

KENSTON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

Audit Report

For the Year Ended June 30, 2009

CHARLES E. HARRIS & ASSOCIATES, INC.

Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Kenston Local School District, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Finding for Recovery

As the Assistant Treasurer, Geraldine Kanieski was responsible for the bank reconciliations. During fiscal year 2009, the District noted that fraudulent checks were being made. Further testing was performed dating back to fiscal year 2004. It was noted for the periods beginning in fiscal year 2004 and extending through fiscal year 2009, Ms. Kanieski wrote and cashed fraudulent checks made payable to herself in the amount of \$134,855.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Geraldine Kanieski, in the amount of \$134,855 and in favor of the Kenston Local School District.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Atty Gen. No. 80-074, Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Board of Education
Kenston Local School District
17419 Snyder Road Chagrin Falls, Ohio 44023
Page -2-

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 24, 2010

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
Audit Report
For the Year Ended June 30, 2009**

<u>TITLE</u>	<u>PAGE</u>
Federal Awards Expenditures Schedule	1
Notes to the Federal Awards Expenditures Schedule	2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	3-4
Report on Compliance with Requirement Applicable to Each Major Program and Internal Control Over Compliance In Accordance with <i>OMB Circular A-133</i>	5-6
Schedule of Findings and Questioned Costs	7-8
Schedule of Prior Audit Findings	9
Independent Accountant's Report on Applying Agreed-Upon Procedures	10-11

KENSTON LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2009

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Nutrition Cluster:				
Passed Through the Ohio Department of Education				
Cash Assistance:				
National School Lunch Program	n/a	10.555	\$ 127,793	\$ 127,793
Direct Program				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program - See note 2	n/a	10.555	52,580	52,580
Total Nutrition Cluster			180,373	180,373
Total U.S. Department of Agriculture			180,373	180,373
<u>U.S. Department of Education</u>				
Pass through Ohio Department of Education				
Special Education Cluster:				
Title VI-B	6BSF-09	84.027	488,255	488,255
Total Special Education Cluster			488,255	488,255
Title I - Disadvantaged Children	C1S1-08	84.010		
Title I - Disadvantaged Children	C1S1-09	84.010	115,846	115,846
Total Title I			115,846	115,846
Title II-A Improving Teacher Quality	TRS1-09	84.367	73,184	73,184
Total Title II-A			73,184	73,184
Title II-D - Educational Technology	TJS1-09	84.318	1,085	1,085
Total Title II-D			1,085	1,085
Title V - Innovative Education Programs	C2S1-09	84.298	2,253	2,253
Total Title V			2,253	2,253
Safe and Drug Free Program	DRS1-08	84.186	-	2,523
Safe and Drug Free Program	DRS1-09	84.186	6,939	6,939
Total Safe and Drug Free Program			6,939	9,462
Total U.S. Department of Education			687,562	690,085
Total Federal Expenditures			\$ 867,935	\$ 870,458

See accompanying Notes to the Schedule of Federal Awards Expenditures

KENSTON LOCAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2009

1. Significant Accounting Policies

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

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2009, the District had commodities in inventory recorded in the Food Service Fund.

3. Matching Requirements

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

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of the governmental activities, business activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying Schedule of Findings, item 2009-Kenston-001 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management in a separate letter dated December 21, 2009.

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

Charles E. Harris & Associates, Inc.
December 21, 2009

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

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

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Kenston Local School District, Geauga County (District), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the 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, 2009.

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 program. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

We have also audited financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio as of and for the year ended June 30, 2009, and have issued our report thereon dated December 21, 2009. Our audit was performed to form opinions on the financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Charles E. Harris & Associates, Inc.

December 21, 2009

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
SCHEDULE OF FINDINGS
JUNE 30, 2009

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

Finding Number: 2009- Kenston- 001 – Significant Deficiency

During our review of the District’s internal controls regarding cash disbursements, we noted the following:

1. The person responsible for preparation of cash disbursements also posted expenditures to the accounting records and reconciled bank accounts;
2. The bank statements were being directly delivered to the employee who had access to accounting records and check preparation and not the treasurer or other employee independent of the cash disbursement process;
3. The treasurer’s signature plates were not stored in a locked facility for which only she had access;
4. The supply of manual checks were not being secured in a locked facility and their issuance not strictly controlled;
5. Manual checks were being issued without the treasurer’s specific approval or review.

Lack of proper segregation of duties could lead to errors or defalcations occurring and not being detected in a timely manner. To improve internal controls over the bank reconciliation process, we recommend:

1. Bank accounts should be prepared by a person not responsible for handling or recording cash. Good reconciling techniques should include examining endorsements, dates and deposit composition. All reconciling items should be examined and satisfactory explanations obtained for the nature of each reconciled item;
2. The use of manual checks should be curtailed and used only for special purposes. Supplies of manual checks should be stored in a controlled environment and scrutinized and approved by the treasurer;
3. The treasurer should review and approve monthly reconciliations. Cancelled checks returned with subsequent month bank statement should be examined and compared to prior months check runs to insure accuracy.
4. Journal entries affecting cash transactions should be reviewed and analyzed for accuracy and appropriateness.

Management Response:

The District implemented new and revised procedures in fiscal year 2010 regarding reconciliation of bank accounts and journal entries affecting cash transactions. Outstanding checks are being handled independently outside of treasurer’s office personnel.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending June 30, 2008, reported no material citations or recommendations.

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Revised Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Ohio Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of the any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which we agreed to by the Board, solely to assist the Board in evaluating whether the Kenston Local School District has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any purpose.

1. We noted that the Board adopted an anti-harassment policy at its meeting on December 10, 2007.
2. We read the policy, noting it included the following requirements for Ohio Revised Code Section 3313.666 (B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any students on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident to be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any report incidents;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure from any student guilty of harassment, intimidation or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all report incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
December 21, 2009

Kenston Local School District

Chagrin Falls, Ohio

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



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

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

Kenston Local School District

Chagrin Falls, Ohio

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



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

Introductory Section



Kenston Local School District

TABLE OF CONTENTS

I. Introductory Section

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

II. Financial Section

Independent Accountants' Report..... 1-2
Management's Discussion and Analysis 3-11
Basic Financial Statements:
Statement of Net Assets13
Statement of Activities.....14
Balance Sheet – Governmental Funds15
Reconciliation of Total Governmental Fund Balances
To Net Assets of Governmental Activities16
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds17
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities.....18
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund 19-20
Statement of Fund Net Assets – Proprietary Funds21
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Funds.....22
Statement of Cash Flows – Proprietary Funds.....23
Statement of Assets and Liabilities – Fiduciary Funds.....24
Notes to the Basic Financial Statements 26-57

TABLE OF CONTENTS

II. Financial Section (Continued)

Combining and Individual Fund Statements and Schedules:

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

General Fund.....	59-63
Bond Retirement Fund.....	64

Combining Statements – Nonmajor Governmental Funds

Description of Funds.....	65-66
Combining Balance Sheet – Nonmajor Governmental Funds.....	68

Combining Statement of Revenues, Expenditures, and Changes

In Fund Balances – Nonmajor Governmental Funds.....	69
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	70-72

Combining Statement of Revenues, Expenditures, and Changes

In Fund Balances – Nonmajor Special Revenue Funds.....	74-77
--	-------

Schedules of Revenues, Expenditures and Changes

In Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) -

Private Purpose Trust Scholarship Fund.....	78
Public School Support Fund.....	79-80
Other Grants Fund.....	81
District Managed Student Activity Fund.....	82-83
Auxiliary Services Fund.....	84
Professional Development Fund.....	85
Management Information Systems Fund.....	86
Entry Year Teachers Fund.....	87
Data Communication Fund.....	88
School Net Professional Development Fund.....	89
Miscellaneous State Grants Fund.....	90
IDEA – Education of Handicapped Children Fund.....	91

TABLE OF CONTENTS

II. Financial Section (Continued)

Title I – Disadvantaged Children/Targeted Assistance Fund	92
Title V Fund.....	93
Drug Free Schools Grant Fund	94
Telecommunications Act Fund	95
Improving Teacher Quality Fund.....	96
Miscellaneous Federal Grants Fund.....	97
Combining Balance Sheet – Nonmajor Capital Projects Funds	98
Combining Statement of Revenues, Expenditures, and Changes	
In Fund Balances – Nonmajor Capital Projects Funds	99
Schedules of Revenues, Expenditures, and Changes	
In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) -	
Permanent Improvement Fund.....	100
Building Fund	101
School Net Fund	102
Combining Statements – Nonmajor Enterprise Funds	
Description of Funds.....	103
Combining Statement of Fund Net Assets.....	104
Combining Statement of Revenues, Expenses, and Changes	
In Fund Net Assets.....	105
Combining Statement of Cash Flows	106
Schedules of Revenues, Expenses, and Changes	
In Fund Equity – Budget and Actual (Non-GAAP Budgetary Basis) -	
Food Services Fund.....	107
Uniform School Supplies Fund.....	108
Adult Education Fund.....	109
Kindergarten Fees Fund.....	110
Employee Benefits Self-Insurance Fund	111

TABLE OF CONTENTS

II. Financial Section (Continued)

Combining Statement – Nonmajor Fiduciary Funds
Description of Funds.....112
Combining Statement of Changes in Assets and Liabilities.....113

III. Statistical Section

Net Assets by Component – Last Seven Fiscal Years S2
Changes in Net Assets – Last Seven Fiscal Years (Accrual Basis of Accounting).....S3-S5
Program Revenues by Function – Last Seven Fiscal Years
(Accrual Basis of Accounting)..... S6
Fund Balances - Governmental Funds – Last Seven Fiscal Years
(Modified Accrual Basis of Accounting)..... S7
Changes in Fund Balances – Governmental Funds – Last Seven Fiscal Years
(Modified Accrual Basis of Accounting).....S8-S9
Assessed and Estimated Actual Value of Taxable Property –
Last Ten YearsS10-S11
Property Tax Rates – Per \$1,000 of Assessed Value – Last Ten Calendar Years..... S12
Property Tax Levies and Collections – Last Ten Years S13
Principal Taxpayers – Real Property Tax –
2009 and 2000..... S14
Principal Taxpayers – Tangible Personal Property Tax –
2009 and 2000..... S15
Principal Taxpayers – Public Utility Personal Property Tax –
2009 and 2000..... S16
Computation of Direct and Overlapping Debt Attributable to
Governmental Activities as of December 31, 2008 S17
Ratio of Debt to Assessed Value and Debt per Capita - Last Ten Fiscal Years S18
Computation of Legal Debt Margin – Last Ten Fiscal Years..... S19
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years S20
Demographic and Economic Statistics – Last Ten Years..... S21

TABLE OF CONTENTS

III. Statistical Section (Continued)

Principal Employers – Current Year and 2005 S22

Building Statistics by Function/Program – Last Four Fiscal Years.....S23-S24

Cost Per Pupil – Last Ten Fiscal Years S25

Enrollment Statistics – Last Ten Fiscal Years S26

Full-Time Equivalent Teachers by Education -
Last Ten Fiscal Years..... S27

Average Number of Students per Teacher – Last Ten Fiscal Years..... S28

Attendance and Graduation Rates – Last Then Fiscal Years..... S29

SAT Composite Scores – Last Ten School Years S30

ACT Composite Scores – Last Ten School Years S31

School District Employees by Function/Program – Last Five Fiscal Years.....S32-S33

Capital Assets (Net of Depreciation) – Last Seven Fiscal Years..... S34

Free or Reduced Lunch Program Percentages – Last Four Fiscal Years..... S35



KENSTON

S C H O O L S

Kenston Local Schools

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

Robert A. Lee, Ph.D.
Superintendent

Jack K. Thompson, Ed. D.
Assistant Superintendent

Linda M. Hein
Treasurer

December 21, 2009

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

We are pleased to submit to you the tenth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unqualified ("clean") opinion from Charles E. Harris and Associates, CPAs, Inc., conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2009.

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

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years, unless an annual audit is required pursuant to The Single Audit Act Amendment of 1996. These audits are conducted by either the Auditor of the State or, if the Auditor permits, an independent public accounting firm. The current year audit was completed by Charles E. Harris and Associates, CPAs, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Accountants' Report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountant's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

KENSTON LOCAL SCHOOL DISTRICT

Profile of the School District

The Kenston Local School District (the School District) is located in northeastern Ohio, east of Cleveland. The School District provides education to 3,140 students in kindergarten through twelfth grade. The School District is primarily a bedroom community located in the southwest corner of the county adjacent to the Village of Chagrin Falls (Cuyahoga County) and the cities of Solon (Cuyahoga County), Twinsburg (Summit County), and Aurora (Portage County). It is approximately 35 miles southeast of Cleveland, 25 miles west of Youngstown, and 20 miles north of Akron.

