and collection by the County Auditor and the new operating levy.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<u>2003 Second Half Collections</u>		<u>2004 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 562,355,940	92.45%	\$ 591,845,980	92.99%
Public Utility	11,826,340	1.94%	12,554,160	1.97%
Tangible Personal Property	<u>34,081,610</u>	<u>5.61%</u>	<u>32,095,660</u>	<u>5.04%</u>
Total Assessed Value	<u>\$ 608,263,890</u>	<u>100.00%</u>	<u>\$ 636,495,800</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 79.80		\$ 79.80	

The School District passed a 2.5 operating levy in November 2002. The collection of tax revenue from this levy began in the second half of fiscal year 2004.

**NOTE 8: RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. The School District had \$112,722 in intergovernmental receivables.

**NOTE 9: CONTRACTUAL COMMITMENTS**

As of June 30, 2004, Kenston Local School District had \$2,635,189 in contractual commitments for preliminary work to prepare for construction of a new high school complex and major renovations of existing school buildings.

**KENSTON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**  
**(CONTINUED)**

**NOTE 10: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

	Balance at 6/30/03 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance at 6/30/04
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 125,211	\$ 0	\$ 0	\$ 125,211
Construction in Progress	<u>351,896</u>	<u>2,194,478</u>	<u>0</u>	<u>2,546,374</u>
<i>Total Capital Assets, not being depreciated</i>	<u>477,107</u>	<u>2,194,478</u>	<u>0</u>	<u>2,671,585</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	759,398	290,179	0	1,049,577
Buildings and Improvements	17,901,300	0	0	17,901,300
Furniture and Equipment	3,394,203	169,926	(116,389)	3,447,740
Vehicles	<u>2,747,317</u>	<u>145,657</u>	<u>(71,760)</u>	<u>2,821,214</u>
<i>Total Capital Assets, being depreciated</i>	<u>24,802,218</u>	<u>605,762</u>	<u>(188,149)</u>	<u>25,219,831</u>
Less Accumulated Depreciation:				
Land Improvements	(655,986)	(62,330)	0	(718,316)
Buildings and Improvements	(6,671,337)	(466,727)	0	(7,138,064)
Furniture and Equipment	(2,529,075)	(262,617)	110,491	(2,681,201)
Vehicles	<u>(1,459,795)</u>	<u>(286,546)</u>	<u>71,758</u>	<u>(1,674,583)</u>
Total Accumulated Depreciation	<u>(11,316,193)</u>	<u>(1,078,220)</u>	<u>182,249</u>	<u>(12,212,164)</u>
<i>Total Capital Assets being depreciated, net, Restated</i>	<u>13,486,025</u>	<u>(472,458)</u>	<u>(5,900)</u>	<u>13,007,667</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 13,963,132</u>	<u>\$ 1,722,020</u>	<u>\$ (5,900)</u>	<u>\$ 15,679,252</u>
<b>Business-Type Activities</b>				
Furniture and Equipment	\$ 438,155	\$ 0	\$ (9,582)	\$ 428,573
Less Accumulated Depreciation	<u>(367,444)</u>	<u>(9,774)</u>	<u>6,387</u>	<u>(370,831)</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 70,711</u>	<u>\$ (9,774)</u>	<u>\$ (3,195)</u>	<u>\$ 57,742</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 427,682
Special		7,229
Support Services:		
Pupil		4,596
Instructional Staff		56,703
Administration		15,686
Fiscal		5,814
Operation and Maintenance of Plant		264,411
Pupil Transportation		278,923
Extracurricular Activities		17,176
Total Depreciation Expense		<u>\$ 1,078,220</u>

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

**NOTE 11: RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2004, the School District contracted with Midwestern Indemnity Insurance Company for fleet, property, liability, commercial crime insurance, boiler and machinery, inland marine, and crime through the Ohio Schools' Council, and Traveler's Insurance for bonding of the Treasurer, the Board President, and the Superintendent.

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Midwestern Indemnity Co.	Building and Contents, Boiler and Machinery, Inland Marine, and Crime/Public Employee Dishonesty Bond	\$ 50,500,167
Midwestern Indemnity Co.	Commercial General Liability	1,000,000 2,000,000 in aggregate
Consolidated Insurance Co.	Comprehensive	
	Auto liability	1,000,000 limit
	Uninsured motorists	50,000
	Medical payments	5,000
	Collision	Actual cash value
	Other than collision	Actual cash value
Midwestern Indemnity	Umbrella Form	
	Each occurrence	3,000,000
	In aggregate	3,000,000
Traveler's Insurance	Bond - Treasurer	100,000
Traveler's Insurance	Bond - Board President and Superintendent	50,000 each
Midwestern Indemnity Co.	Commercial Crime Coverage	5,000
Midwestern Indemnity Co.	Employee Benefit Liability	1,000,000 each
	Lender's Errors and Omissions Liability	1,000,000 aggregate

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

**B. Workers' Compensation**

For fiscal year 2004, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

**B. Workers' Compensation** (Continued)

individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the GRP. Each year the School District pays an enrollment fee to the Plan to cover costs of administering the program.

**C. Employee Insurance Benefits**

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly payments are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$602,047 reported in the internal service fund at June 30, 2004 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses (GASB 30). Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2002	\$ 237,810	\$ 1,629,295	\$ (1,524,167)	\$ 342,938
2003	\$ 342,938	\$ 1,752,506	\$ (1,604,404)	\$ 491,040
2004	\$ 491,040	\$ 1,894,117	\$ (1,783,110)	\$ 602,047

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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**NOTE 12: DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 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 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$399,376, \$338,774, and \$217,377, respectively; 75 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002.

**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

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

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

For the fiscal year ended June 30, 2004, plan members are required to contribute 10 percent of their annual covered salaries. The School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligation. For fiscal year 2003, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,691,542, \$1,566,465, and \$1,682,686, respectively; 74 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$13,145 made by the School District and \$34,267 made by the plan members.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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, 2004, all members of the Board of Education have elected to participate in social security.

NOTE 13: **POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS) and to retired non-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, 2004, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$130,119 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve fund. At June 30, 2004, the balance in the fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below Federal poverty levels. Premiums are reduced by 50 percent for those who apply.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

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, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. 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 2004, the minimum pay has been established as \$25,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2004 fiscal year equaled \$285,355.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 14: **EMPLOYEE BENEFITS**

A. **Compensated Absences**

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

*Vacation Leave*

Only administrative and school support personnel accumulate annual vacation leave. Accumulated unused vacation time is paid upon termination of employment. School support personnel accumulate annual vacation leave as follows:

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

Administrative personnel accumulate 20 days vacation leave and the Superintendent and Treasurer accumulate 30 days vacation leave.

**KENSTON LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (CONTINUED)**

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

A. **Compensated Absences** (Continued)

*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 percent 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, 2004, the School District recorded \$1,875,159 as a liability 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.

NOTE 15: **INTERFUND TRANSFERS**

As of June 30, 2004, interfund transfers were as follows:

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

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

**NOTE 16: LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 06/30/03	Additions	Deductions	Principal Outstanding 06/30/04	Amounts Due in One Year
<b><u>Governmental Activities</u></b>					
\$3,075,000 General Obligation Bonds 1986 - 7.125%, due 2008	\$ 1,230,000	\$ 0	\$ 205,000	\$ 1,025,000	\$ 205,000
\$135,000 GES Septic System - 5.7%, due 2010	108,000	0	13,500	94,500	13,500
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	45,000,000	0	820,000	44,180,000	405,000
\$6,725,000 School Improvement Refunding Bonds 2003 - 2%, due 2017	6,725,000	0	275,000	6,450,000	300,000
Arbitrage	<u>0</u>	<u>86,665</u>	<u>86,665</u>	<u>0</u>	<u>0</u>
Total Long-Term Bonds	<u>53,063,000</u>	<u>86,665</u>	<u>1,400,165</u>	<u>51,749,500</u>	<u>923,500</u>
<b><u>Other General Long-Term Obligations</u></b>					
Compensated Absences	<u>2,105,807</u>	<u>725,040</u>	<u>722,346</u>	<u>2,108,501</u>	<u>725,040</u>
<b>Total Governmental Long- Term Liabilities</b>	<b><u>\$55,168,807</u></b>	<b><u>\$ 811,705</u></b>	<b><u>\$ 2,122,511</u></b>	<b><u>\$53,858,001</u></b>	<b><u>\$ 1,648,540</u></b>
<b><u>Business-Type Activities</u></b>					
Compensated Absences	<u>\$ 13,924</u>	<u>\$ 24,438</u>	<u>\$ 7,871</u>	<u>\$ 30,491</u>	<u>\$ 24,438</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 13,924</u></b>	<b><u>\$ 24,438</u></b>	<b><u>\$ 7,871</u></b>	<b><u>\$ 30,491</u></b>	<b><u>\$ 24,438</u></b>

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the School District's government-wide financial statements. As of June 30, 2004, the amount of defeased debt outstanding but removed from the financial statements amounted to \$5,910,000.

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

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

On May 1, 2003, the School District issued \$45,000,000 in General Obligation School Improvement Bonds, series 2003, bearing interest rates ranging from 2.0 percent to 5 percent, with a maturity date of December 1, 2029. The bonds are being issued for the purpose of constructing, furnishing, and equipping a new high school; renovating, rehabilitation, adding to, furnishing, equipping, and otherwise improving school facilities; and acquiring and improving their sites. The principal of the bond was used to retire the School District's \$31,000,000 School Improvement Notes, series 2002, issued on December 18, 2002, and which matured on May 31, 2003, and its \$14,000,000 School Improvement Notes, series 2003, issued on January 16, 2003, and which also matured on May 21, 2003. During 2004 the School District assessed and paid arbitrage to the Internal Revenue Service on this debt issuance.

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

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

The School District's voted legal debt margin was \$8,606,981 with an unvoted debt margin of \$636,496 at June 30, 2004.

Principal and interest requirements to retire general obligation debt at June 30, 2004 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 923,500	\$ 2,258,720	\$ 3,182,220
2006	993,500	2,230,949	3,224,449
2007	1,168,500	2,197,368	3,365,868
2008	1,253,500	2,153,307	3,406,807
2009	1,353,500	2,103,250	3,456,750
2010-2014	7,822,000	10,142,502	17,964,502
2015-2019	11,775,000	7,664,934	19,439,934
2020-2024	10,345,000	5,064,125	15,409,125
2025-2029	13,120,000	2,229,700	15,349,700
2030	<u>2,995,000</u>	<u>67,387</u>	<u>3,062,387</u>
	<u>\$ 51,749,500</u>	<u>\$ 36,112,242</u>	<u>\$87,861,742</u>

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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NOTE 17: **PUBLIC ENTITY RISK POOL**

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

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

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS**

**Auburn Career Center**

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

**Lake Geauga Computer Association**

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$103,530 to LGCA during fiscal year 2004. 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.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

**Auburn-Bainbridge Recreation Board**

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

**Ohio Schools' Council Association**

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the School District paid \$275,917 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

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

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for their participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

**East Shore Regional Transportation System**

East Shore Regional Transportation System (ESRTS) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen (16) member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. The School District contributed \$178 to ESRTS during fiscal year 2004. ESRTS is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

NOTE 19: **CONTINGENCIES**

A. **Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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NOTE 19: **CONTINGENCIES** (Continued)

**B. Litigation**

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

NOTE 20: **STATE SCHOOL FUNDING DECISION**

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

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

NOTE 21: **SET-ASIDE REQUIREMENTS**

**Set-Aside Calculations**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. During 2004, the School District reduced the budget stabilization. The funds were used to meet payroll expenses.

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

**KENSTON LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)**

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

**Set-Aside Calculations** (Continued)

	Budget Stabilization <u>Reserve</u>	Capital Improvements <u>Reserve</u>	Textbooks Instructional <u>Reserve</u>
Set-Aside Reserve Balance as of June 30, 2003	\$ 455,658	\$ 0	\$ (947,225)
Current Year Set-Aside Requirements	0	451,714	451,714
Qualifying Disbursements	0	(480,055)	(655,784)
Reduction in Required Set-Aside	<u>(352,550)</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 103,108</u>	<u>\$ (28,341)</u>	<u>\$(1,151,295)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ 103,108</u>	<u>\$ 0</u>	<u>\$(1,151,295)</u>
Set-Aside Reserve Balance as of June 30, 2004	<u>\$ 103,108</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**KENSTON LOCAL SCHOOL DISTRICT**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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

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***Nonmajor Special Revenue Funds***

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. A description of the School District's nonmajor special revenue funds follow:

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

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

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

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

**Management Information Systems** - This fund is used to account for revenue provided by the State of Ohio to be used solely for costs associated with the requirements of the education management information system required by Senate Bill 140.