The School District was created in 1953 when the former Bainbridge and Auburn Local School Districts were consolidated to form the present School District.

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

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

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

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

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

A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

The School District is actively involved with individuals, organizations, and businesses in decision making. The School District maintains regular dialogue with many community organizations, including the Kenston Business Advisory Council. This Council is comprised of residents of the community whose careers cover many facets of the business world. These community members meet every other month with School District administrators to share information and ideas about the School District and the business community. The

KENSTON LOCAL SCHOOL DISTRICT

Superintendent and Treasurer are Council members and, through this Council, maintain school-business communications. The Superintendent is an elected Board of Directors member of the Chagrin Valley Chamber of Commerce. In addition, the trustees of both Auburn and Bainbridge townships are regular participants in the School District's Business Advisory Council.

In 2007, the Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to serve as a conduit between the Kenston Board of Education and the Kenston community by communicating, researching and providing education on strategic matters.

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

While the School District is primarily residential in nature, there are several areas of commercial and industrial development. The commercial development exists primarily to serve the residents of the area. The industrial development is light manufacturing, but also has a commercial development called Marketplace at Four Corners.

In fiscal year 2008, Geauga Lake Amusement Park announced its decision to close. This amusement park has been one of our community's major individual taxpayers. The impact of the lost personal property taxes has been offset by the state reimbursement with the Commercial Activity Tax revenue. The state reimbursement of \$3,235,990 will be phased out by 2018.

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

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

Major Initiatives

During the summer of 2008, our major capital project was a continuation of paving replacement/repair. These projects included the TES driveway areas, KIS/KMS parking lot and school bus parking areas.

Future Projects

For over two years, the School District has been seeking funding for a wind power project. To date, the School District has received a State grant for \$295,000, the Cleveland Foundation has provided \$50,000 and the Kenston Board Fund has provided \$250,000 towards this project. Also pending is a grant from the Ohio Department of Development for \$460,000. In the fall, bids were advertised for a 600 kW turbine and tower. The contract is currently being prepared for Board approval. This project is expected to be in the \$800,000 to \$1,000,000 range. A 600 kW turbine is projected to produce \$110,000 - \$130,000 in electric utility cost savings per year. The project is estimated to be completed in the spring of 2010.

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

KENSTON LOCAL SCHOOL DISTRICT

to have the project completed in two years. By summer 2009, the stadium committee has risen over \$450,000. The Kenston Board of Education authorized the \$700,000 project to proceed. The balance of funds needed for the project will be borrowed. The annual debt service will be paid by annual commitments of \$20,000 by the Kenston Board of Education and \$15,000 from Kenston Community Education. Phase I - field turf project of the stadium renovation was completed in September, 2009.

Data Accountability and Report Card Legislation

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

House Bill 55, the academic accountability legislation passed in the summer of 2003, resulted in the extraction of data from the EMIS database and the publication of a School District "Report Card".

Federal funds are used by the School District to improve the academic achievement of students through research-based practices of targeted intervention and focused staff development programs. The School District's ninth consecutive designation as an "Excellent District" by the Ohio Department of Education makes it one of only four districts in the state to have achieved an "Excellent" rating for nine straight years. The School District applied and was granted two waiver days by the State Department of Education for the purpose of engaging in high quality staff development. These days will be dedicated to raising student achievement through the development of a collaborative culture where teachers analyze curriculum, instruction and performance data to improve their attainment mapping, the development of essential understandings and common assessments.

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

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

KENSTON LOCAL SCHOOL DISTRICT

based program known as Study Island is utilized to supplement our preparation for the Ohio Achievement Tests and the Ohio Graduation Test. Being web-based, students and parents can access the site to work on specific skills from any computer with an internet connection. This user friendly and fun program records usage statistics and real-time reports that measure student progress and identify deficiencies as they relate to specific outcomes. Teachers can then access these reports to help plan their instruction. Kenston High School was also designated a school of distinction by the Ohio Department of Education for strong achievement in state defined subgroups.

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

Personnel and programming are assessed annually, and new plans are made for continued progress. Input from all stakeholders and data from student testing is used to make necessary improvements. Surveys from the Business Advisory Council, students, parents, and faculty have all contributed to the districts' initiatives for sustaining academic excellence.

Financial Information

Internal Accounting and Controls

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

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

Long-Term Financial Planning

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

KENSTON LOCAL SCHOOL DISTRICT

Relevant Financial Policies

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

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

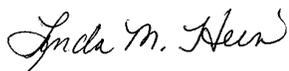
Acknowledgments

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

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

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

Respectfully submitted,



Linda M. Hein, Treasurer



Robert A. Lee, Ph.D., Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenston Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

BOARD OF EDUCATION

Mr. Ralph Hastings
Ms. Anne Randall
Ms. Joan Hamilton
Mr. Jerry Moreno
Mr. William Timmons

President
Vice-President
Member
Member
Member

TREASURER

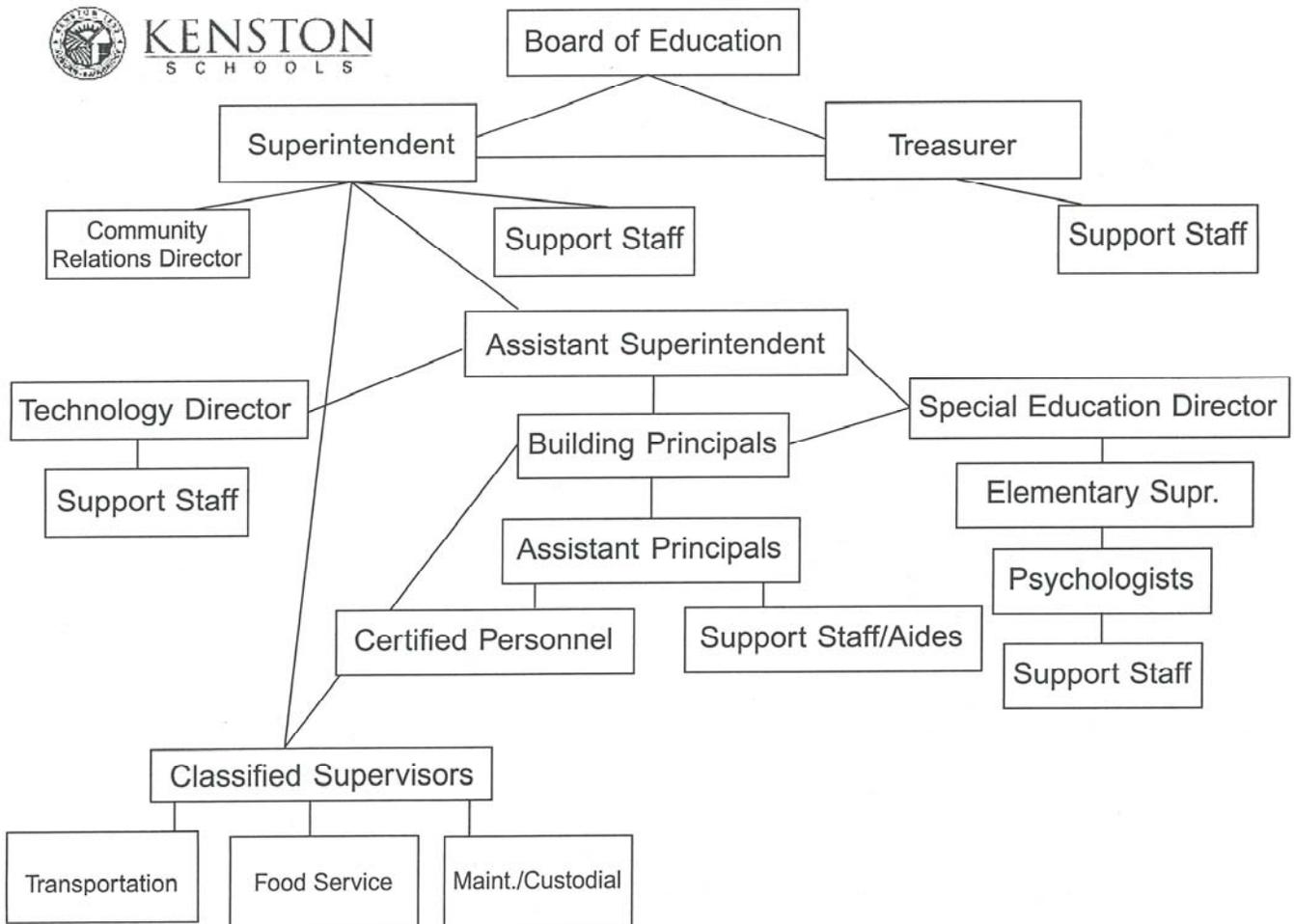
Ms. Linda M. Hein

ADMINISTRATION

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

Superintendent
Assistant Superintendent
Director, Special Education

KENSTON LOCAL SCHOOL DISTRICT



Financial Section



Kenston Local School District

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Geauga County (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

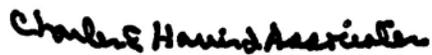
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21, the District changed its capital assets threshold.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Charles E. Harris & Associates, Inc.
December 21, 2009

KENSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the Kenston Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

- In total, net assets increased \$1,106,565. Net assets of governmental activities increased \$734,723, which represents a 3 percent increase from 2008. The increase in net assets of governmental activities is due to revenues and expenses remaining relatively unchanged for fiscal year 2009. Net assets of business-type activities increased \$371,842 or 164 percent from 2008. The significant increase is related to capital contributions from the governmental activities in the amount of \$411,786.
- General revenues accounted for \$36,667,422 in revenue or 90 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$3,990,314 or 10 percent of total revenues of \$40,657,736.
- Total assets of governmental activities increased by \$309,734 as equity in pooled cash and cash equivalents, cash with fiscal agent and investments increased by \$3,612,499, taxes receivable decreased by \$682,581, and capital assets decreased by \$2,529,915.
- The School District had \$37,947,610 in expenses related to governmental activities; only \$2,494,718 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$36,599,401 were adequate to provide for these programs.
- Among major funds, the general fund had \$33,888,905 in revenues (including other financing sources) and \$32,965,923 in expenditures (including other financing uses). The general fund's fund balance increased to \$8,542,353 from \$7,619,371. The bond retirement fund increased its fund balance to \$4,990,232 from \$4,759,815.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

KENSTON LOCAL SCHOOL DISTRICT

significant fund with the most activity. The bond retirement fund is significant due to the receipt of property taxes and the payment of principal and interest on the School District's debt.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets* and *all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund 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

KENSTON LOCAL SCHOOL DISTRICT

(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 2009 compared to 2008:

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008*	2009	2008*
ASSETS						
Current and other assets	\$ 44,283,615	\$ 41,443,966	\$ 303,748	\$ 310,233	\$ 44,587,363	\$ 41,754,199
Capital assets, net	55,213,047	57,742,962	456,055	65,384	55,669,102	57,808,346
Total Assets	99,496,662	99,186,928	759,803	375,617	100,256,465	99,562,545
LIABILITIES						
Current and other liabilities	26,906,225	26,155,743	133,418	124,478	\$ 27,039,643	\$ 26,280,221
Long-term liabilities:						
Due within one year	2,264,596	2,264,830	6,748	6,614	2,271,344	2,271,444
Due in more than one year	46,962,439	48,137,676	20,883	17,613	46,983,322	48,155,289
Total Liabilities	76,133,260	76,558,249	161,049	148,705	76,294,309	76,706,954
NET ASSETS						
Invested in capital assets, net of related debt	9,050,518	10,225,103	456,055	65,384	9,506,573	10,290,487
Restricted	5,788,774	5,461,414	-	-	5,788,774	5,461,414
Unrestricted	8,524,110	6,942,162	142,699	161,528	8,666,809	7,103,690
Total Net Assets	\$ 23,363,402	\$ 22,628,679	\$ 598,754	\$ 226,912	\$ 23,962,156	\$ 22,855,591

* Restated

Total assets increased \$693,920. Equity in pooled cash and cash equivalents along with investments increased \$3,163,012 due to revenues exceeding expenses and both revenues and expenses remaining relatively unchanged in fiscal year 2009. Capital assets decreased \$2,139,244 due to current year depreciation expenses exceeding current year additions.

The net assets of the School District's business-type activities increased by \$371,842 or 164 percent. The significant increase was due to capital contributions from the governmental activities for capital assets related to the food service program.

KENSTON LOCAL SCHOOL DISTRICT

Table 2 shows the changes in net assets for fiscal year 2009 and 2008.