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

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

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

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

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

(Continued)

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

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***Nonmajor Special Revenue Funds***  
(Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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***Nonmajor Capital Projects Funds***

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

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

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

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



***Nonmajor Enterprise Funds***

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

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

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

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

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



**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2004**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 268,077	\$ 32,501	\$ 300,578
Receivables:			
Intergovernmental	<u>46,418</u>	<u>0</u>	<u>46,418</u>
<b>Total Assets</b>	<b><u>\$ 314,495</u></b>	<b><u>\$ 32,501</u></b>	<b><u>\$ 346,996</u></b>
<b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 11,814	\$ 0	\$ 11,814
Accrued Wages	1,025	0	1,025
Intergovernmental Payable	<u>4,702</u>	<u>25</u>	<u>4,727</u>
<b>Total Liabilities</b>	<b><u>17,541</u></b>	<b><u>25</u></b>	<b><u>17,566</u></b>
<b><u>Fund Balances</u></b>			
Reserved for:			
Encumbrances	71,728	3,593	75,321
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	225,226	0	225,226
Capital Projects Funds	<u>0</u>	<u>28,883</u>	<u>28,883</u>
<b>Total Fund Balances</b>	<b><u>296,954</u></b>	<b><u>32,476</u></b>	<b><u>329,430</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 314,495</u></b>	<b><u>\$ 32,501</u></b>	<b><u>\$ 346,996</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$ 775,874	\$ 0	\$ 775,874
Earnings on Investments	50	0	50
Extracurricular Activities	648,218	0	648,218
Miscellaneous	<u>61,635</u>	<u>0</u>	<u>61,635</u>
<b>Total Revenues</b>	<u>1,485,777</u>	<u>0</u>	<u>1,485,777</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction:			
Regular	197,688	4,725	202,413
Special	147,402	0	147,402
Support Services:			
Pupil	282,119	0	282,119
Instructional Staff	17,587	407	17,994
Administrative	189,909	0	189,909
Fiscal Services	347	0	347
Operation and Maintenance of Plant	530	0	530
Pupil Transportation	624	0	624
Operation of Non-Instructional Services:			
Community Services	360	0	360
Extracurricular Activities	<u>676,485</u>	<u>0</u>	<u>676,485</u>
<b>Total Expenditures</b>	<u>1,513,051</u>	<u>5,132</u>	<u>1,518,183</u>
Excess of Revenues Over (Under) Expenditures	<u>(27,274)</u>	<u>(5,132)</u>	<u>(32,406)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>96,985</u>	<u>0</u>	<u>96,985</u>
<b>Total Other Financing Sources (Uses)</b>	<u>96,985</u>	<u>0</u>	<u>96,985</u>
Net Change in Fund Balances	69,711	(5,132)	64,579
Fund Balances Beginning of Year	<u>227,243</u>	<u>37,608</u>	<u>264,851</u>
<b>Fund Balances End of Year</b>	<u>\$ 296,954</u>	<u>\$ 32,476</u>	<u>\$ 329,430</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2004**

	<u>Public School Support</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Professional Development</u>	<u>Management Information Systems</u>
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 80,169	\$ 106,498	\$ 10,475	\$ 156	\$ 15,747
Receivables:					
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 80,169</u></b>	<b><u>\$ 106,498</u></b>	<b><u>\$ 10,475</u></b>	<b><u>\$ 156</u></b>	<b><u>\$ 15,747</u></b>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 2,247	\$ 3,564	\$ 0	\$ 0	\$ 0
Accrued Wages	0	0	0	0	1,025
Intergovernmental Payable	<u>2</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>34</u>
<b>Total Liabilities</b>	<b><u>2,249</u></b>	<b><u>3,577</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>1,059</u></b>
<b><u>Fund Balances</u></b>					
Reserved for Encumbrances	1,523	39,210	10,468	0	0
Unreserved, Undesignated (Deficit)	<u>76,397</u>	<u>63,711</u>	<u>7</u>	<u>156</u>	<u>14,688</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>77,920</u></b>	<b><u>102,921</u></b>	<b><u>10,475</u></b>	<b><u>156</u></b>	<b><u>14,688</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 80,169</u></b>	<b><u>\$ 106,498</u></b>	<b><u>\$ 10,475</u></b>	<b><u>\$ 156</u></b>	<b><u>\$ 15,747</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2004**

	School Net Professional Development	Ohio Reads Grant	Summer School Intervention	School Miscellaneous State Grant	IDEA - Education of Handicapped Children
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,772	\$ 4,908	\$ 6,340	\$ 0	\$ 1,994
Receivables:					
Intergovernmental	<u>0</u>	<u>0</u>	<u>46,418</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 1,772</u></b>	<b><u>\$ 4,908</u></b>	<b><u>\$ 52,758</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,994</u></b>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	<u>9</u>	<u>634</u>	<u>994</u>	<u>0</u>	<u>222</u>
<b>Total Liabilities</b>	<b><u>9</u></b>	<b><u>634</u></b>	<b><u>994</u></b>	<b><u>0</u></b>	<b><u>222</u></b>
<b><u>Fund Balances</u></b>					
Reserved for Encumbrances	0	0	6,340	0	0
Unreserved, Undesignated (Deficit)	<u>1,763</u>	<u>4,274</u>	<u>45,424</u>	<u>0</u>	<u>1,772</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>1,763</u></b>	<b><u>4,274</u></b>	<b><u>51,764</u></b>	<b><u>0</u></b>	<b><u>1,772</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,772</u></b>	<b><u>\$ 4,908</u></b>	<b><u>\$ 52,758</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,994</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
JUNE 30, 2004**

	<u>Title I</u>	<u>Title V</u>	<u>Drug Free School Grant</u>	<u>Tele- communications Act</u>	<u>Miscellaneous Federal Grants</u>
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 22,085	\$ 6,923	\$ 4,031	\$ 3,678	\$ 0
Receivables:					
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 22,085</u></b>	<b><u>\$ 6,923</u></b>	<b><u>\$ 4,031</u></b>	<b><u>\$ 3,678</u></b>	<b><u>\$ 0</u></b>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 121	\$ 5,882	\$ 0	\$ 0	\$ 0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	<u>2,261</u>	<u>45</u>	<u>8</u>	<u>0</u>	<u>15</u>
<b>Total Liabilities</b>	<b><u>2,382</u></b>	<b><u>5,927</u></b>	<b><u>8</u></b>	<b><u>0</u></b>	<b><u>15</u></b>
<b><u>Fund Balances</u></b>					
Reserved for Encumbrances	7,227	45	3,730	3,185	0
Unreserved, Undesignated (Deficit)	<u>12,476</u>	<u>951</u>	<u>293</u>	<u>493</u>	<u>(15)</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>19,703</u></b>	<b><u>996</u></b>	<b><u>4,023</u></b>	<b><u>3,678</u></b>	<b><u>(15)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 22,085</u></b>	<b><u>\$ 6,923</u></b>	<b><u>\$ 4,031</u></b>	<b><u>\$ 3,678</u></b>	<b><u>\$ 0</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2004**

	<u>Eisenhower Professional Development</u>	<u>Disadvantaged Pupil Aid Program</u>	<u>Data Communication</u>	<u>Improving Teacher Quality</u>	<u>Entry Year Teachers</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 21	\$ 20	\$ 0	\$ 3,260	\$ 0	\$ 268,077
Receivables:						
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,418</u>
<b>Total Assets</b>	<b><u>\$ 21</u></b>	<b><u>\$ 20</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,260</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 314,495</u></b>
<b><u>Liabilities and Fund Balances</u></b>						
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,814
Accrued Wages	0	0	0	0	0	1,025
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>415</u>	<u>50</u>	<u>4,702</u>
<b>Total Liabilities</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>415</u></b>	<b><u>50</u></b>	<b><u>17,541</u></b>
<b><u>Fund Balances</u></b>						
Reserved for Encumbrances	0	0	0	0	0	71,728
Unreserved, Undesignated (Deficit)	<u>21</u>	<u>20</u>	<u>0</u>	<u>2,845</u>	<u>(50)</u>	<u>225,226</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>21</u></b>	<b><u>20</u></b>	<b><u>0</u></b>	<b><u>2,845</u></b>	<b><u>(50)</u></b>	<b><u>296,954</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 21</u></b>	<b><u>\$ 20</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,260</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 314,495</u></b>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2004**

	Public School Support	District Managed Student Activity	Auxiliary Services	Professional Development	Management Information Systems
<b>Revenues</b>					
Intergovernmental	\$ 0	\$ 0	\$ 14,441	\$ 0	\$ 11,709
Earnings on Investments	0	0	50	0	0
Extracurricular Activities	396,168	252,050	0	0	0
Miscellaneous	23,018	38,617	0	0	0
<b>Total Revenues</b>	<u>419,186</u>	<u>290,667</u>	<u>14,491</u>	<u>0</u>	<u>11,709</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	1,201	0	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupil	109,094	0	0	0	0
Instructional Staff	1,808	0	0	0	0
Administrative	0	0	0	0	27,058
Fiscal Services	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Extracurricular Activities	298,572	360,154	17,759	0	0
<b>Total Expenditures</b>	<u>410,675</u>	<u>360,154</u>	<u>17,759</u>	<u>0</u>	<u>27,058</u>
Excess of Revenues Over (Under) Expenditures	<u>8,511</u>	<u>(69,487)</u>	<u>(3,268)</u>	<u>0</u>	<u>(15,349)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	<u>0</u>	<u>96,985</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>96,985</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	8,511	27,498	(3,268)	0	(15,349)
Fund Balances (Deficits)					
Beginning of Year	<u>69,409</u>	<u>75,423</u>	<u>13,743</u>	<u>156</u>	<u>30,037</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 77,920</u>	<u>\$ 102,921</u>	<u>\$ 10,475</u>	<u>\$ 156</u>	<u>\$ 14,688</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**JUNE 30, 2004**

	School Net Professional Development	Ohio Reads Grant	Summer School Intervention	School Miscellaneous State Grant	IDEA - Education of Handicapped Children
<b>Revenues</b>					
Intergovernmental	\$ 4,140	\$ 12,500	\$ 56,607	\$ 3,141	\$ 324,884
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<u>4,140</u>	<u>12,500</u>	<u>56,607</u>	<u>3,141</u>	<u>324,884</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	6,585	11,061	4,843	0	0
Special	0	0	0	0	0
Support Services:					
Pupil	0	0	0	3,090	169,935
Instructional Staff	0	0	0	0	0
Administrative	0	4,772	0	0	153,985
Fiscal Services	0	0	0	0	347
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	624	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>6,585</u>	<u>16,457</u>	<u>4,843</u>	<u>3,090</u>	<u>324,267</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,445)</u>	<u>(3,957)</u>	<u>51,764</u>	<u>51</u>	<u>617</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(2,445)	(3,957)	51,764	51	617
Fund Balances (Deficits)					
Beginning of Year	<u>4,208</u>	<u>8,231</u>	<u>0</u>	<u>(51)</u>	<u>1,155</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 1,763</u>	<u>\$ 4,274</u>	<u>\$ 51,764</u>	<u>\$ 0</u>	<u>\$ 1,772</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**JUNE 30, 2004**

	<u>Title I</u>	<u>Title V</u>	<u>Drug Free School Grant</u>	<u>Tele- communications Act</u>	<u>Miscellaneous Federal Grants</u>
<b>Revenues</b>					
Intergovernmental	\$ 215,963	\$ 17,054	\$ 10,027	\$ 0	\$ 5,846
Earnings on Investments	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<u>215,963</u>	<u>17,054</u>	<u>10,027</u>	<u>0</u>	<u>5,846</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	47,698	15,712	908	0	5,844
Special	140,691	6,711	0	0	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	3,255	0	5,874	0	0
Administrative	4,094	0	0	0	0
Fiscal Services	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	530	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services:					
Community Services	0	226	134	0	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<u>195,738</u>	<u>22,649</u>	<u>6,916</u>	<u>530</u>	<u>5,844</u>
Excess of Revenues Over (Under) Expenditures	<u>20,225</u>	<u>(5,595)</u>	<u>3,111</u>	<u>(530)</u>	<u>2</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	20,225	(5,595)	3,111	(530)	2
Fund Balances (Deficits)					
Beginning of Year	<u>(522)</u>	<u>6,591</u>	<u>912</u>	<u>4,208</u>	<u>(17)</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 19,703</u>	<u>\$ 996</u>	<u>\$ 4,023</u>	<u>\$ 3,678</u>	<u>\$ (15)</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2004**