Table 2 - Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program Revenues:						
Charges for services	\$ 804,309	\$ 1,149,862	\$ 1,308,748	\$1,255,389	\$ 2,113,057	\$ 2,405,251
Operating grants and contributions	1,241,754	1,352,721	186,848	155,037	1,428,602	1,507,758
Capital grants and contributions	448,655	220,858	-	-	448,655	220,858
Total Program Revenues	2,494,718	2,723,441	1,495,596	1,410,426	3,990,314	4,133,867
General Revenues:						
Property taxes	26,412,958	27,060,556	-	-	26,412,958	27,060,556
Grants and entitlements	9,932,505	9,068,613	-	-	9,932,505	9,068,613
Investment income	214,506	679,708	4,373	21,399	218,879	701,107
All other revenues	39,432	49,368	63,648	-	103,080	49,368
Total General Revenues	36,599,401	36,858,245	68,021	21,399	36,667,422	36,879,644
Total Revenues	39,094,119	39,581,686	1,563,617	1,431,825	40,657,736	41,013,511
EXPENSES						
Program Expenses:						
Instruction:						
Regular	15,322,825	14,907,708	-	-	15,322,825	14,907,708
Special	3,794,506	3,659,719	-	-	3,794,506	3,659,719
Vocational	136,398	146,910	-	-	136,398	146,910
Other	684,852	506,053	-	-	684,852	506,053
Supporting Services:						
Pupil	2,308,905	2,596,868	-	-	2,308,905	2,596,868
Instructional Staff	987,278	1,189,819	-	-	987,278	1,189,819
Board of Education	50,661	50,567	-	-	50,661	50,567
Administration	2,815,879	2,824,830	-	-	2,815,879	2,824,830
Fiscal	1,032,471	1,073,828	-	-	1,032,471	1,073,828
Business	47,119	44,561	-	-	47,119	44,561
Operation and Maintenance of Plant	3,834,204	4,132,633	-	-	3,834,204	4,132,633
Pupil Transportation	3,151,134	2,620,442	-	-	3,151,134	2,620,442
Central	35,406	7,958	-	-	35,406	7,958
Operation of Non-Instructional Services	165,424	128,536	-	-	165,424	128,536
Extracurricular Activities	1,434,594	1,378,224	-	-	1,434,594	1,378,224
Interest and Fiscal Charges	2,145,954	2,224,854	-	-	2,145,954	2,224,854
Food Service	-	-	1,069,601	988,847	1,069,601	988,847
Uniform School Supplies	-	-	159,479	168,163	159,479	168,163
Kindergarten Fees	-	-	314,216	293,868	314,216	293,868
Adult Education	-	-	60,265	29	60,265	29
Total Expenses	37,947,610	37,493,510	1,603,561	1,450,907	39,551,171	38,944,417
Change in Net Assets before Transfers	1,146,509	2,088,176	(39,944)	(19,082)	1,106,565	2,069,094
Transfers	(411,786)	-	411,786	-	-	-
Net Assets - Beginning of Year, as Restated	22,628,679	20,540,503	226,912	245,994	22,855,591	20,786,497
Net Assets - End of Year	\$23,363,402	\$22,628,679	\$ 598,754	\$ 226,912	\$23,962,156	\$22,855,591

KENSTON LOCAL SCHOOL DISTRICT

Total revenues decreased \$355,775. The School District's capital grants and contributions had an increase of \$227,797 or 103 percent. The capital grants and contributions increase is due to private donations for the School District's stadium renovations along with two grants to construct a wind turbine for energy savings. Property taxes decreased by \$647,598 or 2 percent due to the economic downturn in the housing markets. Grants and entitlements increased by \$863,892 or 10 percent. This increase is mainly attributable to an increase in the tangible personal property tax loss reimbursement from the State. Investment earnings decreased by \$482,228 or 69 percent, due to a significant decrease in national interest rates.

Total expenses increased \$606,754. Regular Instruction expenses increased \$415,117 due to annual salary and benefit increases along with an increase in depreciation expense due to the completion of the School District's construction projects. Pupil and Instructional Staff expenses decreased \$490,504 due mainly to a reduction in each function's share of annual funding to the School District's self-insurance health program. Pupil Transportation expenses increased \$530,692 due to increases in fuel and supplies along with an increase in the annual depreciation expense due to the completion of the School District's construction projects. Adult Education expenses increased \$60,236 due to increased activity during the fiscal year.

Governmental Activities

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 68 percent of revenues for governmental activities for the District in fiscal year 2009.

Instruction comprises 53 percent of governmental program expenses. Interest expense and fiscal charges were 6 percent. Interest expense and fiscal charges were attributable to the outstanding bond and borrowing for capital projects. The increase in net assets of \$1,146,509 is mainly due to revenues continually exceeding expenses and remaining constant.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2009 and 2008. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

KENSTON LOCAL SCHOOL DISTRICT

Table 3 - Governmental Activities

	Total Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2009	Net Cost of Services 2008
Instruction	\$ 19,938,581	\$ 19,220,390	\$ (19,097,644)	(17,986,841)
Supporting Services:				
Pupils and Instructional Staff	3,296,183	3,786,687	(3,074,429)	(3,435,933)
Board of Education, Administration, Fiscal, and Business	3,946,130	3,993,786	(3,737,961)	(3,791,444)
Operation and Maintenance of Plant	3,834,204	4,132,633	(3,664,204)	(4,132,633)
Pupil Transportation	3,151,134	2,620,442	(3,046,951)	(2,604,887)
Central	35,406	7,958	(35,406)	(7,958)
Operation of Non-Instructional Services	165,424	128,536	(148,463)	(103,155)
Extracurricular Activities	1,434,594	1,378,224	(501,880)	(482,364)
Interest and fiscal charges	2,145,954	2,224,854	(2,145,954)	(2,224,854)
Total cost of service	<u>\$ 37,947,610</u>	<u>\$ 37,493,510</u>	<u>\$ (35,452,892)</u>	<u>\$ (34,770,069)</u>

The dependence upon tax revenues for governmental activities is apparent. Over 93 percent of governmental activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 94 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District's students.

Business-Type Activities

Business-type activities include adult/community education, the food service operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,563,617 and expenses of \$1,603,561 for fiscal year 2009. The decrease in operations of \$39,944 is due to increases in adult education program expenses. The School District is also taking steps to reduce expenses. Business-type activities receive no support from tax revenues.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$39,764,069 (including other financing sources) and expenditures of \$38,813,315 (including other financing uses). The net change in fund balance for the year in the general fund experienced an increase of \$922,982 due to increases in grants and entitlements not restricted for special purposes. The increase in the net change in fund balance for the bond retirement fund, in the amount of \$230,417, was due to property tax revenues exceeding the debt principal and interest payments.

General Fund Budgeting Highlights

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

KENSTON LOCAL SCHOOL DISTRICT

During the course of fiscal 2009, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was \$34,171,198 (including other financing sources), which was above original budget estimate of \$32,807,835. Of this \$1,363,363 difference, most was due to the School District's conservative estimates of taxes and grants and entitlements not restricted for a special purpose.

The original appropriations of \$36,170,501 (including other financing uses) were decreased to \$35,995,953. Instruction proved to be higher than anticipated in the original budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the School District had \$55,669,102 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles, \$55,213,047 in governmental activities. Table 4 shows fiscal 2009 balances compared to 2008:

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008*	2009	2008*
Land	\$ 1,237,691	\$ 760,918	\$ -	\$ -	\$ 1,237,691	\$ 760,918
Construction in progress	-	43,281,124	-	-	-	43,281,124
Land Improvements	804,690	324,512	-	-	804,690	324,512
Buildings and Improvements	51,395,350	12,010,420	-	-	51,395,350	12,010,420
Furniture and Equipment	999,346	256,938	456,055	65,384	1,455,401	322,322
Vehicles	775,970	1,109,050	-	-	775,970	1,109,050
Total Capital Assets	\$ 55,213,047	\$ 57,742,962	\$ 456,055	\$ 65,384	\$ 55,669,102	\$ 57,808,346

*Restated

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

In fiscal year 2003, a change in Ohio law allows school districts to take the student population times the prior year's base cost per pupil times 3 percent to determine the amount to set aside for textbooks and capital improvements. For fiscal year 2009, this amounted to \$510,942 for each set aside. For fiscal year 2009, the School District had qualifying disbursements or offsets exceeding this requirement for textbooks. However, the School District did not have qualifying disbursements in excess of the capital acquisition set aside requirement. The amount not met will be carried forward to subsequent periods.

See Note 9 for additional information on capital assets.

KENSTON LOCAL SCHOOL DISTRICT

Debt

At June 30, 2009, the District had \$46,057,000 in bonds outstanding, \$1,358,500 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at June 30,

	Governmental Activities	
	2009	2008
1986 General Obligation Bonds	\$ -	\$ 205,000
GES Septic System	27,000	40,500
2003 School Improvement Bonds	41,305,000	42,050,000
2003 School Improvement Refunding Bonds	4,610,000	5,000,000
2003 Capital Appreciation Bonds	115,000	115,000
Total Outstanding Debt	\$ 46,057,000	\$ 47,410,500

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

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

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

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,100,000 current interest bonds and \$115,000 Capital Appreciation bonds) for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding.

At June 30, 2009, the School District's overall voted legal debt margin was \$26,530,412 with an unvoted debt margin of \$751,080.

See Note 15 for additional information on long-term debt activity.

Current Issues

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

In March 2003, the Governor of the State announced reductions in K-1 funding to reduce an anticipated State budget deficit. The School District's financial challenge is to continue to comply with State and Federal mandates while funding is reduced. Proceeds from the 9.3 mill operating levy, passed in 2005, will fund the School District's operations through 2012.

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Linda Hein, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at Linda.Hein@KenstonLocal.org.

BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT**Statement of Net Assets****June 30, 2009**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 16,958,126	\$ 285,640	\$ 17,243,766
Cash and Cash Equivalents:			
With Fiscal Agents	435,000	-	435,000
Investments	361,387	-	361,387
Property Taxes Receivable	26,403,049	-	26,403,049
Accounts Receivable	27,243	4,030	31,273
Accrued Interest Receivable	1,782	-	1,782
Inventory Held for Resale	-	6,671	6,671
Materials and Supplies Inventory	97,028	7,407	104,435
Nondepreciable Capital Assets	1,237,691	-	1,237,691
Depreciable Capital Assets, Net	53,975,356	456,055	54,431,411
Total Assets	<u>99,496,662</u>	<u>759,803</u>	<u>100,256,465</u>
LIABILITIES			
Accounts Payable	271,731	31,990	303,721
Accrued Wages and Benefits	2,842,878	55,056	2,897,934
Intergovernmental Payable	956,572	46,372	1,002,944
Accrued Interest Payable	165,169	-	165,169
Matured Compensated Absences Payable	54,765	-	54,765
Claims Payable	627,676	-	627,676
Deferred Revenue	21,987,434	-	21,987,434
Long-term Liabilities:			
Due within one year	2,264,596	6,748	2,271,344
Due in more than one year	46,962,439	20,883	46,983,322
Total Liabilities	<u>76,133,260</u>	<u>161,049</u>	<u>76,294,309</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	9,050,518	456,055	9,506,573
Restricted:			
Capital Projects	296,726	-	296,726
Debt Service	4,710,359	-	4,710,359
Special Revenue	780,684	-	780,684
Set-Asides	1,005	-	1,005
Unrestricted	8,524,110	142,699	8,666,809
Total Net Assets	<u>\$ 23,363,402</u>	<u>\$ 598,754</u>	<u>\$ 23,962,156</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 15,322,825	\$ 85,488	\$ 111,059	\$ -	\$ (15,126,278)	\$ -	\$ (15,126,278)
Special	3,794,506	82,420	561,970	-	(3,150,116)	-	(3,150,116)
Vocational	136,398	-	-	-	(136,398)	-	(136,398)
Other	684,852	-	-	-	(684,852)	-	(684,852)
Supporting Services:							
Pupils	2,308,905	-	204,912	-	(2,103,993)	-	(2,103,993)
Instructional Staff	987,278	6,040	10,802	-	(970,436)	-	(970,436)
Board of Education	50,661	-	-	-	(50,661)	-	(50,661)
Administration	2,815,879	-	208,169	-	(2,607,710)	-	(2,607,710)
Fiscal Services	1,032,471	-	-	-	(1,032,471)	-	(1,032,471)
Business	47,119	-	-	-	(47,119)	-	(47,119)
Operation and Maintenance of Plant	3,834,204	-	-	170,000	(3,664,204)	-	(3,664,204)
Pupil Transportation	3,151,134	-	73,310	30,873	(3,046,951)	-	(3,046,951)
Central	35,406	-	-	-	(35,406)	-	(35,406)
Operation of Non-Instructional Services	165,424	-	16,961	-	(148,463)	-	(148,463)
Extracurricular Activities	1,434,594	630,361	54,571	247,782	(501,880)	-	(501,880)
Interest and Fiscal Charges	2,145,954	-	-	-	(2,145,954)	-	(2,145,954)
Total Governmental activities	37,947,610	804,309	1,241,754	448,655	(35,452,892)	-	(35,452,892)
Business-type activities:							
Food Services	1,069,601	843,558	186,848	-	-	(39,195)	(39,195)
Uniform School Supplies	159,479	164,122	-	-	-	4,643	4,643
Kindergarten Fees	314,216	301,068	-	-	-	(13,148)	(13,148)
Adult Education	60,265	-	-	-	-	(60,265)	(60,265)
Total Business-type activities	1,603,561	1,308,748	186,848	-	-	(107,965)	(107,965)
Totals	\$ 39,551,171	\$ 2,113,057	\$ 1,428,602	\$ 448,655	(35,452,892)	(107,965)	(35,560,857)
General Revenues:							
Property and Other Local Taxes levied for:							
General Purposes					23,172,927	-	23,172,927
Debt Service					3,240,031	-	3,240,031
Grants & Entitlements not restricted to specific programs					9,932,505	-	9,932,505
Investment Income					214,506	4,373	218,879
All Other Revenues					39,432	63,648	103,080
Transfers					(411,786)	411,786	-
Total General Revenues					36,187,615	479,807	36,667,422
Change in Net Assets					734,723	371,842	1,106,565
Net Assets - Beginning of Year, as Restated					22,628,679	226,912	22,855,591
Net Assets - End of Year					\$ 23,363,402	\$ 598,754	\$ 23,962,156