	Eisenhower Professional Development	Disadvantaged Pupil Aid Program	Data Communication	Improving Teacher Quality	Entry Year Teachers	Total Nonmajor Special Revenue Funds
<b>Revenues</b>						
Intergovernmental	\$ 0	\$ 0	\$ 15,000	\$ 77,962	\$ 6,600	\$ 775,874
Earnings on Investments	0	0	0	0	0	50
Extracurricular Activities	0	0	0	0	0	648,218
Miscellaneous	0	0	0	0	0	61,635
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>77,962</u>	<u>6,600</u>	<u>1,485,777</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	0	0	29,000	74,836	0	197,688
Special	0	0	0	0	0	147,402
Support Services:						
Pupil	0	0	0	0	0	282,119
Instructional Staff	0	0	0	0	6,650	17,587
Administrative	0	0	0	0	0	189,909
Fiscal Services	0	0	0	0	0	347
Operation and Maintenance of Plant	0	0	0	0	0	530
Pupil Transportation	0	0	0	0	0	624
Operation of Non-Instructional Services:						
Community Services	0	0	0	0	0	360
Extracurricular Activities	0	0	0	0	0	676,485
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>29,000</u>	<u>74,836</u>	<u>6,650</u>	<u>1,513,051</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>(14,000)</u>	<u>3,126</u>	<u>(50)</u>	<u>(27,274)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96,985</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96,985</u>
Net Change in Fund Balances	0	0	(14,000)	3,126	(50)	69,711
Fund Balances (Deficits)						
Beginning of Year	<u>21</u>	<u>20</u>	<u>14,000</u>	<u>(281)</u>	<u>0</u>	<u>227,243</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 0</u>	<u>\$ 2,845</u>	<u>\$ (50)</u>	<u>\$ 296,954</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2004**

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Interactive Video Distance Learning</u>	<u>Total Nonmajor Capital Project Funds</u>
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 21,224	\$ 7,684	\$ 3,593	\$ 32,501
<b>Total Assets</b>	<b><u>\$ 21,224</u></b>	<b><u>\$ 7,684</u></b>	<b><u>\$ 3,593</u></b>	<b><u>\$ 32,501</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Intergovernmental Payable	\$ 0	\$ 0	\$ 25	\$ 25
Total Liabilities	<u>0</u>	<u>0</u>	<u>25</u>	<u>25</u>
<b><u>Fund Balances</u></b>				
Reserved for:				
Encumbrances	0	0	3,593	3,593
Unreserved, Undesignated (Deficit)	<u>21,224</u>	<u>7,684</u>	<u>(25)</u>	<u>28,883</u>
Total Fund Balances	<u>21,224</u>	<u>7,684</u>	<u>3,568</u>	<u>32,476</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 21,224</u></b>	<b><u>\$ 7,684</u></b>	<b><u>\$ 3,593</u></b>	<b><u>\$ 32,501</u></b>

**KENSTON LOCAL SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE -  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2004**

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Interactive Video Distance Learning</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Total Revenues</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>				
Instruction:				
Regular	0	0	4,725	4,725
Support Services:				
Instructional Staff	<u>0</u>	<u>0</u>	<u>407</u>	<u>407</u>
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>5,132</u>	<u>5,132</u>
Net Change in Fund Balances	0	0	(5,132)	(5,132)
Fund Balances Beginning of Year	<u>21,224</u>	<u>7,684</u>	<u>8,700</u>	<u>37,608</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 21,224</u></u>	<u><u>\$ 7,684</u></u>	<u><u>\$ 3,568</u></u>	<u><u>\$ 32,476</u></u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING STATEMENT OF FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2004**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<b><u>Assets</u></b>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 52,290	\$ 21,866	\$ 103,328	\$ 661	\$ 178,145
Receivables:					
Accounts	14,130	405	0	0	14,535
Materials and Supplies Inventory	<u>10,553</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,553</u>
Total Current Assets	76,973	22,271	103,328	661	203,233
Capital Assets (Net of Depreciation)	<u>57,742</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57,742</u>
<b>Total Assets</b>	<u>134,715</u>	<u>22,271</u>	<u>103,328</u>	<u>661</u>	<u>260,975</u>
<b><u>Liabilities</u></b>					
Current Liabilities:					
Accounts Payable	0	104	0	0	104
Accrued Wages	44,999	0	0	14,090	59,089
Intergovernmental Payable	29,179	0	1,223	7,946	38,348
Compensated Absences Payable	<u>8,974</u>	<u>0</u>	<u>15,464</u>	<u>0</u>	<u>24,438</u>
Total Current Liabilities	<u>83,152</u>	<u>104</u>	<u>16,687</u>	<u>22,036</u>	<u>121,979</u>
Long-Term Liabilities:					
Compensated Absences Payable	<u>6,053</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,053</u>
<b>Total Liabilities</b>	<u>89,205</u>	<u>104</u>	<u>16,687</u>	<u>22,036</u>	<u>128,032</u>
<b><u>Net Assets</u></b>					
Invested in Capital Assets	57,742	0	0	0	57,742
Unrestricted (Deficit)	<u>(12,232)</u>	<u>22,167</u>	<u>86,641</u>	<u>(21,375)</u>	<u>75,201</u>
<b>Total Net Assets (Deficits)</b>	<u>\$ 45,510</u>	<u>\$ 22,167</u>	<u>\$ 86,641</u>	<u>\$ (21,375)</u>	<u>\$ 132,943</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Food Service	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<b><u>Operating Revenues</u></b>					
Tuition	\$ 0	\$ 0	\$ 198,740	\$ 111,486	\$ 310,226
Food Services	635,681	0	0	0	635,681
Extracurricular Activities	0	0	0	2,175	2,175
Classroom Materials and Fees	0	144,148	0	0	144,148
Charges for Services	12,558	0	0	0	12,558
<b>Total Operating Revenues</b>	<u>648,239</u>	<u>144,148</u>	<u>198,740</u>	<u>113,661</u>	<u>1,104,788</u>
<b><u>Operating Expenses</u></b>					
Salaries and Wages	239,117	104	162,409	71,240	472,870
Fringe Benefits	78,390	0	32,660	25,818	136,868
Purchased Services	402,138	0	0	0	402,138
Supplies and Materials	22,536	134,506	1,000	1,931	159,973
Depreciation	9,774	0	0	0	9,774
Other Expenses	983	0	0	0	983
<b>Total Operating Expenses</b>	<u>752,938</u>	<u>134,610</u>	<u>196,069</u>	<u>98,989</u>	<u>1,182,606</u>
Operating Income (Loss)	<u>(104,699)</u>	<u>9,538</u>	<u>2,671</u>	<u>14,672</u>	<u>(77,818)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>					
Earnings on Investments	1,706	0	522	0	2,228
Operating Grants	61,261	0	0	0	61,261
Donated Commodities	24,077	0	0	0	24,077
Loss on Sale of Assets	(3,195)	0	0	0	(3,195)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>83,849</u>	<u>0</u>	<u>522</u>	<u>0</u>	<u>84,371</u>
Changes in Net Assets	(20,850)	9,538	3,193	14,672	6,553
Net Assets (Deficits) Beginning of Year, Restated	<u>66,360</u>	<u>12,629</u>	<u>83,448</u>	<u>(36,047)</u>	<u>126,390</u>
<b>Net Assets (Deficits) End of Year</b>	<u>\$ 45,510</u>	<u>\$ 22,167</u>	<u>\$ 86,641</u>	<u>\$ (21,375)</u>	<u>\$ 132,943</u>

**KENSTON LOCAL SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Food Service	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>					
<b><u>Cash Flows from Operating Activities</u></b>					
Cash Received from Customers	\$ 634,109	\$ 144,223	\$ 198,740	\$ 113,661	\$ 1,090,733
Cash Payments for Goods and Services	(428,167)	(134,615)	(1,000)	(2,131)	(565,913)
Cash Payments to Employees for Services	(222,608)	0	(146,924)	(87,114)	(456,646)
Cash Payments for Employee Benefits	(77,760)	0	(32,660)	(26,012)	(136,432)
Cash Payments for Other Operating Expenses	(983)	0	0	0	(983)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(95,409)</u>	<u>9,608</u>	<u>18,156</u>	<u>(1,596)</u>	<u>(69,241)</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>					
Operating Grants Received	85,338	0	0	0	85,338
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>85,338</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,338</u>
<b><u>Cash Flows Provided by Investing Activities</u></b>					
Earnings on Investments	1,706	0	522	0	2,228
<b>Net Cash Provided by Investing Activities</b>	<u>1,706</u>	<u>0</u>	<u>522</u>	<u>0</u>	<u>2,228</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,365)	9,608	18,678	(1,596)	18,325
Cash and Cash Equivalents Beginning of Year	60,655	12,258	84,650	2,257	159,820
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 52,290</u>	<u>\$ 21,866</u>	<u>\$ 103,328</u>	<u>\$ 661</u>	<u>\$ 178,145</u>
<b><u>Reconciliation of Operating Income (Loss to Net Cash Provided by (Used for) Operating Activities</u></b>					
Operating Income (Loss)	\$ (104,699)	\$ 9,538	\$ 2,671	\$ 14,672	\$ (77,818)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	9,774	0	0	0	9,774
(Increase) Decrease in Assets:					
Accounts Receivable	(14,130)	75	0	0	(14,055)
Materials and Supplies Inventory	637	0	0	0	637
Increase (Decrease) in Liabilities:					
Accounts Payable	(4,130)	(5)	0	0	(4,135)
Accrued Salaries and Benefits Payable	2,053	0	0	(16,493)	(14,440)
Intergovernmental Payable	13,983	0	21	225	14,229
Compensated Absences Payable	1,103	0	15,464	0	16,567
Total Adjustments	<u>9,290</u>	<u>70</u>	<u>15,485</u>	<u>(16,268)</u>	<u>8,577</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (95,409)</u>	<u>\$ 9,608</u>	<u>\$ 18,156</u>	<u>\$ (1,596)</u>	<u>\$ (69,241)</u>

**KENSTON LOCAL SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Balance</u> <u>06/30/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/04</u>
<b><i>Student Activities</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 52,163	\$ 104,294	\$ 90,707	\$ 65,750
<b>Total Assets</b>	<u>\$ 52,163</u>	<u>\$ 104,294</u>	<u>\$ 90,707</u>	<u>\$ 65,750</u>
<b><u>Liabilities</u></b>				
Due to Students	\$ 52,163	\$ 13,587	\$ 0	\$ 65,750
<b>Total Liabilities</b>	<u>\$ 52,163</u>	<u>\$ 13,587</u>	<u>\$ 0</u>	<u>\$ 65,750</u>
<b><i>Unclaimed Funds</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 5,153	\$ 0	\$ 5,153
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 5,153</u>	<u>\$ 0</u>	<u>\$ 5,153</u>
<b><u>Liabilities</u></b>				
Due to Students	\$ 0	\$ 5,153	\$ 0	\$ 5,153
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 5,153</u>	<u>\$ 0</u>	<u>\$ 5,153</u>
<b><i>Total Agency Funds</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 52,163	\$ 109,447	\$ 90,707	\$ 70,903
<b>Total Assets</b>	<u>\$ 52,163</u>	<u>\$ 109,447</u>	<u>\$ 90,707</u>	<u>\$ 70,903</u>
<b><u>Liabilities</u></b>				
Due to Students	\$ 52,163	\$ 18,740	\$ 0	\$ 70,903
<b>Total Liabilities</b>	<u>\$ 52,163</u>	<u>\$ 18,740</u>	<u>\$ 0</u>	<u>\$ 70,903</u>

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

**KENSTON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes		\$ 17,010,145	\$ 17,707,995	\$ 17,707,995
				\$ 0
Intergovernmental	7,228,229	6,647,325	6,629,639	(17,686)
Tuition & Materials	130,120	148,588	148,588	0
Transportation Fees	58,000	63,013	63,013	0
Earnings on Investment	598,089	649,967	733,368	83,401
Miscellaneous	85,500	72,685	72,685	0
<b>Total Revenues</b>	<u>25,110,083</u>	<u>25,289,573</u>	<u>25,355,288</u>	<u>65,715</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	9,403,144	9,113,635	9,113,635	0
Fringe Benefits	2,434,000	2,631,843	2,631,843	0
Purchased Services	362,067	393,730	393,730	0
Supplies and Materials	424,727	379,198	379,198	0
Capital Outlay - New	193,524	187,546	187,546	0
Capital Outlay - Replacement	34,450	31,605	31,605	0
Other	1,400	1,665	1,665	0
Total Regular Instruction	<u>12,853,312</u>	<u>12,739,222</u>	<u>12,739,222</u>	<u>0</u>
Special Instruction:				
Salaries and Wages	1,846,400	1,839,254	1,839,254	0
Fringe Benefits	372,050	370,651	370,651	0
Purchased Services	764,000	990,872	990,872	0
Supplies and Materials	8,362	5,075	5,075	0
Capital Outlay - New	10,000	5,886	5,886	0
Total Special Instruction	<u>3,000,812</u>	<u>3,211,738</u>	<u>3,211,738</u>	<u>0</u>
Vocational Education:				
Salaries and Wages	60,500	60,551	60,551	0
Fringe Benefits	9,000	11,360	11,360	0
Purchased Services	45,200	42,016	42,016	0
Supplies and Materials	100	0	0	0
Total Vocational Education	<u>114,800</u>	<u>113,927</u>	<u>113,927</u>	<u>0</u>
Other:				
Purchased Services	65,600	50,620	50,620	0
Total Other Instruction	<u>65,600</u>	<u>50,620</u>	<u>50,620</u>	<u>0</u>
Total Instruction	<u>16,034,524</u>	<u>16,115,507</u>	<u>16,115,507</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Support Services:				
Pupils:				
Salaries and Wages	1,095,900	1,023,904	1,023,904	0
Fringe Benefits	256,750	251,802	251,802	0
Purchased Services	391,832	266,418	266,418	0
Supplies and Materials	21,476	20,608	20,608	0
Capital Outlay - New	6,125	3,050	3,050	0
Capital Outlay - Replacement	1,762	2,072	2,072	0
Other	<u>236,232</u>	<u>186,754</u>	<u>186,754</u>	<u>0</u>
Total Pupils	<u>2,010,077</u>	<u>1,754,608</u>	<u>1,754,608</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	522,785	474,455	474,455	0
Fringe Benefits	174,600	238,532	238,532	0
Purchased Services	80,489	61,746	61,746	0
Supplies and Materials	121,169	115,755	115,755	0
Capital Outlay - New	41,756	41,955	41,955	0
Capital Outlay - Replacement	2,900	2,022	2,022	0
Other	<u>2,112</u>	<u>767</u>	<u>767</u>	<u>0</u>
Total Instructional Staff	<u>945,811</u>	<u>935,232</u>	<u>935,232</u>	<u>0</u>
Board of Education:				
Salaries and Wages	12,000	7,920	7,920	0
Fringe Benefits	2,750	1,731	1,731	0
Purchased Services	133,975	113,429	113,429	0
Supplies and Materials	1,400	963	963	0
Other	<u>12,100</u>	<u>12,220</u>	<u>12,220</u>	<u>0</u>
Total Board of Education	<u>162,225</u>	<u>136,263</u>	<u>136,263</u>	<u>0</u>
Administration:				
Salaries and Wages	1,542,000	1,436,782	1,436,782	0
Fringe Benefits	670,150	698,097	698,097	0
Purchased Services	47,660	43,704	43,704	0
Supplies and Materials	35,064	31,741	31,741	0
Capital Outlay - New	38,163	36,639	36,639	0
Capital Outlay - Replacement	18,815	21,268	21,268	0
Other	<u>49,600</u>	<u>59,288</u>	<u>59,288</u>	<u>0</u>
Total Administration	<u>2,401,452</u>	<u>2,327,519</u>	<u>2,327,519</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Fiscal Services:</b>				
Salaries and Wages	275,500	265,443	265,443	0
Fringe Benefits	128,300	128,519	128,519	0
Purchased Services	21,743	26,275	26,275	0
Supplies and Materials	10,464	10,991	10,991	0
Capital Outlay - New	3,186	3,186	3,186	0
Capital Outlay - Replacement	1,000	1,000	1,000	0
Other	391,296	423,691	423,691	0
<b>Total Fiscal Services</b>	<u>831,489</u>	<u>859,105</u>	<u>859,105</u>	<u>0</u>
<b>Business:</b>				
Salaries and Wages	33,600	32,076	32,076	0
Fringe Benefits	6,850	5,074	5,074	0
Purchased Services	500	426	426	0
<b>Total Business</b>	<u>40,950</u>	<u>37,576</u>	<u>37,576</u>	<u>0</u>
<b>Operation and Maintenance of Plant Services:</b>				
Salaries and Wages	1,272,000	1,149,698	1,149,698	0
Fringe Benefits	404,500	404,259	404,259	0
Purchased Services	1,283,022	1,569,483	1,569,483	0
Supplies and Materials	113,497	100,133	100,133	0
Capital Outlay - New	35,267	35,601	35,601	0
Capital - Replacement	48,465	3,118	3,118	0
Dues and Fees	1,560	1,541	1,541	0
<b>Total Operation and Maintenance of Plant Services</b>	<u>3,158,311</u>	<u>3,263,833</u>	<u>3,263,833</u>	<u>0</u>
<b>Pupil Transportation:</b>				
Salaries and Wages	1,000,600	969,683	969,683	0
Fringe Benefits	395,450	405,231	405,231	0
Purchased Services	154,307	146,046	146,046	0
Supplies and Materials	243,944	261,844	261,844	0
Capital Outlay - New	500	369	369	0
Capital Outlay - Replacement	191,000	159,034	159,034	0
<b>Total Pupil Transportation</b>	<u>1,985,801</u>	<u>1,942,207</u>	<u>1,942,207</u>	<u>0</u>
<b>Central Services:</b>				
Purchased Services	5,973	5,548	5,548	0
Other	2,700	2,700	2,700	0
<b>Total Central Services</b>	<u>8,673</u>	<u>8,248</u>	<u>8,248</u>	<u>0</u>
<b>Total Support Services</b>	<u>11,544,789</u>	<u>11,264,591</u>	<u>11,264,591</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	36,000	33,432	33,432	0
Fringe Benefits	11,350	10,116	10,116	0
Purchased Services	26,839	39,137	39,137	0
Supplies and Materials	42,048	31,004	31,004	0
Capital Outlay - Replacement	<u>8,094</u>	<u>8,094</u>	<u>8,094</u>	<u>0</u>
Total Community Services	<u>124,331</u>	<u>121,783</u>	<u>121,783</u>	<u>0</u>
Other:				
Salaries and Wages	14,000	14,165	14,165	0
Fringe Benefits	<u>2,350</u>	<u>2,450</u>	<u>2,450</u>	<u>0</u>
Total Other	<u>16,350</u>	<u>16,615</u>	<u>16,615</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>140,681</u>	<u>138,398</u>	<u>138,398</u>	<u>0</u>
Extracurricular Activities:				
Academic-Subject Oriented:				
Salaries and Wages	144,000	130,781	130,781	0
Fringe Benefits	<u>19,400</u>	<u>19,465</u>	<u>19,465</u>	<u>0</u>
Total Academic-Subject Oriented	<u>163,400</u>	<u>150,246</u>	<u>150,246</u>	<u>0</u>
Sports Oriented:				
Salaries and Wages	376,000	361,044	361,044	0
Fringe Benefits	55,313	52,954	52,954	0
Purchased Services	<u>5,400</u>	<u>4,992</u>	<u>4,992</u>	<u>0</u>
Total Sports-Oriented	<u>436,713</u>	<u>418,990</u>	<u>418,990</u>	<u>0</u>
Total Extracurricular Activities	<u>600,113</u>	<u>569,236</u>	<u>569,236</u>	<u>0</u>
Capital Outlay:				
Other Facility Acquisition and Construction:				
Purchased Services`	21,121	0	0	0
Supplies and Materials	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Facility Acquisition and Construction	<u>23,121</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Outlay	<u>23,121</u>	<u>0</u>	<u>0</u>	<u>0</u>
Debt Service:				
Principal Retirement	13,500	13,500	13,500	0
Interest and Fiscal Charges	<u>6,500</u>	<u>6,211</u>	<u>6,211</u>	<u>0</u>
Total Debt Service	<u>20,000</u>	<u>19,711</u>	<u>19,711</u>	<u>0</u>
<b>Total Expenditures</b>	<u>28,363,228</u>	<u>28,107,443</u>	<u>28,107,443</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	<u>(3,253,145)</u>	<u>(2,817,870)</u>	<u>(2,752,155)</u>	<u>65,715</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from Sale of Assets	200	149	149	0
Transfers Out	(96,985)	(96,985)	(96,985)	0
Refund of Prior Year Expenditures	<u>11,000</u>	<u>11,032</u>	<u>11,032</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(85,785)</u>	<u>(85,804)</u>	<u>(85,804)</u>	<u>0</u>
Net Change in Fund Balance	(3,338,930)	(2,903,674)	(2,837,959)	65,715
Fund Balance at Beginning of Year	3,960,740	3,960,740	3,960,740	0
Prior Year Encumbrances Appropriated	<u>1,075,213</u>	<u>1,075,213</u>	<u>1,075,213</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,697,023</u>	<u>\$ 2,132,279</u>	<u>\$ 2,197,994</u>	<u>\$ 65,715</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
BOND RETIREMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes		\$ 3,014,928	\$ 3,149,798	\$ 3,149,913
Intergovernmental	384,872	402,103	402,103	0
<b>Total Revenues</b>	<u>3,399,800</u>	<u>3,551,901</u>	<u>3,552,016</u>	<u>115</u>
<b><u>Expenditures</u></b>				
Current:				
Support Services:				
Fiscal Services:				
Other Expense	58,184	58,184	58,184	0
Total Fiscal Services	<u>58,184</u>	<u>58,184</u>	<u>58,184</u>	<u>0</u>
Debt Service:				
Principal Retirement	1,300,000	1,300,000	1,300,000	0
Interest and Fiscal Charges	2,641,816	2,540,320	2,540,320	0
Total Debt Service	<u>3,941,816</u>	<u>3,840,320</u>	<u>3,840,320</u>	<u>0</u>
Total Support Services	<u>4,000,000</u>	<u>3,898,504</u>	<u>3,898,504</u>	<u>0</u>
<b>Total Expenditures</b>	<u>4,000,000</u>	<u>3,898,504</u>	<u>3,898,504</u>	<u>0</u>
Net Change in Fund Balances	(600,200)	(346,603)	(346,488)	115
Fund Balance - Beginning of Year	<u>2,873,551</u>	<u>2,873,551</u>	<u>2,873,551</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,273,351</u>	<u>\$ 2,526,948</u>	<u>\$ 2,527,063</u>	<u>\$ 115</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
BUILDING IMPROVEMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Earnings on Investments	\$ 5,000	\$ 248	\$ 271	\$ 23
<b>Total Revenues</b>	<u>5,000</u>	<u>248</u>	<u>271</u>	<u>23</u>
<b>Expenditures</b>				
Current:				
Operation and Maintenance of Plant Services	2,000,000	0	0	0
Purchased Services	3,479,388	163,886	163,886	0
Capital Outlay	<u>60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation and Maintenance of Plant Services	<u>5,539,388</u>	<u>163,886</u>	<u>163,886</u>	<u>0</u>
Support Services:				
Central:				
Purchased Services	2,400,000	2,394,130	2,394,130	0
Business	120,000	38,456	38,456	0
Total Central	<u>2,520,000</u>	<u>2,432,586</u>	<u>2,432,586</u>	<u>0</u>
Total Support Services	<u>2,520,000</u>	<u>2,432,586</u>	<u>2,432,586</u>	<u>0</u>
Food Services:				
Capital Outlay	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Food Services	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Site Acquisition Services:				
Purchased Services	<u>16,850</u>	<u>16,808</u>	<u>16,808</u>	<u>0</u>
Total Site Acquisition Services	<u>16,850</u>	<u>16,808</u>	<u>16,808</u>	<u>0</u>
Site Improvement Services:				
Purchased Services	20,000	10,059	10,059	0
Supplies and Materials	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Site Improvement Services	<u>120,000</u>	<u>10,059</u>	<u>10,059</u>	<u>0</u>
Architecture and Engineering Services:				
Purchased Services	<u>2,294,498</u>	<u>2,145,407</u>	<u>2,145,407</u>	<u>0</u>
Total Architecture and Engineering Services	<u>2,294,498</u>	<u>2,145,407</u>	<u>2,145,407</u>	<u>0</u>
Educational Specifications Development Services:				
Purchased Services	<u>99,680</u>	<u>6,545</u>	<u>6,545</u>	<u>0</u>
Total Educational Specifications Development Services	<u>99,680</u>	<u>6,545</u>	<u>6,545</u>	<u>0</u>
Building Acquisition and Construction Services:				
Capital Outlay	<u>31,523,156</u>	<u>70,332</u>	<u>70,332</u>	<u>0</u>
Total Building Acquisition and Construction Services	<u>31,523,156</u>	<u>70,332</u>	<u>70,332</u>	<u>0</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
BUILDING IMPROVEMENT FUND (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Other Facilities Acquisition and Construction Services:				
Capital Outlay	30,000	2,533	2,533	0
Purchased Services	<u>175,000</u>	<u>69,400</u>	<u>69,400</u>	<u>0</u>
Total Other Facilities Acquisition and Construction Services	<u>205,000</u>	<u>71,933</u>	<u>71,933</u>	<u>0</u>
Building Improvement Services:				
School Renovations	<u>2,423,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Building Improvement Services	<u>2,423,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>44,841,572</u>	<u>4,917,556</u>	<u>4,917,556</u>	<u>0</u>
Net Changes in Fund Balances	(44,836,572)	(4,917,308)	(4,917,285)	23
Fund Balance at Beginning of Year	40,479,336	40,479,336	40,479,336	0
Prior Year Encumbrances Appropriated	<u>4,362,236</u>	<u>4,362,236</u>	<u>4,362,236</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 5,000</u>	<u>\$39,924,264</u>	<u>\$39,924,287</u>	<u>\$ 23</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
PUBLIC SCHOOL SUPPORT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Extracurricular Activities	\$ 282,771	\$ 396,168	\$ 396,168	\$ 0
Miscellaneous	16,429	22,993	23,017	24
<b>Total Revenues</b>	<u>299,200</u>	<u>419,161</u>	<u>419,185</u>	<u>24</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction:				
Supplies and Materials	450	357	357	0
Equipment	0	843	843	0
Total Regular Instruction	<u>450</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Total Instruction	<u>450</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Support Services:				
Pupils:				
Salaries and Wages	600	226	226	0
Fringe Benefits	96	34	34	0
Purchased Services	54,682	50,817	50,817	0
Supplies and Materials	59,397	59,083	59,083	0
Capital Outlay	3,800	0	0	0
Other	3,890	1,607	1,607	0
Total Pupils	<u>122,465</u>	<u>111,767</u>	<u>111,767</u>	<u>0</u>