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Balance Sheet
Governmental Funds****June 30, 2009**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 8,802,611	\$ 4,001,186	\$ 1,601,428	\$ 14,405,225
Investments	361,387	-	-	361,387
Materials and Supplies Inventory	97,028	-	-	97,028
Accrued Interest Receivable	1,782	-	-	1,782
Accounts Receivable	24,496	-	2,747	27,243
Interfund Receivable	7,973	500,000	-	507,973
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,005	-	-	1,005
Property Taxes Receivable	23,088,516	3,314,533	-	26,403,049
Total Assets	\$ 32,384,798	\$ 7,815,719	\$ 1,604,175	\$ 41,804,692
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 255,537	\$ 2,154	\$ 14,040	\$ 271,731
Accrued Wages and Benefits	2,840,582	-	2,296	2,842,878
Intergovernmental Payable	953,245	-	3,327	956,572
Matured Compensated Absences Payable	54,765	-	-	54,765
Interfund Payable	-	-	507,973	507,973
Deferred Revenue	19,738,316	2,823,333	-	22,561,649
Total Liabilities	23,842,445	2,825,487	527,636	27,195,568
Fund Balances:				
Reserved for:				
Encumbrances	1,922,762	7,846	771,301	2,701,909
Capital Acquisition	1,005	-	-	1,005
Property Taxes	3,350,200	491,200	-	3,841,400
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	3,268,386	-	-	3,268,386
Special Revenue Funds	-	-	403,011	403,011
Debt Service Fund	-	4,491,186	-	4,491,186
Capital Projects Funds	-	-	(97,773)	(97,773)
Total Fund Balances	8,542,353	4,990,232	1,076,539	14,609,124
Total Liabilities and Fund Balances	\$ 32,384,798	\$ 7,815,719	\$ 1,604,175	\$ 41,804,692

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, 2009

Total Governmental Fund Balances		\$ 14,609,124
<i>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</i>		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds		55,213,047
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Property taxes	\$ 574,215	
Total		574,215
Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the District Internal Service funds are included in Governmental Activities in the Statement of Net Assets.		2,359,220
Bond premium on the refunding of the bonds in governmental activities is deferred and to be amortized over the remaining life of the refunded bonds.		(155,847)
Loss on early retirement of the bonds in governmental activities is deferred and to be amortized over the remaining life of the refunded bonds.		50,318
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	(46,057,000)	
Bond Accretion	(183,220)	
Accrued Interest payable	(165,169)	
Compensated absences	(2,881,286)	
Total		<u>(49,286,675)</u>
Net Assets of Governmental Activities		<u>\$ 23,363,402</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds****For the Fiscal Year Ended June 30, 2009**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 23,576,312	\$ 3,306,332	\$ -	\$ 26,882,644
Intergovernmental	9,893,751	435,836	976,503	11,306,090
Interest	213,307	-	1,199	214,506
Tuition	167,908	-	-	167,908
Extracurricular Activities	-	-	609,348	609,348
Miscellaneous	37,627	-	349,361	386,988
Total Revenues	33,888,905	3,742,168	1,936,411	39,567,484
EXPENDITURES				
Current:				
Instruction:				
Regular	14,421,603	-	98,310	14,519,913
Special	3,727,314	-	200,501	3,927,815
Vocational	140,538	-	-	140,538
Other	674,978	-	-	674,978
Supporting Services:				
Pupils	2,069,015	-	315,340	2,384,355
Instructional Staff	1,064,240	-	27,335	1,091,575
Board of Education	50,224	-	-	50,224
Administration	2,722,593	-	235,482	2,958,075
Fiscal Services	976,585	62,646	-	1,039,231
Business	46,372	-	-	46,372
Operation and Maintenance of Plant Services	3,697,411	-	-	3,697,411
Pupil Transportation	2,428,117	-	55,796	2,483,913
Central	7,066	-	-	7,066
Operation of Non-Instructional Services:				
Community Services	102,461	-	40,065	142,526
Other Operations	15,544	-	-	15,544
Extracurricular Activities	672,583	-	704,445	1,377,028
Capital Outlay	32,694	-	642,864	675,558
Debt Service:				
Principal Retirement	-	1,340,000	13,500	1,353,500
Interest and Fiscal Charges	-	2,109,105	2,003	2,111,108
Total Expenditures	32,849,338	3,511,751	2,335,641	38,696,730
Excess of Revenues Over (Under) Expenditures	1,039,567	230,417	(399,230)	870,754
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	80,000	80,000
Transfers In	-	-	116,585	116,585
Transfers Out	(116,585)	-	-	(116,585)
Total Other Financing Sources (Uses)	(116,585)	-	196,585	80,000
Net Change in Fund Balances	922,982	230,417	(202,645)	950,754
Fund Balances - Beginning of Year	7,619,371	4,759,815	1,279,184	13,658,370
Fund Balances - End of Year	\$ 8,542,353	\$ 4,990,232	\$ 1,076,539	\$ 14,609,124

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, 2009

Net Change in Fund Balances-Total Governmental Funds		\$ 950,754
<i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Outlay	\$ 250,466	
Depreciation	<u>(2,249,227)</u>	
Total		(1,998,761)
In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets.		
		(119,368)
Capital contributions of capital assets to Business-type Activities decrease net assets in the Statement of Activities, but do not affect the governmental funds because they are not financial uses.		
		(411,786)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	<u>(469,687)</u>	
Total		(469,687)
Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
		1,353,500
Bond premium that increases liabilities in the Statement of Net Assets are not reported in the governmental funds.		
		7,421
Losses on early retirement of debt that increase long-term assets in the Statement of Net Assets are not reported in governmental funds.		
		(5,591)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.		
Compensated absences	(139,373)	
Bond Accretion	(40,486)	
Accrued interest	<u>3,810</u>	
Total		(176,049)
Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service fund are reported in the Governmental Activities.		
		<u>1,604,290</u>
Change in Net Assets of Governmental Activities		<u>\$ 734,723</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 22,828,061	\$ 23,425,021	\$ 23,944,042	\$ 519,021
Intergovernmental	9,443,774	10,037,278	9,960,002	(77,276)
Interest	-	219,877	225,377	5,500
Tuition	536,000	167,908	167,908	-
Miscellaneous	-	37,167	37,234	67
Total Revenues	32,807,835	33,887,251	34,334,563	447,312
Expenditures				
Current:				
Instruction				
Regular	15,382,497	15,306,860	14,759,000	547,860
Special	4,016,259	3,997,284	3,997,284	-
Vocational	133,984	133,310	133,310	-
Other	617,229	614,125	614,125	-
Total Instruction	20,149,969	20,051,579	19,503,719	547,860
Supporting Services				
Pupils	2,288,155	2,277,206	2,277,206	-
Instructional Staff	1,306,376	1,300,504	1,300,424	80
Board of Education	73,569	73,343	73,343	-
Administration	2,805,826	2,792,021	2,792,021	-
Fiscal Services	1,046,561	1,041,532	1,041,532	-
Business	46,828	46,593	46,593	-
Operation and Maintenance of Plant Services	4,380,747	4,360,073	4,359,483	590
Pupil Transportation	2,568,079	2,555,327	2,555,327	-
Central	7,614	7,576	7,576	-
Total Supporting Services	14,523,755	14,454,175	14,453,505	670
Operation of Non-Instructional Services				
Community Services	181,427	180,834	180,834	-
Other	15,897	15,817	15,817	-
Total Operation of Non-Instructional Services	197,324	196,651	196,651	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (Continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Extracurricular Activities				
Academic Oriented Activities	185,992	185,057	185,057	-
Sport Oriented Activities	485,679	483,239	483,239	-
Total Extracurricular Activities	<u>671,671</u>	<u>668,296</u>	<u>668,296</u>	<u>-</u>
Capital Outlay	<u>503,224</u>	<u>500,694</u>	<u>500,694</u>	<u>-</u>
Total Expenditures	<u>36,045,943</u>	<u>35,871,395</u>	<u>35,322,865</u>	<u>548,530</u>
Excess of Revenues (Under) Expenditures	<u>(3,238,108)</u>	<u>(1,984,144)</u>	<u>(988,302)</u>	<u>995,842</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	-	283,947	283,947	-
Advances Out	(7,973)	(7,973)	(7,973)	-
Transfers Out	(116,585)	(116,585)	(116,585)	-
Total Other Financing Sources (Uses)	<u>(124,558)</u>	<u>159,389</u>	<u>159,389</u>	<u>-</u>
Net Change in Fund Balance	(3,362,666)	(1,824,755)	(828,913)	995,842
Fund Balance - Beginning of Year	6,540,400	6,540,400	6,540,400	-
Prior Year Encumbrances Appropriated	<u>1,332,506</u>	<u>1,332,506</u>	<u>1,332,506</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,510,240</u>	<u>\$ 6,048,151</u>	<u>\$ 7,043,993</u>	<u>\$ 995,842</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Fund Net Assets
Proprietary Funds****June 30, 2009**

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 285,640	\$ 2,551,896
Cash and Cash Equivalents:		
With Fiscal Agents	-	435,000
Inventory Held for Resale	6,671	-
Materials and Supplies Inventory	7,407	-
Accounts Receivable	4,030	-
Total Current Assets	<u>303,748</u>	<u>2,986,896</u>
Noncurrent Assets:		
Capital Assets:		
Depreciable Capital Assets, Net of Depreciation	456,055	-
Total Assets	<u>759,803</u>	<u>2,986,896</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	31,990	-
Accrued Wages and Benefits	55,056	-
Compensated Absences Payable	6,748	-
Intergovernmental Payable	46,372	-
Claims Payable	-	627,676
Total Current Liabilities	<u>140,166</u>	<u>627,676</u>
Noncurrent Liabilities:		
Compensated Absences Payable	20,883	-
Total Liabilities	<u>161,049</u>	<u>627,676</u>
NET ASSETS		
Invested in Capital Assets	456,055	-
Unrestricted	142,699	2,359,220
Total Net Assets	<u>\$ 598,754</u>	<u>\$ 2,359,220</u>

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds****For the Fiscal Year Ended June 30, 2009**

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Food Services	\$ 843,558	\$ -
Charges for Services	-	4,086,929
Miscellaneous	63,648	-
Classroom Materials and Fees	164,122	-
Tuition	301,068	-
Total Operating Revenues	<u>1,372,396</u>	<u>4,086,929</u>
OPERATING EXPENSES		
Salaries	574,824	-
Fringe Benefits	177,279	-
Purchased Services	593,117	-
Materials and Supplies	218,425	-
Depreciation	38,643	-
Claims	-	2,482,639
Other	1,273	-
Total Operating Expenses	<u>1,603,561</u>	<u>2,482,639</u>
Operating Income (Loss)	<u>(231,165)</u>	<u>1,604,290</u>
NONOPERATING REVENUES		
Interest	4,373	-
Intergovernmental	130,731	-
Donated Commodities	56,117	-
Total Nonoperating Revenues	<u>191,221</u>	<u>-</u>
Capital Contributions	411,786	-
Change in Net Assets	371,842	1,604,290
Net Assets - Beginning of Year, as Restated	226,912	754,930
Net Assets - End of Year	<u>\$ 598,754</u>	<u>\$ 2,359,220</u>

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2009

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,369,518	\$ 4,086,929
Cash Payments to Employees for Services	(566,102)	-
Cash Payments for Employee Benefits	(171,659)	-
Cash Payments for Goods and Services	(762,547)	-
Cash Payments for Claims	-	(1,843,480)
Cash Payments for Other Expenses	(1,273)	-
Net Cash Provided by (Used in) Operating Activities	<u>(132,063)</u>	<u>2,243,449</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants Received	130,731	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>130,731</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(17,528)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(17,528)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	4,373	-
Net Cash Provided by Investing Activities	<u>4,373</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14,487)	2,243,449
Cash and Cash Equivalents - Beginning of Year	300,127	743,447
Cash and Cash Equivalents - End of Year	<u>\$ 285,640</u>	<u>\$ 2,986,896</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (231,165)	\$ 1,604,290
Adjustments:		
Depreciation	38,643	-
Federal Donated Commodities	56,117	-
(Increase) Decrease in Assets:		
Accounts Receivable	(2,878)	-
Inventory Held for Resale	(1,586)	-
Materials and Supplies Inventory	(3,538)	-
Prepaid Items	-	11,483
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,998)	-
Accrued Wages and Benefits	4,731	-
Compensated Absences Payable	3,404	-
Intergovernmental Payable	6,207	-
Claims Payable	-	627,676
Net Cash Provided by (Used in) Operating Activities	<u>\$ (132,063)</u>	<u>\$ 2,243,449</u>

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Service enterprise fund received noncash items of donated commodities in the amount of \$56,117. In addition, the Business-type activities received contributions in the form of capital assets in the amount of \$411,786 from the Governmental activities.

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Assets and Liabilities
Fiduciary Funds**

June 30, 2009

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 81,679</u>
Liabilities	
Deposits Held and Due to Others	28,869
Due to Students	<u>52,810</u>
Total Liabilities	<u>\$ 81,679</u>

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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 162 non-certificated employees and 235 certificated full-time teaching personnel that provide services to 3,140 students and other community members.

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

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

Reporting Entity

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

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

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Workers' Compensation Group Rating Plan. The organization is presented in Note 16 to the basic financial statements. The School District is also associated with four jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association. These organizations are presented in Note 17 to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used were not eliminated in the process of consolidation. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

KENSTON LOCAL SCHOOL DISTRICT

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Enterprise Funds

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

Internal Service Fund

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

KENSTON LOCAL SCHOOL DISTRICT

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

Fiduciary Funds

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Equity in Pooled Cash and Cash Equivalents

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

During fiscal year 2009, investments were limited to repurchase agreements, money market mutual fund, nonnegotiable certificates of deposit, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates or repurchase agreements with a maturity of one year or less are reported at amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009.

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 2009 amounted to \$213,307, which includes \$99,362 assigned from other School District funds.

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

F. Restricted Assets

Assets are reported as restricted items when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent cash and cash equivalents set-aside to establish capital acquisitions. A schedule of the capital acquisition set-aside is in Note 20.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

KENSTON LOCAL SCHOOL DISTRICT

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

I. **Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars (\$5,000). Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets utilized by proprietary funds is not capitalized. The School District does not possess any infrastructure.

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

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

J. **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The School District's policy of internal service activity in the government-wide statement of activities indicates that interfund services provided and used are not eliminated in the process of consolidation and any residual balance of the internal service activity is allocated on a pro-rata basis to the activities and functions participating in the internal service fund.

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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term obligations are recognized as a liability on the governmental fund financial statements when due.

M. Deferred Loss on Refunding

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

N. Bond Premiums

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

O. Fund Balance Reserves and Designations

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

KENSTON LOCAL SCHOOL DISTRICT

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

P. **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. There were no net assets restricted by enabling legislation as of June 30, 2009.

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

Q. **Operating Revenues and Expenses**

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

R. **Interfund Activity**

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

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

S. **Estimates**

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

T. **Budgetary Data**

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

Appropriations

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

KENSTON LOCAL SCHOOL DISTRICT

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

Encumbrances

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

Lapsing of Appropriations

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

NOTE 3: **ACCOUNTABILITY**

Fund balances at June 30, 2009, included the following individual fund deficits:

	<u>Deficit</u>
<i><u>Nonmajor Special Revenue Funds</u></i>	
Entry Year Programs	\$ 22
Title I, Disadvantaged Children/ Targeted Assistance	494
Title V, Innovative Education Programs	5
Drug-Free School Grant	12
Improving Teacher Quality	332
Miscellaneous Federal Grants	6

The fund deficits in the special revenue funds resulted from accrued liabilities. The general fund is liable for the deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 4: CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2009, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*.

GASB Statement No. 49 addressed accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. The implementation of this Statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. This Statement does not apply to lands granted by the Federal government in connection with a state being admitted to the United States. It also does not apply to quasi-endowments. The implementation of this Statement did not result in any change to the School District's financial statements.

NOTE 5: BUDGETARY BASIS OF ACCOUNTING

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

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

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ 922,982
Net Adjustment for Revenue Accruals	729,605
Net Adjustments for Expenditure Accruals	(360,490)
Adjustment for Encumbrances	(2,121,010)
Budget Basis	<u><u>\$ (828,913)</u></u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS (continued)

Cash on Hand

At June 30, 2009, the School District had \$886 in undeposited cash on hand, which is included on the balance sheet of the School District as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

At June 30, 2009, the carrying amount of the School District’s deposits was \$9,829,831, (including \$361,387 in non-negotiable certificates of deposits and \$435,000 with Medical Mutual of Ohio who is acting as a fiscal agent for the School District’s self-insurance claims reserve balance) and the bank balance was \$9,641,176. \$629,996 of the School District’s bank balance was covered by Federal Depository Insurance and \$9,011,180 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the School District’s name.

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

Investments

The School District has a formal investment policy. The School District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2009, fair value was equal to the School District’s net cost for investments. At June 30, 2008, fair value was \$452 above net cost. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Although the securities were held by the pledging institution’s trust department and all statutory requirements for the investments of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the School District’s investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The credit risks of the School District’s investments are in the table below. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

KENSTON LOCAL SCHOOL DISTRICT

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The money market mutual fund and repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investment in the money market mutual fund, repurchase agreement and STAR Ohio represents .4 percent, 17.5 percent, and 82.1 percent, respectively, of the School District's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2009, the School District had no exposure to foreign currency risk.

Cash and investments at year-end were as follows:

	<u>Fair Value</u>	<u>Credit Rating *</u>	<u>Investment Maturities in Years < 1</u>
STAR Ohio	\$ 6,805,057	AAAm	\$ 6,805,057
Repurchase Agreement	1,451,504	AAA	1,451,504
Money Market Mutual Funds - Western Asset	<u>34,554</u>	N/A	<u>34,554</u>
Total Investments	<u>8,291,115</u>		<u>\$ 8,291,115</u>
Carrying Amount of Deposits	9,829,831		
Petty Cash	<u>886</u>		
Total Cash and Investments	<u>\$ 18,121,832</u>		

*Credit ratings were obtained from Standard & Poor's

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2009 is zero percent. 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, 2009, are available to finance fiscal year 2009 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, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$3,350,200 in the general fund and \$491,200 in the bond retirement debt service fund. The amount available as an advance at June 30, 2008, was \$3,717,930 in the general fund and \$538,528 in the bond retirement debt service fund.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: PROPERTY TAXES (continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008		2009	
	Second Half Collections		First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 725,054,070	97.49%	\$ 742,139,700	98.81%
Public Utility	8,267,540	1.11%	8,940,080	1.19%
Tangible Personal Property	10,385,400	1.40%	-	0.00%
Total Assessed Value	<u>\$ 743,707,010</u>	<u>100.00%</u>	<u>\$ 751,079,780</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 86.99		\$ 86.99	

NOTE 8: RECEIVABLES

Receivables at June 30, 2009, consisted of taxes, accounts (student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

This space is intentionally left blank

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

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Restated Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 760,918	\$ 476,773	\$ -	\$ 1,237,691
Construction in Progress	43,281,124	-	(43,281,124)	-
Total Capital Assets, not being depreciated	<u>44,042,042</u>	<u>476,773</u>	<u>(43,281,124)</u>	<u>1,237,691</u>
Capital Assets, being depreciated:				
Land Improvements	1,010,160	650,000	-	1,660,160
Building and Improvements	18,206,440	40,897,973	(171,373)	58,933,040
Furniture and Equipment	1,254,408	927,858	-	2,182,266
Vehicles	4,455,910	167,200	-	4,623,110
Total Capital Assets, being depreciated	<u>24,926,918</u>	<u>42,643,031</u>	<u>(171,373)</u>	<u>67,398,576</u>
Less Accumulated Depreciation:				
Land Improvements	(685,648)	(169,822)	-	(855,470)
Building and Improvements	(6,196,020)	(1,393,675)	52,005	(7,537,690)
Furniture and Equipment	(997,470)	(185,450)	-	(1,182,920)
Vehicles	(3,346,860)	(500,280)	-	(3,847,140)
Total Accumulated Depreciation	<u>(11,225,998)</u>	<u>(2,249,227)</u>	<u>52,005</u>	<u>(13,423,220)</u>
Total Capital Assets, being depreciated, Net	<u>13,700,920</u>	<u>40,393,804</u>	<u>(119,368)</u>	<u>53,975,356</u>
Governmental Activities Capital Assets, Net	<u>57,742,962</u>	<u>40,870,577</u>	<u>(43,400,492)</u>	<u>55,213,047</u>
<u>Business-Type Activities</u>				
Furniture and Equipment	265,016	429,314	-	694,330
Less: Accumulated Depreciation	<u>(199,632)</u>	<u>(38,643)</u>	<u>-</u>	<u>(238,275)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 65,384</u>	<u>\$ 390,671</u>	<u>\$ -</u>	<u>\$ 456,055</u>

KENSTON LOCAL SCHOOL DISTRICT

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

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,338,478
Special	3,377
Vocational	427
Supporting Services:	
Pupils	5,150
Instructional Staff	4,326
Board of Education	437
Administration	24,372
Fiscal Services	3,212
Business	845
Operation and Maintenance of Plant	285,910
Pupil Transportation	499,625
Central	28,340
Operation of Non-Instructional Services	6,263
Extracurricular Activities	48,465
Total Depreciation Expense	<u><u>\$ 2,249,227</u></u>

This space is intentionally left blank.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2009, the School District contracted with Traveler's Insurance and Indiana Insurance for various coverages, which are outlined below:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Indiana Insurance	Property, Inland Marine, Flood & Earthquake	
	Employee Dishonesty, Forgery, Computer Fraud	\$ 92,780,485
Netherlands Insurance Co.	General Liability	1,000,000
	In aggregate:	2,000,000
	Comprehensive:	
	Combined Single Limit	1,000,000
	Uninsured Motorists Limit	1,000,000
	Comprehensive	Actual cash value
	Collision	Actual cash value
	Employee Benefit Liability	1,000,000
	In aggregate:	3,000,000
	Employer's (Stop Gap) Liability	1,000,000
	In aggregate:	2,000,000
	School Leaders Errors & Omissions (Professional) Liability	1,000,000
	In aggregate:	1,000,000
	Non-monetary Relief Defense Limit	100,000
	Sexual Misconduct & Molestation	1,000,000
	In aggregate:	1,000,000
	Violent Event Response	
	Each Person - Death Benefit	15,000
	Each Person Limit - Loss	25,000
	Each Violent Event Limit	1,000,000
	Each Violent Event Aggregate Limit	1,000,000
	Law Enforcement	1,000,000
	In aggregate:	1,000,000
	Umbrella	6,000,000
	Self-Insured Retention	10,000
Traveler's Insurance	Boiler and Machinery	30,000,000

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

KENSTON LOCAL SCHOOL DISTRICT

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

B. Workers' Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of 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's self-insurance program has been administered by Medical Mutual of Ohio (MMO). Payments are made to MMO for the actual amount of claims processed, monthly stop-loss premiums, and administrative charges. Operating revenues of the internal service fund consist of payments from other funds and are based on self-insurance losses, stop-loss premiums, and other operating expenses. Changes in claims activity for the past two fiscal years are as follows:

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>End of Year</u>
2008	\$ 50,667	\$ 3,466,759	\$ (3,528,909)	\$ (11,483)
2009	\$ (11,483)	\$ 2,482,639	\$ (1,843,480)	\$ 627,676

NOTE 11: **PENSION PLANS**

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: PENSION PLANS (continued)

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. Defined Contribution and Combined Plan members will transfer to the Defined Benefit plan during their fifth year of membership unless they permanently select the Defined Contribution or Combined Plan.