Instructional Staff:				
Purchased Services	2,348	375	375	0
Supplies and Materials	6,659	1,433	1,433	0
Capital Outlay	200	0	0	0
Other	200	0	0	0
Total Instructional Staff	<u>9,407</u>	<u>1,808</u>	<u>1,808</u>	<u>0</u>
Total Support Services	<u>131,872</u>	<u>113,575</u>	<u>113,575</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Salaries and Wages	4,000	0	0	0
Fringe Benefits	642	16	16	0
Purchased Services	220,891	286,285	286,285	0
Supplies and Materials	12,042	12,333	12,333	0
Other	120	195	195	0
Total Co-Curricular Activities	<u>237,695</u>	<u>298,829</u>	<u>298,829</u>	<u>0</u>
Total Extracurricular Activities	<u>237,695</u>	<u>298,829</u>	<u>298,829</u>	<u>0</u>
<b>Total Expenditures</b>	<u>370,017</u>	<u>413,604</u>	<u>413,604</u>	<u>0</u>
Net Change in Fund Balances	(70,817)	5,557	5,581	24
Fund Balance at Beginning of Year	67,897	67,897	67,897	0
Prior Year Encumbrances Appropriated	2,920	2,920	2,920	0
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 76,374</u>	<u>\$ 76,398</u>	<u>\$ 24</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
DISTRICT MANAGED STUDENT ACTIVITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Extracurricular Activities	\$ 268,416	\$ 251,298	\$ 252,050	\$ 752
Miscellaneous	41,124	38,617	38,617	0
<b>Total Revenues</b>	<u>309,540</u>	<u>289,915</u>	<u>290,667</u>	<u>752</u>
<b><u>Expenditures</u></b>				
Current:				
Extracurricular Activities:				
Academic-Subject Oriented Services:				
Purchased Services	4,800	988	988	0
Supplies and Materials	12,602	10,495	10,495	0
Capital Outlay	5,270	2,175	2,175	0
Other	2,330	523	523	0
Total Academic-Subject Oriented Services	<u>25,002</u>	<u>14,181</u>	<u>14,181</u>	<u>0</u>
Sport-Oriented Activities:				
Salaries and Wages	6,950	3,802	3,802	0
Fringe Benefits	1,133	619	619	0
Purchased Services	165,560	166,989	166,989	0
Supplies and Materials	144,534	166,520	166,520	0
Capital Outlay	9,650	15,373	15,373	0
Other	48,538	49,272	49,272	0
Total Sport-Oriented Activities	<u>376,365</u>	<u>402,575</u>	<u>402,575</u>	<u>0</u>
Co-Curricular Activities:				
Supplies and Materials	1,000	0	0	0
Total Co-Curricular Activities	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Extracurricular Activities	<u>402,367</u>	<u>416,756</u>	<u>416,756</u>	<u>0</u>
<b>Total Expenditures</b>	<u>402,367</u>	<u>416,756</u>	<u>416,756</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(92,827)</u>	<u>(126,841)</u>	<u>(126,089)</u>	<u>752</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In	0	96,985	96,985	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>96,985</u>	<u>96,985</u>	<u>0</u>
Net Change in Fund Balances	(92,827)	(29,856)	(29,104)	752
Fund Balance at Beginning of Year	66,328	66,328	66,328	0
Prior Year Encumbrances Appropriated	26,499	26,499	26,499	0
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 62,971</u>	<u>\$ 63,723</u>	<u>\$ 752</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
AUXILIARY SERVICES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 34,607	\$ 14,441	\$ 14,441	\$ 0
Earnings on Investments	117	49	49	0
<b>Total Revenues</b>	<u>34,724</u>	<u>14,490</u>	<u>14,490</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	0	579	579	0
Supplies and Materials	32,291	13,346	13,346	0
Capital Outlay	16,176	14,302	14,302	0
Total Community Services	<u>48,467</u>	<u>28,227</u>	<u>28,227</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>48,467</u>	<u>28,227</u>	<u>28,227</u>	<u>0</u>
<b>Total Expenditures</b>	<u>48,467</u>	<u>28,227</u>	<u>28,227</u>	<u>0</u>
Net Change in Fund Balances	(13,743)	(13,737)	(13,737)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>13,743</u>	<u>13,743</u>	<u>13,743</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 16,500	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>16,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Extracurricular Activities:				
Co-Curricular Activities:				
Purchased Services	<u>16,656</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Co-Curricular Activities	<u>16,656</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Extracurricular Activities	<u>16,656</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>16,656</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(156)	0	0	0
Fund Balance at Beginning of Year	156	156	156	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 156</u></u>	<u><u>\$ 156</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 -  
MANAGEMENT INFORMATION SYSTEMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 35,200	\$ 11,709	\$ 11,709	\$ 0
<b>Total Revenues</b>	<u>35,200</u>	<u>11,709</u>	<u>11,709</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Support Services:				
Administration:				
Salaries and Wages	25,246	8,162	8,162	0
Fringe Benefits	3,488	1,210	1,210	0
Purchased Services	37,783	17,906	17,906	0
Total Administration	<u>66,517</u>	<u>27,278</u>	<u>27,278</u>	<u>0</u>
Total Support Services	<u>66,517</u>	<u>27,278</u>	<u>27,278</u>	<u>0</u>
<b>Total Expenditures</b>	<u>66,517</u>	<u>27,278</u>	<u>27,278</u>	<u>0</u>
Net Change in Fund Balances	(31,317)	(15,569)	(15,569)	0
Fund Balance at Beginning of Year	31,117	31,117	31,117	0
Prior Year Encumbrances Appropriated	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 15,748</u>	<u>\$ 15,748</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
SCHOOL NET PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 0	\$ 4,140	\$ 4,140	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>4,140</u>	<u>4,140</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	3,369	4,472	4,472	0
Fringe Benefits	512	682	682	0
Purchased Services	600	1,695	1,695	0
Total Regular Instruction	<u>4,481</u>	<u>6,849</u>	<u>6,849</u>	<u>0</u>
Total Instruction	<u>4,481</u>	<u>6,849</u>	<u>6,849</u>	<u>0</u>
<b>Total Expenditures</b>	<u>4,481</u>	<u>6,849</u>	<u>6,849</u>	<u>0</u>
Net Change in Fund Balances	(4,481)	(2,709)	(2,709)	0
Fund Balance at Beginning of Year	4,481	4,481	4,481	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 1,772</u></u>	<u><u>\$ 1,772</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 -**  
**OHIO READS GRANT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 16,500	\$ 12,500	\$ 12,500	\$ 0
<b>Total Revenues</b>	<u>16,500</u>	<u>12,500</u>	<u>12,500</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	16,106	9,541	9,541	0
Fringe Benefits	1,982	941	941	0
Supplies and Materials	1,000	1,009	1,009	0
Total Regular Instruction	<u>19,088</u>	<u>11,491</u>	<u>11,491</u>	<u>0</u>
Total Instruction	<u>19,088</u>	<u>11,491</u>	<u>11,491</u>	<u>0</u>
Support Services:				
Administration:				
Salaries	5,887	4,821	4,821	0
Fringe Benefits	969	730	730	0
Supplies and Materials	56	50	50	0
Total Administration	<u>6,912</u>	<u>5,601</u>	<u>5,601</u>	<u>0</u>
Total Support Services	<u>6,912</u>	<u>5,601</u>	<u>5,601</u>	<u>0</u>
<b>Total Expenditures</b>	<u>26,000</u>	<u>17,092</u>	<u>17,092</u>	<u>0</u>
Net Change in Fund Balances	(9,500)	(4,592)	(4,592)	0
Fund Balance at Beginning of Year	9,500	9,500	9,500	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 4,908</u>	<u>\$ 4,908</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
SUMMER SCHOOL INTERVENTION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 5,500	\$ 10,189	\$ 10,189	\$ 0
<b>Total Revenues</b>	<u>5,500</u>	<u>10,189</u>	<u>10,189</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	0	157	157	0
Supplies and Materials	5,500	10,032	10,032	0
Total Regular Instruction	<u>5,500</u>	<u>10,189</u>	<u>10,189</u>	<u>0</u>
Total Instruction	<u>5,500</u>	<u>10,189</u>	<u>10,189</u>	<u>0</u>
<b>Total Expenditures</b>	<u>5,500</u>	<u>10,189</u>	<u>10,189</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
SCHOOL MISCELLANEOUS STATE GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 3,300	\$ 3,141	\$ 3,141	\$ 0
<b>Total Revenues</b>	<u>3,300</u>	<u>3,141</u>	<u>3,141</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Support Services:				
Instructional Staff:				
Fringe Benefits	159	0	0	0
Purchased Services	<u>3,141</u>	<u>3,141</u>	<u>3,141</u>	<u>0</u>
Total Instructional Staff	<u>3,300</u>	<u>3,141</u>	<u>3,141</u>	<u>0</u>
Total Support Services	<u>3,300</u>	<u>3,141</u>	<u>3,141</u>	<u>0</u>
<b>Total Expenditures</b>	<u>3,300</u>	<u>3,141</u>	<u>3,141</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**EDUCATION OF HANDICAPPED CHILDREN FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 201,300	\$ 324,884	\$ 324,884	\$ 0
<b>Total Revenues</b>	<u>201,300</u>	<u>324,884</u>	<u>324,884</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Special Instruction:				
Salaries and Wages	27,611	0	0	0
Fringe Benefits	11,948	0	0	0
Purchased Services	8,664	0	0	0
Total Special Instruction	<u>48,223</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>48,223</u>	<u>0</u>	<u>0</u>	<u>0</u>
Support Services:				
Pupils:				
Salaries and Wages	0	27,611	27,611	0
Fringe Benefits	0	11,948	11,948	0
Purchased Services	0	130,253	130,253	0
Total Pupils	<u>0</u>	<u>169,812</u>	<u>169,812</u>	<u>0</u>
Administration:				
Salaries and Wages	110,760	110,760	110,760	0
Fringe Benefits	43,963	43,963	43,963	0
Total Administration	<u>154,723</u>	<u>154,723</u>	<u>154,723</u>	<u>0</u>
Total Support Services	<u>154,723</u>	<u>324,535</u>	<u>324,535</u>	<u>0</u>
Fiscal Services:				
Salaries and Wages	300	300	300	0
Fringe Benefits	49	49	49	0
Total Fiscal Services	<u>349</u>	<u>349</u>	<u>349</u>	<u>0</u>
<b>Total Expenditures</b>	<u>203,295</u>	<u>324,884</u>	<u>324,884</u>	<u>0</u>
Net Change in Fund Balances	(1,995)	0	0	0
Fund Balance at Beginning of Year	1,995	1,995	1,995	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 1,995</u>	<u>\$ 1,995</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**TITLE I - DISADVANTAGED CHILDREN/TARGETED ASSISTANCE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 129,800	\$ 215,963	\$ 215,963	\$ 0
<b>Total Revenues</b>	<u>129,800</u>	<u>215,963</u>	<u>215,963</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	1,600	15,585	15,585	0
Fringe Benefits	259	1,841	1,841	0
Supplies and Materials	4,900	5,858	5,858	0
Purchased Services	22,000	22,611	22,611	0
Total Regular Instruction	<u>28,759</u>	<u>45,895</u>	<u>45,895</u>	<u>0</u>
Special Instruction:				
Salaries and Wages	63,192	99,622	99,622	0
Fringe Benefits	10,573	17,730	17,730	0
Purchased Services	7,508	12,000	12,000	0
Supplies and Materials	9,000	15,267	15,267	0
Capital Outlay	3,600	3,446	3,446	0
Total Special Instruction	<u>93,873</u>	<u>148,065</u>	<u>148,065</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	3,000	1,282	1,282	0
Supplies and Materials	1,400	1,780	1,780	0
Fringe Benefits	486	184	184	0
Total Instructional Staff	<u>4,886</u>	<u>3,246</u>	<u>3,246</u>	<u>0</u>
Total Instruction	<u>127,518</u>	<u>197,206</u>	<u>197,206</u>	<u>0</u>
Support Services:				
Administration:				
Salaries and Wages	2,000	3,500	3,500	0
Fringe Benefits	342	580	580	0
Total Administration	<u>2,342</u>	<u>4,080</u>	<u>4,080</u>	<u>0</u>
Total Support Services	<u>2,342</u>	<u>4,080</u>	<u>4,080</u>	<u>0</u>
<b>Total Expenditures</b>	<u>129,860</u>	<u>201,286</u>	<u>201,286</u>	<u>0</u>
Net Change in Fund Balances	(60)	14,677	14,677	0
Fund Balance - Beginning of Year	60	60	60	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 14,737</u>	<u>\$ 14,737</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**TITLE V FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 44,000	\$ 17,054	\$ 17,054	\$ 0
<b>Total Revenues</b>	<u>44,000</u>	<u>17,054</u>	<u>17,054</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	12,056	0	0	0
Fringe Benefits	6,144	0	0	0
Supplies and Materials	12,883	9,648	9,648	0
Purchased Services	750	6,184	6,184	0
Total Regular Instruction	<u>31,833</u>	<u>15,832</u>	<u>15,832</u>	<u>0</u>
Special Instruction:				
Salaries and Wages	17,436	5,369	5,369	0
Fringe Benefits	1,172	890	890	0
Supplies and Materials	0	407	407	0
Total Special Instruction	<u>18,608</u>	<u>6,666</u>	<u>6,666</u>	<u>0</u>
Total Instruction	<u>50,441</u>	<u>22,498</u>	<u>22,498</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Supplies and Materials	226	226	226	0
Total Co-Curricular Activities	<u>226</u>	<u>226</u>	<u>226</u>	<u>0</u>
Total Extracurricular Activities	<u>226</u>	<u>226</u>	<u>226</u>	<u>0</u>
<b>Total Expenditures</b>	<u>50,667</u>	<u>22,724</u>	<u>22,724</u>	<u>0</u>
Net Change in Fund Balances	(6,667)	(5,670)	(5,670)	0
Fund Balance at Beginning of Year	6,667	6,667	6,667	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 997</u>	<u>\$ 997</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
DRUG FREE SCHOOL GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 18,480	\$ 10,027	\$ 10,027	\$ 0
<b>Total Revenues</b>	<u>18,480</u>	<u>10,027</u>	<u>10,027</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Special Instruction:				
Purchased Services	908	908	908	0
Total Special Instruction	<u>908</u>	<u>908</u>	<u>908</u>	<u>0</u>
Total Instruction	<u>908</u>	<u>908</u>	<u>908</u>	<u>0</u>
Support Services:				
Pupils:				
Salaries and Wages	1,000	1,000	1,000	0
Fringe Benefits	500	500	500	0
Purchased Services	10,843	3,740	3,740	0
Supplies and Materials	5,886	3,402	3,402	0
Capital Outlay	<u>0</u>	<u>962</u>	<u>962</u>	<u>0</u>
Total Pupils	<u>18,229</u>	<u>9,604</u>	<u>9,604</u>	<u>0</u>
Total Support Services	<u>18,229</u>	<u>9,604</u>	<u>9,604</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Supplies and Materials	<u>263</u>	<u>134</u>	<u>134</u>	<u>0</u>
Total Co-Curricular Activities	<u>263</u>	<u>134</u>	<u>134</u>	<u>0</u>
Total Extracurricular Activities	<u>263</u>	<u>134</u>	<u>134</u>	<u>0</u>
<b>Total Expenditures</b>	<u>19,400</u>	<u>10,646</u>	<u>10,646</u>	<u>0</u>
Net Change in Fund Balances	(920)	(619)	(619)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>920</u>	<u>920</u>	<u>920</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 301</u>	<u>\$ 301</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
TELECOMMUNICATIONS ACT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 13,200	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>13,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Operation and Maintenance of Plant Services:				
Purchased Services	16,235	0	0	0
Capital - New	<u>1,893</u>	<u>1,250</u>	<u>1,250</u>	<u>0</u>
Total Operation and Maintenance of Plant Services	<u>18,128</u>	<u>1,250</u>	<u>1,250</u>	<u>0</u>
<b>Total Expenditures</b>	<u>18,128</u>	<u>1,250</u>	<u>1,250</u>	<u>0</u>
Net Change in Fund Balances	(4,928)	(1,250)	(1,250)	0
Fund Balance - Beginning of Year	4,208	4,208	4,208	0
Prior Year Encumbrances Appropriated	<u>720</u>	<u>720</u>	<u>720</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 3,678</u></u>	<u><u>\$ 3,678</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
MISCELLANEOUS FEDERAL GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 33,000	\$ 5,846	\$ 5,846	\$ 0
<b>Total Revenues</b>	<u>33,000</u>	<u>5,846</u>	<u>5,846</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	12,540	1,750	1,750	0
Fringe Benefits	2,310	280	280	0
Purchased Services	18,150	3,816	3,816	0
Total Regular Instruction	<u>33,000</u>	<u>5,846</u>	<u>5,846</u>	<u>0</u>
Total Instruction	<u>33,000</u>	<u>5,846</u>	<u>5,846</u>	<u>0</u>
<b>Total Expenditures</b>	<u>33,000</u>	<u>5,846</u>	<u>5,846</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
EISENHOWER PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 8,800	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>8,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Special Instruction:				
Purchased Services	8,821	0	0	0
Total Special Instruction	<u>8,821</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>8,821</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>8,821</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(21)	0	0	0
Fund Balance at Beginning of Year	21	21	21	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 21</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 -  
 DISADVANTAGED PUPIL AID PROGRAM FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Total Revenues</u></b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b><u>Total Expenditures</u></b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance at Beginning of Year	20	20	20	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
DATA COMMUNICATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 11,000	\$ 15,000	\$ 15,000	\$ 0
<b>Total Revenues</b>	<u>11,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Purchased Services	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Total Regular Instruction	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Total Instruction	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Net Change in Fund Balances	(14,000)	(14,000)	(14,000)	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
IMPROVING TEACHER QUALITY FUND  
OR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 44,000	\$ 77,962	\$ 77,962	\$ 0
<b>Total Revenues</b>	<u>44,000</u>	<u>77,962</u>	<u>77,962</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	28,648	49,875	49,875	0
Fringe Benefits	4,848	8,268	8,268	0
Supplies and Materials	2,645	4,867	4,867	0
Purchased Services	7,934	14,952	14,952	0
Total Regular Instruction	<u>44,075</u>	<u>77,962</u>	<u>77,962</u>	<u>0</u>
Total Instruction	<u>44,075</u>	<u>77,962</u>	<u>77,962</u>	<u>0</u>
<b>Total Expenditures</b>	<u>44,075</u>	<u>77,962</u>	<u>77,962</u>	<u>0</u>
Net Change in Fund Balance	(75)	0	0	0
Fund Balance - Beginning of Year	75	75	75	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 0</u>	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
ENTRY YEAR TEACHERS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 0	\$ 6,600	\$ 6,600	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>6,600</u>	<u>6,600</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	6,000	6,000	0
Fringe Benefits	<u>0</u>	<u>600</u>	<u>600</u>	<u>0</u>
Total Instructional Staff	<u>0</u>	<u>6,600</u>	<u>6,600</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>6,600</u>	<u>6,600</u>	<u>0</u>
<b>Total Expenditures</b>	<u>0</u>	<u>6,600</u>	<u>6,600</u>	<u>0</u>
Changes in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
PERMANENT IMPROVEMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Earnings on Investments	\$ 5,198	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>5,198</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Total Expenditures</u></b>	<u>26,421</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(21,223)	0	0	0
Fund Balance at Beginning of Year	21,223	21,223	21,223	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 21,223</u>	<u>\$ 21,223</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
SCHOOL NET PLUS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 55,000	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>55,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Purchased Services	23,194	0	0	0
Supplies and Materials	26,327	0	0	0
Capital Outlay - New	<u>13,163</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Regular Instruction	<u>62,684</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>62,684</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>62,684</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(7,684)	0	0	0
Fund Balance at Beginning of Year	7,684	7,684	7,684	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 7,684</u>	<u>\$ 7,684</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
INTERACTIVE VIDEO DISTANCE LEARNING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 22,000	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>22,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular Instruction:				
Salaries	0	3,002	3,002	0
Fringe Benefits	0	498	498	0
Purchased Services	26,402	4,000	4,000	0
Capital Outlay - New	4,298	1,200	1,200	0
Total Regular Instruction	<u>30,700</u>	<u>8,700</u>	<u>8,700</u>	<u>0</u>
Total Instruction	<u>30,700</u>	<u>8,700</u>	<u>8,700</u>	<u>0</u>
<b>Total Expenditures</b>	<u>30,700</u>	<u>8,700</u>	<u>8,700</u>	<u>0</u>
Net Change in Fund Balances	(8,700)	(8,700)	(8,700)	0
Fund Balance at Beginning of Year	8,700	8,700	8,700	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**FOOD SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Earnings on Investments	\$ 1,637	\$ 1,638	\$ 1,706	\$ 68
Operating Grants	81,876	85,338	85,338	0
Food Services	587,088	611,910	611,910	0
Miscellaneous	21,299	22,199	22,199	0
<b>Total Revenues</b>	<u>691,900</u>	<u>721,085</u>	<u>721,153</u>	<u>68</u>
<b><u>Expenses</u></b>				
Salaries and Wages:				
Food Services	<u>222,608</u>	<u>222,608</u>	<u>222,608</u>	<u>0</u>
Total Salaries and Wages	<u>222,608</u>	<u>222,608</u>	<u>222,608</u>	<u>0</u>
Fringe Benefits:				
Food Services	<u>80,797</u>	<u>77,761</u>	<u>77,761</u>	<u>0</u>
Total Fringe Benefits	<u>80,797</u>	<u>77,761</u>	<u>77,761</u>	<u>0</u>
Purchased Services:				
Operation and Maintenance of Plant Services	11,378	11,378	11,378	0
Food Services	<u>414,790</u>	<u>414,790</u>	<u>414,790</u>	<u>0</u>
Total Purchased Services	<u>426,168</u>	<u>426,168</u>	<u>426,168</u>	<u>0</u>
Supplies and Materials:				
Food Services	<u>21,999</u>	<u>21,999</u>	<u>21,999</u>	<u>0</u>
Total Supplies and Materials	<u>21,999</u>	<u>21,999</u>	<u>21,999</u>	<u>0</u>
Other:				
Food Services	<u>983</u>	<u>983</u>	<u>983</u>	<u>0</u>
Total Other	<u>983</u>	<u>983</u>	<u>983</u>	<u>0</u>
<b>Total Expenses</b>	<u>752,555</u>	<u>749,519</u>	<u>749,519</u>	<u>0</u>
Net Change in Fund Equity	(60,655)	(28,434)	(28,366)	68
Fund Equity at Beginning of Year	27,655	27,655	27,655	0
Prior Year Encumbrances Appropriated	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 0</u>	<u>\$ 32,221</u>	<u>\$ 32,289</u>	<u>\$ 68</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenue</u></b>				
Extracurricular Student Activities	\$ 2,806	\$ 2,174	\$ 2,174	\$ 0
Miscellaneous	<u>143,907</u>	<u>112,497</u>	<u>111,486</u>	<u>(1,011)</u>
<b>Total Revenues</b>	<u>146,713</u>	<u>114,671</u>	<u>113,660</u>	<u>(1,011)</u>
<b><u>Expenses</u></b>				
Salaries and Wages:				
Community Services	87,034	87,034	87,034	0
Academic Oriented Activities	<u>340</u>	<u>81</u>	<u>81</u>	<u>0</u>
Total Salaries and Wages	<u>87,374</u>	<u>87,115</u>	<u>87,115</u>	<u>0</u>
Fringe Benefits:				
Community Services	57,754	25,998	25,998	0
Academic Oriented Activities	<u>55</u>	<u>12</u>	<u>12</u>	<u>0</u>
Total Fringe Benefits	<u>57,809</u>	<u>26,010</u>	<u>26,010</u>	<u>0</u>
Supplies and Materials:				
Academic Oriented Activities	<u>3,787</u>	<u>2,131</u>	<u>2,131</u>	<u>0</u>
Total Supplies and Materials	<u>3,787</u>	<u>2,131</u>	<u>2,131</u>	<u>0</u>
<b>Total Expenses</b>	<u>148,970</u>	<u>115,256</u>	<u>115,256</u>	<u>0</u>
Net Change in Fund Equity	(2,257)	(585)	(1,596)	(1,011)
Fund Equity at Beginning of Year	2,257	2,257	2,257	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 0</u>	<u>\$ 1,672</u>	<u>\$ 661</u>	<u>\$ (1,011)</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
UNIFORM SCHOOL SUPPLIES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Classroom Materials and Fees	\$ 138,600	\$ 144,223	\$ 144,223	\$ 0
<b>Total Revenues</b>	<u>138,600</u>	<u>144,223</u>	<u>144,223</u>	<u>0</u>
<b><u>Expenses</u></b>				
Supplies and Materials:				
Regular Instruction	<u>141,001</u>	<u>138,143</u>	<u>138,143</u>	<u>0</u>
Total Supplies and Materials	<u>141,001</u>	<u>138,143</u>	<u>138,143</u>	<u>0</u>
<b>Total Expenses</b>	<u>141,001</u>	<u>138,143</u>	<u>138,143</u>	<u>0</u>
Net Change in Fund Equity	(2,401)	6,080	6,080	0
Fund Equity at Beginning of Year	10,227	10,227	10,227	0
Prior Year Encumbrances Appropriated	<u>2,031</u>	<u>2,031</u>	<u>2,031</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 9,857</u>	<u>\$ 18,338</u>	<u>\$ 18,338</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
ALL DAY KINDERGARTEN FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Earnings on Investments	\$ 394	\$ 517	\$ 523	\$ 6
Tuition	<u>149,756</u>	<u>198,740</u>	<u>198,740</u>	<u>0</u>
<b>Total Revenues</b>	<u>150,150</u>	<u>199,257</u>	<u>199,263</u>	<u>6</u>
<b><u>Expenses</u></b>				
Salaries and Wages:				
Food Services	4,600	4,600	4,600	0
Regular Instruction	176,285	122,068	122,068	0
Pupil Support Services	<u>20,255</u>	<u>20,255</u>	<u>20,255</u>	<u>0</u>
Total Salaries and Wages	<u>201,140</u>	<u>146,923</u>	<u>146,923</u>	<u>0</u>
Fringe Benefits:				
Regular Instruction	<u>32,660</u>	<u>32,660</u>	<u>32,660</u>	<u>0</u>
Total Fringe Benefits	<u>32,660</u>	<u>32,660</u>	<u>32,660</u>	<u>0</u>
Supplies and Materials:				
Regular Instruction	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Supplies and Materials	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
<b>Total Expenses</b>	<u>234,800</u>	<u>180,583</u>	<u>180,583</u>	<u>0</u>
Net Change in Fund Equity	(84,650)	18,674	18,680	6
Fund Equity at Beginning of Year	84,650	84,650	84,650	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 0</u>	<u>\$ 103,324</u>	<u>\$ 103,330</u>	<u>\$ 6</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
EMPLOYEE BENEFITS SELF-INSURANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Miscellaneous	<u>\$1,000,000</u>	<u>\$2,659,330</u>	<u>\$2,659,482</u>	<u>\$ 152</u>
<b>Total Revenues</b>	<u>1,000,000</u>	<u>2,659,330</u>	<u>2,659,482</u>	<u>152</u>
<b><u>Expenses</u></b>				
Purchased Services:				
Support Services - Central	<u>1,493,719</u>	<u>2,557,761</u>	<u>2,557,761</u>	<u>0</u>
Total Purchased Services	<u>1,493,719</u>	<u>2,557,761</u>	<u>2,557,761</u>	<u>0</u>
<b>Total Expenses</b>	<u>1,493,719</u>	<u>2,557,761</u>	<u>2,557,761</u>	<u>0</u>
Net Change in Fund Equity	(493,719)	101,569	101,721	152
Fund Equity at Beginning of Year	490,157	490,157	490,157	0
Prior Year Encumbrances Appropriated	<u>3,562</u>	<u>3,562</u>	<u>3,562</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<u>\$ 0</u>	<u>\$ 595,288</u>	<u>\$ 595,440</u>	<u>\$ 152</u>