The Defined Benefit Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who had **(i)** five years of service credit and attained age 60; **(ii)** 25 years of service credit and attained age 55; or **(iii)** 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation.

Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the members’ three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100 percent of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5 percent.

Under the “money-purchase benefit”, members’ lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3 percent of the original base amount.

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: PENSION PLANS (continued)

For fiscal year ended June 30, 2009, members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent. Member and employer contributions were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14 percent contributed by the School District, 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$2,062,651, \$2,063,165, and \$1,996,250, respectively; 83.17 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Member and employer contributions actually made for the Defined Contribution and Combined Plan participants will be provided upon written request.

B. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (the Pension Trust Fund, the Death Benefits Fund, the Medicare Part B Fund, and the Health Care Fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14.00 percent employer contribution rate is allocated to the Health Care Fund and the Medicare Part B Fund. The School District's required pension contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$453,879, \$447,550 and \$480,015, respectively; 43.94 percent has been contributed for fiscal year 2009 and 100 percent for fiscal year 2008 and 2007.

NOTE 12: POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description - Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement on monthly Medicare Part B premiums.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: POST-EMPLOYMENT BENEFITS (continued)

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care. For the fiscal years ended June 30, 2009, 2008 and 2007 the School District's contributions to post-employment health care were \$158,665, \$175,196 and \$168,741, respectively; 83.17 percent has been contributed for 2009 and 100 percent for fiscal years 2008 and 2007.

B. School Employees Retirement System

Plan Description - SERS administers two post-employment benefit plans, the Medicare Part B Plan and the Health Care Plan as permitted by Ohio Revised Code Sections 3309.69 and 3309.375. The Medicare Part B Plan reimburses for Medicare Part B premiums paid by eligible retirees and beneficiaries. The Health Care Plan provides health care and prescription drug plans administered by two third-party administrators and a pharmacy benefit manager to manage self-insurance and prescription drug plans, respectively. The Retirement Board establishes rules for premiums paid by retirees for health care coverage and varies depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Fund Policy - The Medicare Part B Plan reimburses premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. The reimbursement amount is limited by statute to the lesser of January 1, 1999 Medicare Part B premiums or the current premium. The Medicare Part B premium for calendar year 2009 (most recent information available) was \$96.40. SERS' reimbursement to retirees was \$45.50. The Retirement Board, with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2009, the actuarially required allocation was .75 percent. For the fiscal year ended June 30, 2009, 2008 and 2007 the School District's contributions to Medicare Part B were \$37,449, \$32,247, and \$32,641, respectively; 43.94 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employers' 14 percent contribution to the Health Care Fund. At June 30, 2009, the health care allocation was 4.16 percent.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800.

Active members do not make contributions to the post-employment benefit plans. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

For fiscal years ended June 30, 2009, 2008 and 2007, the School District's contributions to the Health Care Plan, including the surcharge, were \$315,268, \$309,498 and \$262,900, respectively; 43.94 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 13: **EMPLOYEE BENEFITS**

A. **Compensated Absences**

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

Vacation Leave

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

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

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

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 275 days. An employee is paid a severance benefit equal to 27 percent of the value of their accumulated sick leave not to exceed 63.45 days, calculated at current wage rates, upon retirement with the balance being forfeited.

Employees meet the eligibility requirements for retirement with either: **a)** twenty-five years of service and age 55 or over, **b)** five years of service and age 60 or over, or **c)** any age with thirty years of service.

B. **Life Insurance**

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

KENSTON LOCAL SCHOOL DISTRICT

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

A. **Interfund Receivables and Payables**

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

As of June 30, 2009, the general fund provided temporary funding in the amount of \$7,973 to a nonmajor governmental fund until funds are received from the various granting sources. This interfund loan will be repaid within one year. In addition, the School District executed an internal borrowing between the bond retirement debt service fund and the building nonmajor capital projects fund. The bond retirement fund issued internal notes in the amount of \$500,000 to finance projects internally rather than through outside parties. The building fund purchased the internal notes with a 2.5 percent per annum interest rate and a maturity of April 1, 2010.

B. **Interfund Transfers**

As of June 30, 2009, interfund transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In Nonmajor Governmental Funds</u>
General Fund	<u>\$ 116,585</u>

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

During the fiscal year, the governmental activities contributed capital in the amount of \$411,786 through a transfer to business-type activities. This transfer did not impact the governmental fund financial statements because it did not involve current financial resources.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 15: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Principal Outstanding June 30, 2008	Additions	Deductions	Principal Outstanding June 30, 2009	Due in One Year
Governmental Activities					
<u>General Long-Term Bonds</u>					
\$3,075,000 General Obligation					
Bonds 1986 - 7.125%, due 2008	\$ 205,000	\$ -	\$ 205,000	\$ -	\$ -
\$135,000 GES Septic System - 5.7%, due 2010	40,500	-	13,500	27,000	13,500
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	42,050,000	-	745,000	41,305,000	910,000
\$6,610,000 School Improvement Refunding Bonds 2003 - 2.1-4.375% due 2017	5,000,000	-	390,000	4,610,000	435,000
\$115,000 Capital Appreciation Bonds - 15.136%, due 2013	115,000	-	-	115,000	-
Total General Long-Term Bonds	<u>47,410,500</u>	<u>-</u>	<u>1,353,500</u>	<u>46,057,000</u>	<u>1,358,500</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Capital Appreciation Bonds	142,734	40,486	-	183,220	-
Unamortized Bond Premium	163,268	-	7,421	155,847	-
Loss on Refunding	(55,909)	-	(5,591)	(50,318)	-
Compensated Absences	2,741,913	906,096	766,723	2,881,286	906,096
Total Governmental Long-Term Liabilities	<u>\$ 50,402,506</u>	<u>\$ 946,582</u>	<u>\$ 2,122,053</u>	<u>\$ 49,227,035</u>	<u>\$ 2,264,596</u>
Business-Type Activities					
Compensated Absences	24,227	6,748	3,344	27,631	6,748
Total Business-Type Activities	<u>\$ 24,227</u>	<u>\$ 6,748</u>	<u>\$ 3,344</u>	<u>\$ 27,631</u>	<u>\$ 6,748</u>

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,610,000 are current interest bonds and \$115,000 are capital appreciation bonds) for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the School District's government-wide financial statements. As of June 30, 2009, the amount of defeased debt outstanding but removed from the financial statements amounted to zero.

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

NOTE 15: 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.

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

Compensated absences will be paid from the fund from which the employees' salaries are paid. In prior years, the General Fund has been used to liquidate a material amount of the liability for compensated absences.

The School District's voted legal debt margin was \$26,530,412 with an unvoted debt margin of \$751,080 at June 30, 2009.

Principal and interest requirements to retire general obligation debt at June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,358,500	\$ 2,048,538	\$ 3,407,038
2011	1,488,500	1,993,297	3,481,797
2012	1,595,000	1,940,733	3,535,733
2013	1,850,000	1,880,176	3,730,176
2014	1,530,000	2,278,956	3,808,956
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
2030-2033	2,995,000	67,388	3,062,388
Total	<u>\$ 46,057,000</u>	<u>\$ 25,167,847</u>	<u>\$ 71,224,847</u>

NOTE 16: INSURANCE PURCHASING POOL

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS

Auburn Career Center

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

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 \$91,644 to LGCA during fiscal year 2009. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8221 Auburn Road, Concord Twp., Ohio 44077.

Auburn-Bainbridge Recreation Board

The Auburn-Bainbridge Recreation Board is a jointly governed organization of the School District. The Board of Education appoints two members of the six member commission. The School District makes no financial contributions to the Board, but it does provide the use of its facilities and land. The School District's control is limited to its representation on the governing board. The Board's continued existence is not dependent on the School District's continued participation. Financial information on the Board can be obtained from Kenston Community Education, 17425 Snyder Road, Chagrin Falls, Ohio 44023.

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among one hundred twenty-one school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2009, the School District paid \$796,968 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS (continued)

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

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

NOTE 18: CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 19: STATE SCHOOL FUNDING DECISION

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 20: SET-ASIDE REQUIREMENTS

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

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

	<u>Textbooks Instructional Reserve</u>	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2008	\$ (1,930,580)	\$ -
Current Year Set-Aside Requirements	510,942	510,942
Qualifying Disbursements	(628,332)	(509,937)
Total	<u>\$ (2,047,970)</u>	<u>\$ 1,005</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ (2,047,970)</u>	<u>\$ 1,005</u>
Set-Aside Reserve Balance as of June 30, 2009	<u>\$ -</u>	<u>\$ 1,005</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirements for future years. The capital acquisition and improvements set-aside did not have sufficient qualifying disbursements to reduce the set-aside amount below zero. Therefore, the School District created a reserve in fund balance for the amount to be used for the same purposes in future years.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 21: **RESTATEMENT OF PRIOR YEAR'S NET ASSETS**

Prior year's net assets were restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets as of 6/30/2008	\$ 19,909,976	\$ 189,481
Restatement:		
Capital assets adjustment	<u>2,718,703</u>	<u>37,431</u>
Net Assets as of 6/30/2008, Restated	<u>\$ 22,628,679</u>	<u>\$ 226,912</u>

The increase in net assets is attributable to the change in capitalization threshold and useful lives of the School District's governmental and business-type (food services) activities' capital assets.

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

This Page is Intentionally Left Blank.

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 22,828,061	\$ 23,425,021	\$ 23,944,042	\$ 519,021
Intergovernmental	9,443,774	10,037,278	9,960,002	(77,276)
Interest	-	219,877	225,377	5,500
Tuition	536,000	167,908	167,908	-
Miscellaneous	-	37,167	37,234	67
Total Revenues	32,807,835	33,887,251	34,334,563	447,312
Expenditures				
Current:				
Instruction				
Regular				
Personal Services	10,872,543	10,817,872	10,468,442	349,430
Fringe Benefits	3,612,515	3,594,368	3,394,368	200,000
Purchased Services	232,785	231,753	231,903	(150)
Supplies and Materials	399,943	398,931	398,931	-
Capital Outlay	221,617	221,017	221,017	-
Capital Outlay - Replacement	41,270	41,104	42,524	(1,420)
Other Objects	1,824	1,815	1,815	-
Total Regular	15,382,497	15,306,860	14,759,000	547,860
Special				
Personal Services	1,944,878	1,935,098	1,935,098	-
Fringe Benefits	610,873	607,801	607,801	-
Purchased Services	1,447,806	1,441,704	1,441,704	-
Supplies and Materials	9,235	9,199	9,199	-
Capital Outlay	3,467	3,482	3,482	-
Total Special	4,016,259	3,997,284	3,997,284	-
Vocational				
Personal Services	64,645	64,320	64,320	-
Fringe Benefits	24,452	24,329	24,329	-
Purchased Services	44,887	44,661	44,661	-
Total Vocational	133,984	133,310	133,310	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other				
Personal Services	349,096	347,341	347,341	-
Fringe Benefits	89,199	88,750	88,750	-
Purchased Services	178,934	178,034	178,034	-
Total Other	617,229	614,125	614,125	-
Total Instruction	20,149,969	20,051,579	19,503,719	547,860
Supporting Services				
Pupils				
Personal Services	1,024,458	1,019,307	1,019,307	-
Fringe Benefits	369,522	367,664	367,664	-
Purchased Services	521,724	519,595	519,595	-
Supplies and Materials	21,294	21,214	21,214	-
Capital Outlay	4,678	4,683	4,683	-
Capital Outlay - Replacement	1,253	1,253	1,253	-
Other Objects	345,226	343,490	343,490	-
Total Pupils	2,288,155	2,277,206	2,277,206	-
Instructional Staff				
Personal Services	602,603	599,573	599,573	-
Fringe Benefits	345,761	344,022	344,022	-
Purchased Services	179,608	179,016	178,936	80
Supplies and Materials	115,081	114,815	114,815	-
Capital Outlay	21,848	21,801	21,801	-
Capital Outlay - Replacement	1,586	1,582	1,582	-
Other Objects	39,889	39,695	39,695	-
Total Instructional Staff	1,306,376	1,300,504	1,300,424	80
Board of Education				
Personal Services	12,312	12,250	12,250	-
Fringe Benefits	3,000	2,985	2,985	-
Purchased Services	39,558	39,476	39,476	-
Supplies and Materials	5,772	5,770	5,770	-
Other Objects	12,927	12,862	12,862	-
Total Board of Education	73,569	73,343	73,343	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration				
Personal Services	1,745,726	1,736,948	1,736,948	-
Fringe Benefits	873,415	869,023	869,023	-
Purchased Services	69,493	69,294	69,294	-
Supplies and Materials	46,771	46,602	46,602	-
Capital Outlay	23,201	23,153	23,153	-
Capital Outlay - Replacement	10,991	10,949	10,949	-
Other Objects	36,229	36,052	36,052	-
Total Administration	2,805,826	2,792,021	2,792,021	-
Fiscal Services				
Personal Services	325,997	324,358	324,358	-
Fringe Benefits	152,923	152,154	152,154	-
Purchased Services	26,349	26,235	26,235	-
Supplies and Materials	9,176	9,130	9,130	-
Capital Outlay - Replacement	2,580	2,567	2,567	-
Other Objects	529,536	527,088	527,088	-
Total Fiscal Services	1,046,561	1,041,532	1,041,532	-
Business				
Personal Services	38,621	38,427	38,427	-
Fringe Benefits	7,614	7,576	7,576	-
Purchased Services	593	590	590	-
Total Business	46,828	46,593	46,593	-
Operation and Maintenance of Plant Services				
Personal Services	1,432,937	1,425,732	1,425,732	-
Fringe Benefits	606,363	603,314	603,314	-
Purchased Services	2,171,094	2,161,392	2,160,992	400
Supplies and Materials	154,920	154,280	154,090	190
Capital Outlay	13,435	13,367	13,367	-
Capital Outlay - Replacement	1,048	1,043	1,043	-
Other Objects	950	945	945	-
Total Operation and Maintenance of Plant Services	4,380,747	4,360,073	4,359,483	590