**KENSTON LOCAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL -  
SCHOLARSHIP TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 7,400	\$ 9,347	\$ 9,347	\$ 0
<b>Total Revenues</b>	<u>7,400</u>	<u>9,347</u>	<u>9,347</u>	<u>0</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Special Instruction:				
Capital Outlay	4,590	6,181	6,181	0
Material and Supplies	<u>2,947</u>	<u>2,978</u>	<u>2,978</u>	<u>0</u>
Total Special Instruction	<u>7,537</u>	<u>9,159</u>	<u>9,159</u>	<u>0</u>
Total Instruction	<u>7,537</u>	<u>9,159</u>	<u>9,159</u>	<u>0</u>
<b>Total Expenditures</b>	<u>7,537</u>	<u>9,159</u>	<u>9,159</u>	<u>0</u>
Net Change in Fund Balances	(137)	188	188	0
Fund Balance - Beginning of Year	<u>137</u>	<u>137</u>	<u>137</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 325</u></u>	<u><u>\$ 325</u></u>	<u><u>\$ 0</u></u>

# Statistical Section



**Allyson Georgian**  
Grade 4



**Lindsay Cook**  
Grade 4



**Erica Savin**  
Grade 4



**Jonathan Greene**  
Grade 4



**Samruth Kaur**  
Grade 4

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Instruction	\$ 15,792,309	\$ 15,260,968	\$ 13,830,063	\$ 12,684,248	\$ 11,954,759
Support Services:					
Pupil	2,000,613	1,988,980	1,933,989	1,897,728	1,489,893
Instructional Staff	893,193	725,441	694,916	646,176	602,019
Board of Education	59,496	84,565	64,844	50,264	45,253
Administrative	2,548,908	2,169,439	1,907,560	1,766,554	1,610,499
Fiscal Services	866,883	764,488	703,612	625,157	665,350
Business	40,691	37,748	33,262	36,360	27,230
Operation and Maintenance of Plant	3,251,788	3,187,029	2,990,335	2,795,893	2,536,633
Pupil Transportation	1,974,489	2,010,267	1,546,318	1,576,874	1,798,964
Central Services	117,910	23,029	8,269	6,114	214
Operation of Non-Instructional Services	84,727	129,766	119,891	117,822	78,769
Extracurricular Activities	1,342,710	1,032,012	923,712	910,173	815,105
Capital Outlay	0	0	12,129	264,817	10,076
Debt Service	2,408,185	1,185,659	1,383,534	1,309,610	1,183,097
Other Financing Uses	<u>0</u>	<u>12,458</u>	<u>0</u>	<u>0</u>	<u>518,203</u>
<b>Total</b>	<b><u>\$ 31,381,902</u></b>	<b><u>\$ 28,611,849</u></b>	<b><u>\$26,152,434</u></b>	<b><u>\$24,687,790</u></b>	<b><u>\$23,336,064</u></b>

Source: School District financial records

(1) 2003 and 2004 reported on full accrual basis and 1995 through 2002 reported on GAAP (modified accrual) basis.

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

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<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 10,933,134	\$ 10,107,942	\$ 9,165,701	\$ 9,059,381	\$ 8,586,641
1,385,391	1,080,123	943,761	905,171	844,833
499,461	491,593	442,676	463,251	486,421
51,168	86,954	54,478	36,139	31,409
1,663,846	1,668,841	1,582,327	1,476,847	1,335,338
526,810	535,009	522,248	510,021	461,653
4,120	19,764	20,244	20,022	17,858
2,777,194	2,364,180	2,084,213	2,088,556	1,867,879
1,635,150	1,517,630	1,302,733	1,282,466	1,048,672
16,567	5,963	15,552	6,631	93,163
110,240	38,714	45,742	35,639	6,319
745,079	669,812	601,129	591,295	564,401
25,470	7,844	410,185	12,226	1,373,524
1,142,745	1,102,505	1,464,468	1,417,434	1,362,022
<u>718,936</u>	<u>161,187</u>	<u>457,376</u>	<u>183,503</u>	<u>141,145</u>
<u>\$ 22,235,311</u>	<u>\$ 19,858,061</u>	<u>\$19,112,833</u>	<u>\$ 18,088,582</u>	<u>\$ 18,221,278</u>

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b><u>Program Revenues</u></b>					
Charges for Services	\$ 933,017	\$ 270,996	N/A	N/A	N/A
Operating Grants and Contributions	1,451,082	1,157,840	N/A	N/A	N/A
Capital Grants and Contributions	60,259	312,218	N/A	N/A	N/A
<b><u>General Revenues</u></b>					
Taxes	22,278,691	20,077,830	\$ 17,796,538	\$ 16,847,665	\$ 15,681,365
Intergovernmental	7,002,579	6,772,184	7,317,621	7,023,636	6,295,936
Investment Earnings	(246,305)	903,723	272,150	590,946	505,688
Tuition and Fees	0	0	32,214	35,788	48,743
Transportation Fees	0	0	60,539	58,901	100,894
Extracurricular Activities	0	0	391,890	378,799	291,850
Miscellaneous	6,336	0	0	0	657,410
Proceeds from Sale of Capital Assets	0	0	0	0	0
Loss on Sale of Capital Assets	(5,900)	0	0	0	0
Proceeds from Sale of Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>\$31,479,759</u></b>	<b><u>\$ 29,494,791</u></b>	<b><u>\$ 25,870,952</u></b>	<b><u>\$ 24,935,735</u></b>	<b><u>\$ 23,581,886</u></b>

Source: School District financial records

- (1) 2003 and 2004 reported on full accrual basis and 1995 through 2002 reported on GAAP (modified accrual) basis; all others reported on cash basis
- (2) Includes General, Special Revenue, Capital Project, and Debt Service funds for modified accrual and all governmental activities for full accrual.