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Transportation				
Personal Services	1,264,583	1,258,224	1,258,224	-
Fringe Benefits	549,576	546,826	546,826	-
Purchased Services	78,513	78,178	78,178	-
Supplies and Materials	489,095	486,721	486,721	-
Capital Outlay - Replacement	186,312	185,378	185,378	-
Total Pupil Transportation	2,568,079	2,555,327	2,555,327	-
Central				
Purchased Services	4,096	4,076	4,076	-
Other Objects	3,518	3,500	3,500	-
Total Central	7,614	7,576	7,576	-
Total Supporting Services	14,523,755	14,454,175	14,453,505	670
Operation of Non-Instructional Services				
Community Services				
Personal Services	47,101	46,864	46,864	-
Fringe Benefits	14,132	14,061	14,061	-
Purchased Services	66,416	66,266	66,266	-
Supplies and Materials	47,622	47,512	47,512	-
Capital Outlay - Replacement	4,146	4,131	4,131	-
Other Objects	2,010	2,000	2,000	-
Total Community Services	181,427	180,834	180,834	-
Other				
Personal Services	13,247	13,180	13,180	-
Fringe Benefits	2,650	2,637	2,637	-
Total Other	15,897	15,817	15,817	-
Total Operation of Non-Instructional Services	197,324	196,651	196,651	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities				
Academic Oriented Activities				
Personal Services	160,144	159,339	159,339	-
Fringe Benefits	25,848	25,718	25,718	-
Total Academic Oriented Activities	185,992	185,057	185,057	-
Sport Oriented Activities				
Personal Services	422,469	420,345	420,345	-
Fringe Benefits	60,761	60,455	60,455	-
Purchased Services	2,449	2,439	2,439	-
Total Sport Oriented Activities	485,679	483,239	483,239	-
Total Extracurricular Activities	671,671	668,296	668,296	-
Capital Outlay:				
Supplies and Materials	35,874	35,694	35,694	-
Capital Outlay	467,350	465,000	465,000	-
Total Capital Outlay	503,224	500,694	500,694	-
Total Expenditures	36,045,943	35,871,395	35,322,865	548,530
Excess of Revenues (Under) Expenditures	(3,238,108)	(1,984,144)	(988,302)	995,842
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	-	283,947	283,947	-
Advances Out	(7,973)	(7,973)	(7,973)	-
Transfers Out	(116,585)	(116,585)	(116,585)	-
Total Other Financing Sources (Uses)	(124,558)	159,389	159,389	-
Net Change in Fund Balance	(3,362,666)	(1,824,755)	(828,913)	995,842
Fund Balance - Beginning of Year	6,540,400	6,540,400	6,540,400	-
Prior Year Encumbrances Appropriated	1,332,506	1,332,506	1,332,506	-
Fund Balance - End of Year	<u>\$ 4,510,240</u>	<u>\$ 6,048,151</u>	<u>\$ 7,043,993</u>	<u>\$ 995,842</u>

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Taxes	\$ 3,285,548	\$ 3,353,660	\$ 68,112
Intergovernmental	442,173	435,836	(6,337)
Total Revenues	<u>3,727,721</u>	<u>3,789,496</u>	<u>61,775</u>
Expenditures			
Current:			
Supporting Services			
Fiscal Services			
Other Objects	98,665	60,492	38,173
Debt Service:			
Principal	1,340,000	1,340,000	-
Interest & Fiscal Charges	2,119,105	2,119,105	-
Total Debt Service	<u>3,459,105</u>	<u>3,459,105</u>	<u>-</u>
Total Expenditures	<u>3,557,770</u>	<u>3,519,597</u>	<u>38,173</u>
Excess of Revenues Over Expenditures	<u>169,951</u>	<u>269,899</u>	<u>99,948</u>
Other Financing (Uses)			
Advances Out	(500,000)	(500,000)	-
Total Other Financing (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balance	(330,049)	(230,101)	99,948
Fund Balance - Beginning of Year	4,214,026	4,214,026	-
Prior Year Encumbrances Appropriated	7,261	7,261	-
Fund Balance - End of Year	<u>\$ 3,891,238</u>	<u>\$ 3,991,186</u>	<u>\$ 99,948</u>

KENSTON LOCAL SCHOOL DISTRICT

Nonmajor Special Revenue Funds

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

Private Purpose Trust Scholarship - This fund accounts for scholarships provided to students.

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

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

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

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

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

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

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

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

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

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

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

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.

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

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

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

Nonmajor Capital Projects Funds

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

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

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

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

This page is intentionally left blank.

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Governmental Funds****June 30, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 804,702	\$ 796,726	\$ 1,601,428
Accounts Receivable	2,747	-	2,747
Total Assets	\$ 807,449	\$ 796,726	\$ 1,604,175
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 14,040	\$ -	\$ 14,040
Accrued Wages and Benefits	2,296	-	2,296
Intergovernmental Payable	3,327	-	3,327
Interfund Payable	7,973	500,000	507,973
Total Liabilities	27,636	500,000	527,636
Fund Balances:			
Reserved for:			
Encumbrances	376,802	394,499	771,301
Unreserved:			
Undesignated (Deficit), Reported in:			
Special Revenue Funds	403,011	-	403,011
Capital Projects Funds	-	(97,773)	(97,773)
Total Fund Balances	779,813	296,726	1,076,539
Total Liabilities and Fund Balances	\$ 807,449	\$ 796,726	\$ 1,604,175

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

For the Fiscal Year Ended June 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 976,503	\$ -	\$ 976,503
Interest	844	355	1,199
Extracurricular Activities	609,348	-	609,348
Miscellaneous	349,361	-	349,361
Total Revenues	1,936,056	355	1,936,411
EXPENDITURES			
Current:			
Instruction:			
Regular	95,510	2,800	98,310
Special	200,501	-	200,501
Supporting Services:			
Pupils	315,340	-	315,340
Instructional Staff	27,335	-	27,335
Administration	235,482	-	235,482
Pupil Transportation	55,796	-	55,796
Operation of Non-Instructional Services:			
Community Services	40,065	-	40,065
Extracurricular Activities	704,445	-	704,445
Capital Outlay	168,001	474,863	642,864
Debt Service:			
Principal Retirement	-	13,500	13,500
Interest and Fiscal Charges	-	2,003	2,003
Total Expenditures	1,842,475	493,166	2,335,641
Excess of Revenues Over (Under) Expenditures	93,581	(492,811)	(399,230)
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	80,000	80,000
Transfers In	116,585	-	116,585
Total Other Financing Sources	116,585	80,000	196,585
Net Change in Fund Balances	210,166	(412,811)	(202,645)
Fund Balances - Beginning of Year	569,647	709,537	1,279,184
Fund Balances - End of Year	\$ 779,813	\$ 296,726	\$ 1,076,539

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds****June 30, 2009**

	Private Purpose Trust Scholar- ship	Public School Support	Other Grants	District Managed Student Activity	Prof. Develop- ment
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 168	\$ 485,050	\$ 50,000	\$ 226,968	\$ 156
Accounts Receivable	-	2,107	-	640	-
Total Assets	\$ 168	\$ 487,157	\$ 50,000	\$ 227,608	\$ 156
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ 7,354	\$ -	\$ 4,345	\$ -
Accrued Wages and Benefits	-	-	-	-	-
Intergovernmental Payable	-	287	-	39	-
Interfund Payable	-	-	-	-	-
Total Liabilities	-	7,641	-	4,384	-
Fund Balances:					
Reserved for:					
Encumbrances	-	271,699	-	80,146	-
Unreserved:					
Undesignated (Deficit), Reported in:					
Special Revenue Funds	168	207,817	50,000	143,078	156
Total Fund Balances	168	479,516	50,000	223,224	156
Total Liabilities and Fund Balances	\$ 168	\$ 487,157	\$ 50,000	\$ 227,608	\$ 156

KENSTON LOCAL SCHOOL DISTRICT

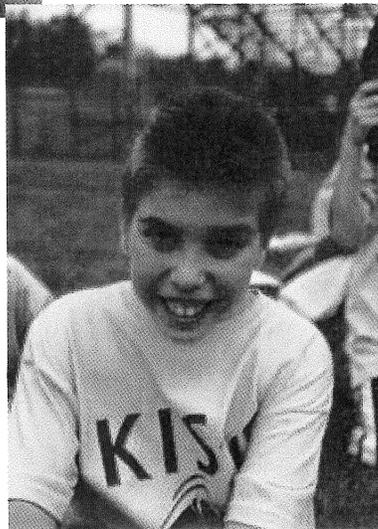
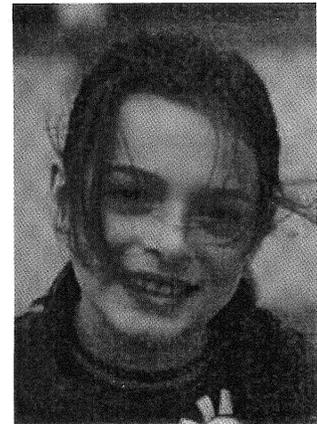
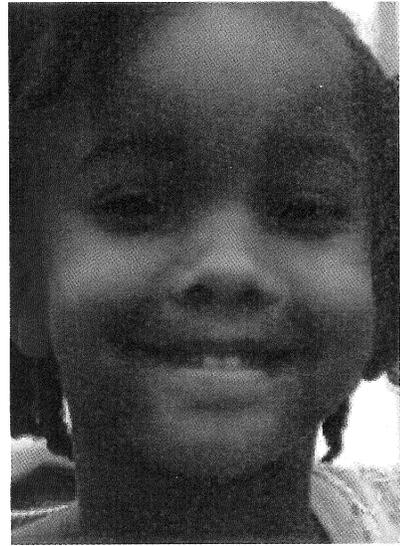
Management Information Systems	Entry Year Teachers	School Net Professional Development	Miscellaneous State Grants	IDEA, Education of Handicapped Children	Title I, Disadvantaged Children/ Targeted Assistance
\$ 13,492	\$ -	\$ 16	\$ 26,798	\$ 1,994	\$ 60
-	-	-	-	-	-
<u>\$ 13,492</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 26,798</u>	<u>\$ 1,994</u>	<u>\$ 60</u>
\$ -	\$ -	\$ -	\$ 2,341	\$ -	\$ -
2,296	-	-	-	-	-
1,012	22	-	-	1,058	554
-	-	-	7,973	-	-
<u>3,308</u>	<u>22</u>	<u>-</u>	<u>10,314</u>	<u>1,058</u>	<u>554</u>
500	-	-	24,457	-	-
9,684	(22)	16	(7,973)	936	(494)
<u>10,184</u>	<u>(22)</u>	<u>16</u>	<u>16,484</u>	<u>936</u>	<u>(494)</u>
<u>\$ 13,492</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 26,798</u>	<u>\$ 1,994</u>	<u>\$ 60</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)**