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<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	0	0	0	0
15,445,587	14,458,297	14,151,774	11,804,545	11,338,081
5,887,747	5,275,059	4,449,720	4,422,995	4,231,908
428,571	336,990	343,871	435,570	426,721
54,837	28,550	31,409	50,088	64,651
84,174	60,612	47,809	0	0
297,299	246,473	254,072	263,331	208,545
852,633	375,112	933,625	245,791	251,163
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 23,050,848</u>	<u>\$ 20,781,093</u>	<u>\$ 20,212,280</u>	<u>\$ 17,222,320</u>	<u>\$ 16,521,069</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>
2003	\$ 23,822,685	\$ 922,514	\$ 24,745,199	\$ 22,020,509	92.44	\$ 614,572	\$22,635,081	95.01%
2002	20,460,049	1,010,924	21,470,973	19,939,692	97.46	581,783	20,521,475	100.30%
2001	19,823,800	1,032,061	20,855,861	19,341,132	97.57	498,948	19,840,080	100.00%
2000	18,545,717	963,103	19,508,822	18,100,770	97.60	468,346	18,569,116	100.13%
1999	17,657,705	878,479	18,536,184	17,198,680	97.40	425,477	17,624,157	99.81%
1998	17,436,307	871,850	18,308,157	17,076,424	97.94	401,725	17,478,149	100.24%
1997	13,569,182	733,031	14,302,213	13,303,360	98.04	324,418	13,627,778	100.43%
1996	13,367,115	639,188	14,006,303	13,030,963	97.49	250,315	13,281,278	99.36%
1995	12,801,162	681,026	13,482,188	12,555,965	98.08	307,512	12,863,477	100.49%
1994	12,433,241	594,638	13,027,879	12,134,927	97.60	261,403	12,396,330	99.70%

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 2004 information can not be presented because all collections have not been made by June 30.
- (3) This amount can not be calculated, based on other information in this statistical table, because of retroactive additions and reductions which are brought on in one lump sum.

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

Tax Year	Real Property		Public Utility Personal Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003	\$ 591,845,980	\$ 1,690,985,514	\$ 12,554,160	\$ 14,266,090	\$ 32,095,660	\$ 128,382,640	\$ 636,495,800	\$ 1,833,634,244	35%
2002	562,355,940	1,606,731,257	11,829,340	13,439,023	34,081,610	136,326,440	608,263,890	1,756,496,720	34.65%
2001	496,334,870	1,418,099,629	12,728,320	14,464,000	31,008,490	124,033,960	540,071,680	1,556,597,589	34.70%
2000	476,070,320	1,360,200,914	14,115,260	16,040,068	24,184,950	96,739,800	514,370,530	1,472,980,782	35%
1999	455,644,940	1,301,842,686	14,089,740	16,011,068	22,453,900	89,815,600	492,188,580	1,407,669,354	35%
1998	389,537,360	1,112,963,885	15,580,050	17,704,602	22,608,970	90,435,880	427,726,380	1,221,104,367	35%
1997	370,408,460	1,058,309,886	16,013,730	18,197,420	20,352,290	81,409,160	406,774,480	1,157,916,466	35%
1996	351,104,830	1,003,156,667	16,827,440	19,122,091	18,218,900	72,875,600	386,151,170	1,095,154,358	35%
1995	324,208,710	926,310,600	17,123,130	19,458,102	15,826,110	63,304,440	357,157,950	1,009,073,142	35%
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%

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>
2003	78.30	16.10	22.50	116.90	5.70	.30	6.00
2002	78.30	15.60	22.50	116.40	5.70	.30	6.00
2001	77.30	15.40	22.50	115.20	3.20	.30	3.50
2000	77.30	14.40	22.50	114.20	3.20	.30	3.50
1999	77.30	13.65	22.50	113.45	3.20	.30	3.50
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

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

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

<u>Fiscal Year</u>	<u>Gross General Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net General Bonded Debt Obligation</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Ratio of Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
2003/2004	\$ 51,749,500	\$ 3,071,859	\$ 48,677,641	\$ 636,495,800	16,074	7.65%	3,028
2002/2004	53,063,000	3,181,198	49,881,802	608,263,890	16,074	8.20%	3,103
2001/2002	8,891,500	1,776,606	7,114,894	540,071,680	16,074	1.32%	443
2000/2001	9,697,000	1,409,206	8,287,794	514,370,530	16,074	1.61%	516
1999/2000	10,255,000	1,039,861	9,215,139	492,188,580	12,992	1.87%	709
1998/1999	10,789,000	714,056	10,074,944	427,726,380	12,992	2.35%	775
1997/1998	11,250,000	659,429	10,590,571	406,774,480	12,990	2.60%	815
1996/1997	11,645,000	421,674	11,223,326	386,151,170	12,990	2.91%	864
1995/1996	12,020,000	629,662	11,390,338	357,157,950	12,990	3.19%	877
1994/1995	12,650,000	578,664	12,071,336	340,331,230	12,990	3.55%	929

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

**KENSTON LOCAL SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2004**

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Assessed Valuation		<u>\$ 636,495,800</u>
Bonded Debt Limit - 9% of Assessed Value (1)		\$ 57,284,622
Amount of Debt Applicable to Debt Limit:		
Bonded Debt	51,749,500	
Amount Available in Debt Service Fund	<u>3,071,859</u>	
		<u>48,677,641</u>
 Voted Debt Margin		 <u>\$ 8,606,981</u>
 Bonded Debt Limit - .1% of Assessed Value (1)		 \$ 636,496
Amount of Debt Applicable		<u>0</u>
 Unvoted Debt Margin		 <u>\$ 636,496</u>

Source: Geauga County Auditor and School District financial records.

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

**KENSTON LOCAL SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
GENERAL OBLIGATION BONDED DEBT  
AS OF DECEMBER 31, 2003**

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<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District(1)</u>	<u>Applicable to School District</u>
<b><u>Direct</u></b>			
Kenston Local School	<u>\$51,749,500</u>	100.00%	<u>\$ 51,749,500</u>
<b>Total Direct</b>	<u>51,749,500</u>		<u>51,749,500</u>
<b><u>Overlapping</u></b>			
Geauga County	<u>7,416,552</u>	45.11%	<u>3,345,607</u>
<b>Total Overlapping</b>	<u>7,416,552</u>		<u>3,345,607</u>
<b>Grand Total</b>	<u>\$59,166,052</u>		<u>\$ 55,095,107</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 2003 collection year.

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

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Fund Expenditures(1)</u>	<u>Ratio of Debt Service To Governmental Fund Expenditures</u>
2003/2004	\$ 1,313,500	\$ 2,459,866	\$ 3,773,366	\$ 34,284,553	11.01%
2002/2003	828,500	894,943	1,723,443	28,497,143	6.05%
2001/2002	805,000	578,034	1,383,034	26,152,434	5.29%
2000/2001	620,000	604,298	1,224,298	24,687,790	4.96%
1999/2000	465,000	637,522	1,102,522	23,336,064	4.72%
1998/1999	395,000	666,705	1,061,705	22,235,311	4.77%
1997/1998	330,000	691,439	1,021,439	19,858,061	5.14%
1996/1997	725,000	739,468	1,464,468	19,112,833	7.66%
1995/1996	630,000	786,259	1,416,259	18,088,582	7.83%
1994/1995	540,000	822,022	1,362,022	18,221,278	7.47%

Source: School District financial records

(1) 1995-2004 on a modified accrual basis.

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

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<u>Year</u>	Geauga County <u>Population</u>	(1) Bainbridge Township <u>Population</u>	(1) Auburn Township <u>Population</u>	<u>School Enrollment</u>	Geauga County Unemployment <u>Rate</u>
2004	90,895	10,916	5,158	3,123	5.3%
2003	90,895	10,916	5,158	3,164	3.7%
2002	90,895	10,916	5,158	3,072	3.2%
2001	90,895	10,916	5,158	3,084	3.0%
2000	87,913	9,694	3,298	3,058	2.8%
1999	87,913	9,694	3,298	3,056	3.0%
1998	86,054	9,694	3,298	3,027	3.5%
1997	86,054	9,694	3,298	2,928	3.6%
1996	84,260	9,694	3,298	2,790	3.8%
1995	83,400	9,694	3,298	2,601	3.8%

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

(1) Population data for 1992-2000 is assumed to be the same as that of the 1990 census. The date of the last census was 2000.

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

Calendar Year	Assessed Value Real Personal Property (Amounts in 000's)(2)	Bank Deposits (Amounts in 000's)(1)	Permits Issued Geauga County (2)	Bainbridge Township (2)	Auburn Township (2)
2003	\$ 608,264	\$ 286,335	\$150,229,559	\$ 32,672,151	\$ 17,917,949
2002	540,072	286,335	175,906,232	33,302,147	16,401,151
2001	514,371	253,635	212,264,882	24,034,608	24,452,409
2000	492,189	222,518	199,824,566	50,251,392	3,775,290
1999	427,726	249,478	65,015,002	14,946,383	7,521,396
1998	406,774	243,704	47,503,140	25,313,695	9,588,896
1997	386,151	222,203	38,142,850	16,750,001	13,713,085
1996	357,157	202,741	41,162,110	19,513,510	18,600,297
1995	340,331	194,409	35,438,050	20,825,030	14,453,711
1994	327,091	178,559	28,009,880	17,286,643	9,751,000

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

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
REAL PROPERTY TAX  
DECEMBER 31, 2003**

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<u>Name of Taxpayer</u>	<u>General Value</u>	<u>Percentage of Real Property Assessed Value(1)</u>
Bainbridge Shopping Center	\$ 11,798,520	1.99%
Funtime, Inc.	10,053,580	1.69%
422 Company, Ltd.	2,658,220	0.44%
Tanglewood Square	2,528,160	0.42%
Capco Enterprises	1,855,640	0.31%
Bainbridge Associates, Ltd.	1,352,820	0.22%
Stock Equipment Co.	1,221,710	0.20%
University Hospitals	1,066,590	0.18%
Key Trust Company	985,620	0.16%
Tanglewood Associates	<u>976,200</u>	<u>0.16%</u>
Total	<u>\$ 34,497,060</u>	<u>5.77%</u>
Total Kenston Local School District Real Property Assessed Value	<u>\$ 591,845,980</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2004 collection year

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX  
DECEMBER 31, 2003**

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Funtime, Inc.	\$ 13,579,370	42.30%
SPX Corporation	1,684,600	5.24%
Duramax, Inc.	1,552,450	4.83%
Mar Bal, Inc.	776,880	2.42%
Novean, Inc.	644,480	2.00%
Heinens, Inc.	506,600	1.57%
K Mart Corp.	479,910	1.49%
Etna Products	386,350	1.20%
HTV Industries, Inc.	364,870	1.13%
Speed Selector, Inc.	<u>304,220</u>	<u>0.94%</u>
Total	<u>\$ 20,279,730</u>	<u>63.12%</u>
Total Kenston Local School District Tangible Assessed Value	<u>\$ 32,095,660</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2003 collection year

**KENSTON LOCAL SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
PUBLIC UTILITIES TAX  
DECEMBER 31, 2003**

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 6,190,170	49.30%
Western Reserve Telephone Company	3,315,670	26.41%
American Transmission	864,590	6.88%
Voicestream Columbus, Inc.	561,870	4.47%
East Ohio Gas Company	<u>402,120</u>	<u>3.20%</u>
Total	<u>\$ 11,334,420</u>	<u>90.26%</u>
 Total Kenston Local School District Public Utility Assessed Value	 <u>\$ 12,554,160</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2004 collection year

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

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<u>Fiscal Year</u>	<u>Governmental Expenditures (1)</u>	<u>Average Student Enrollment</u>	<u>Per Pupil Cost</u>
2003/2004	\$ 34,284,553	3,123	\$ 10,978
2002/2003	28,497,143	3,164	9,007
2001/2002	26,152,434	3,072	8,513
2000/2001	24,687,790	3,084	8,005
1999/2000	23,336,064	3,058	7,631
1998/1999	22,235,311	3,056	7,276
1997/1998	19,858,061	3,027	6,560
1996/1997	19,112,833	2,928	6,528
1995/1996	18,088,582	2,790	6,483
1994/1995	18,221,278	2,601	7,005

Source: School District Financial Records

(1) 1995 through 2004 on modified accrual basis.

**KENSTON LOCAL SCHOOL DISTRICT  
TEACHER EDUCATION AND EXPERIENCE  
JUNE 30, 2004**

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<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	88	36 %
Master's Degree	153	63 %
Ph.D.	<u>2</u>	<u>1 %</u>
Total	<u>243</u>	<u>100 %</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	56	23 %
6 - 10	74	30 %
11 and over	<u>113</u>	<u>47 %</u>
Total	<u>243</u>	<u>100 %</u>

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**Auditor of State  
Betty Montgomery**

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**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 15, 2005**