June 30, 2009

	<u>Title V</u>	<u>Drug Free Schools Grant</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 804,702
Accounts Receivable	-	-	-	-	2,747
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 807,449</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 14,040
Accrued Wages and Benefits	-	-	-	-	2,296
Intergovernmental Payable	5	12	332	6	3,327
Interfund Payable	-	-	-	-	7,973
Total Liabilities	<u>5</u>	<u>12</u>	<u>332</u>	<u>6</u>	<u>27,636</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	376,802
Unreserved:					
Undesignated (Deficit), Reported in:					
Special Revenue Funds	<u>(5)</u>	<u>(12)</u>	<u>(332)</u>	<u>(6)</u>	<u>403,011</u>
Total Fund Balances	<u>(5)</u>	<u>(12)</u>	<u>(332)</u>	<u>(6)</u>	<u>779,813</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 807,449</u>



Kenston Local School District

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

For the Fiscal Year Ended June 30, 2009

	Private Purpose Trust Scholar- ship	Public School Support	Other Grants	District Managed Student Activity	Auxiliary Services
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 170,000	\$ -	\$ 16,961
Interest	-	740	-	-	104
Extracurricular Activities	-	342,255	-	267,093	-
Miscellaneous	1,805	276,728	-	70,828	-
Total Revenues	1,805	619,723	170,000	337,921	17,065
EXPENDITURES					
Current:					
Instruction:					
Regular	1,806	-	-	-	-
Special	-	-	-	-	-
Supporting Services:					
Pupils	-	110,428	-	-	-
Instructional Staff	-	10,631	-	-	-
Administration	-	-	-	-	-
Pupil Transportation	-	-	-	-	-
Operation of Non-Instructional Services:					
Community Services	-	-	-	-	40,065
Extracurricular Activities	-	269,576	-	434,869	-
Capital Outlay	-	48,001	120,000	-	-
Total Expenditures	1,806	438,636	120,000	434,869	40,065
Excess of Revenues Over (Under) Expenditures	(1)	181,087	50,000	(96,948)	(23,000)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	96,585	-
Total Other Financing Sources	-	-	-	96,585	-
Net Change in Fund Balances	(1)	181,087	50,000	(363)	(23,000)
Fund Balances (Deficit) - Beginning of Year	169	298,429	-	223,587	23,000
Fund Balances (Deficit) - End of Year	\$ 168	\$ 479,516	\$ 50,000	\$ 223,224	\$ -

KENSTON LOCAL SCHOOL DISTRICT

<u>Prof. Develop-ment</u>	<u>Management Information Systems</u>	<u>Entry Year Teachers</u>	<u>Data Communication</u>	<u>School Net Professional Development</u>	<u>Miscellaneous State Grants</u>
\$ -	\$ 9,453	\$ 2,800	\$ 15,000	\$ 2,970	\$ 71,757
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>9,453</u>	<u>2,800</u>	<u>15,000</u>	<u>2,970</u>	<u>71,757</u>
-	-	-	15,000	3,494	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,794	-	-	-
-	36,330	-	-	-	-
-	-	-	-	-	55,273
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>36,330</u>	<u>2,794</u>	<u>15,000</u>	<u>3,494</u>	<u>55,273</u>
<u>-</u>	<u>(26,877)</u>	<u>6</u>	<u>-</u>	<u>(524)</u>	<u>16,484</u>
-	20,000	-	-	-	-
<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(6,877)	6	-	(524)	16,484
156	17,061	(28)	-	540	-
<u>\$ 156</u>	<u>\$ 10,184</u>	<u>\$ (22)</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16,484</u>

(Continued)

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

For the Fiscal Year Ended June 30, 2009

	IDEA, Education of Handicapped Children	Title I, Disadvantaged Children/ Targeted Assistance	Title V
REVENUES			
Intergovernmental	\$ 488,255	\$ 115,846	\$ 2,253
Interest	-	-	-
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	488,255	115,846	2,253
EXPENDITURES			
Current:			
Instruction:			
Regular	-	-	1,723
Special	84,956	115,545	-
Supporting Services:			
Pupils	204,912	-	-
Instructional Staff	-	-	498
Administration	199,152	-	-
Pupil Transportation	-	-	-
Operation of Non-Instructional Services:			
Community Services	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Total Expenditures	489,020	115,545	2,221
Excess of Revenues Over (Under) Expenditures	(765)	301	32
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balances	(765)	301	32
Fund Balances (Deficit) - Beginning of Year	1,701	(795)	(37)
Fund Balances (Deficit) - End of Year	\$ 936	\$ (494)	\$ (5)

KENSTON LOCAL SCHOOL DISTRICT

Drug Free Schools Grant	Tele- communications Act	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 6,939	\$ -	\$ 73,184	\$ 1,085	\$ 976,503
-	-	-	-	844
-	-	-	-	609,348
-	-	-	-	349,361
<u>6,939</u>	<u>-</u>	<u>73,184</u>	<u>1,085</u>	<u>1,936,056</u>
-	-	73,221	266	95,510
-	-	-	-	200,501
-	-	-	-	315,340
8,917	3,678	-	817	27,335
-	-	-	-	235,482
523	-	-	-	55,796
-	-	-	-	40,065
-	-	-	-	704,445
-	-	-	-	168,001
<u>9,440</u>	<u>3,678</u>	<u>73,221</u>	<u>1,083</u>	<u>1,842,475</u>
<u>(2,501)</u>	<u>(3,678)</u>	<u>(37)</u>	<u>2</u>	<u>93,581</u>
-	-	-	-	116,585
-	-	-	-	116,585
<u>(2,501)</u>	<u>(3,678)</u>	<u>(37)</u>	<u>2</u>	<u>210,166</u>
<u>2,489</u>	<u>3,678</u>	<u>(295)</u>	<u>(8)</u>	<u>569,647</u>
<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ (332)</u>	<u>\$ (6)</u>	<u>\$ 779,813</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Private Purpose Trust Scholarship Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Miscellaneous	\$ 1,805	\$ 1,805	\$ -
Total Revenues	<u>1,805</u>	<u>1,805</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Capital Outlay	1,806	1,806	-
Supporting Services			
Instructional Staff			
Supplies and Materials	168	-	168
Total Expenditures	<u>1,974</u>	<u>1,806</u>	<u>168</u>
Net Change in Fund Balance	(169)	(1)	168
Fund Balance - Beginning of Year	169	169	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 168</u>	<u>\$ 168</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Public School Support Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Interest	\$ 740	\$ 740	\$ -
Extracurricular Activities	342,831	342,866	35
Miscellaneous	247,838	276,728	28,890
Total Revenues	591,409	620,334	28,925
Expenditures			
Current:			
Supporting Services			
Pupils			
Fringe Benefits	15	15	-
Purchased Services	37,817	37,817	-
Supplies and Materials	75,439	75,476	(37)
Capital Outlay	9,800	9,800	-
Other Objects	2,257	2,257	-
Total Pupils	125,328	125,365	(37)
Instructional Staff			
Supplies and Materials	10,665	10,665	-
Capital Outlay	1,135	1,135	-
Total Instructional Staff	11,800	11,800	-
Total Supporting Services	137,128	137,165	(37)
Extracurricular Activities			
Academic Oriented Activities			
Personal Services	13,500	13,500	-
Fringe Benefits	1,430	1,430	-
Purchased Services	177,109	-	177,109
Supplies and Materials	295	295	-
Total Academic Oriented Activities	192,334	15,225	177,109

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Public School Support Fund (continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Co-Curricular Activities			
Personal Services	4,368	4,368	-
Fringe Benefits	675	675	-
Purchased Services	235,577	235,577	-
Supplies and Materials	15,729	15,729	-
Total Co-Curricular Activities	256,349	256,349	-
Total Extracurricular Activities	448,683	271,574	177,109
Capital Outlay:			
Purchased Services	550	550	-
Supplies and Materials	49,130	49,130	-
Capital Outlay	256,539	256,539	-
Other Objects	350	350	-
Total Capital Outlay	306,569	306,569	-
Total Expenditures	892,380	715,308	177,072
Excess of Revenue (Under) Expenditures	(300,971)	(94,974)	205,997
Other Financing (Uses)			
Refund of Prior Year Receipts	(2,718)	(2,718)	-
Total Other Financing (Uses)	(2,718)	(2,718)	-
Net Change in Fund Balance	(303,689)	(97,692)	205,997
Fund Balance - Beginning of Year	273,840	273,840	-
Prior Year Encumbrances Appropriated	29,849	29,849	-
Fund Balance - End of Year	\$ -	\$ 205,997	\$ 205,997

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Other Grants Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 170,000	\$ 170,000	\$ -
Total Revenues	<u>170,000</u>	<u>170,000</u>	<u>-</u>
Expenditures			
Capital Outlay:			
Purchased Services	170,000	120,000	50,000
Total Expenditures	<u>170,000</u>	<u>120,000</u>	<u>50,000</u>
Net Change in Fund Balance	-	50,000	50,000
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Extracurricular Activities	\$ 266,533	\$ 266,548	\$ 15
Miscellaneous	69,930	70,828	898
Total Revenues	336,463	337,376	913
Expenditures			
Current:			
Extracurricular Activities			
Academic Oriented Activities			
Personal Services	437	437	-
Fringe Benefits	67	67	-
Purchased Services	11,618	11,618	-
Supplies and Materials	21,783	21,783	-
Capital Outlay	638	638	-
Other Objects	2,934	2,934	-
Total Academic Oriented Activities	37,477	37,477	-
Sport Oriented Activities			
Personal Services	2,610	2,610	-
Fringe Benefits	378	378	-
Purchased Services	302,236	160,333	141,903
Supplies and Materials	240,982	240,982	-
Capital Outlay	35,831	35,831	-
Other Objects	39,909	39,909	-
Total Sport Oriented Activities	621,946	480,043	141,903
School & Public Service Co-Curricular Activities			
Purchased Services	12,024	12,024	-
Supplies and Materials	255	255	-
Other Objects	462	462	-
Total School and Public Service	12,741	12,741	-
Total Expenditures	672,164	530,261	141,903
Excess of Revenues (Under) Expenditures	(335,701)	(192,885)	142,816

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
District Managed Student Activity Fund (continued)
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Other Financing Sources (Uses)			
Refund of Prior Year Receipts	(95)	(95)	-
Transfers In	96,585	96,585	-
Total Other Financing Sources (Uses)	96,490	96,490	-
Net Change in Fund Balance	(239,211)	(96,395)	142,816
Fund Balance - Beginning of Year	133,236	133,236	-
Prior Year Encumbrances Appropriated	105,975	105,975	-
Fund Balance - End of Year	\$ -	\$ 142,816	\$ 142,816

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 16,961	\$ 16,961	\$ -
Interest	104	104	-
Total Revenues	<u>17,065</u>	<u>17,065</u>	<u>-</u>
Expenditures			
Current:			
Operation of Non-Instructional Services			
Community Services			
Purchased Services	2	2	-
Supplies and Materials	17,063	17,063	-
Capital Outlay	23,000	23,000	-
Total Expenditures	<u>40,065</u>	<u>40,065</u>	<u>-</u>
Net Change in Fund Balance	(23,000)	(23,000)	-
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	23,000	23,000	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Professional Development Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Instruction			
Special			
Purchased Services	156	-	156
Total Expenditures	156	-	156
Net Change in Fund Balance	(156)	-	156
Fund Balance - Beginning of Year	156	156	-
Fund Balance - End of Year	\$ -	\$ 156	\$ 156

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Management Information Systems Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 9,453	\$ 9,453	\$ -
Total Revenues	<u>9,453</u>	<u>9,453</u>	<u>-</u>
Expenditures			
Current:			
Supporting Services			
Administration			
Personal Services	26,036	13,044	12,992
Fringe Benefits	2,093	2,093	-
Purchased Services	20,542	20,542	-
Supplies and Materials	140	140	-
Total Administration	<u>48,811</u>	<u>35,819</u>	<u>12,992</u>
Total Expenditures	<u>48,811</u>	<u>35,819</u>	<u>12,992</u>
Excess of Revenues (Under) Expenditures	<u>(39,358)</u>	<u>(26,366)</u>	<u>12,992</u>
Other Financing Sources			
Transfers In	20,000	20,000	-
Total Other Financing Sources	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	(19,358)	(6,366)	12,992
Fund Balance - Beginning of Year	19,358	19,358	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 12,992</u>	<u>\$ 12,992</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Entry Year Teachers Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 2,800	\$ 2,800	\$ -
Total Revenues	<u>2,800</u>	<u>2,800</u>	<u>-</u>
Expenditures			
Current:			
Supporting Services			
Instructional Staff			
Personal Services	2,400	2,400	-
Fringe Benefits	400	400	-
Total Expenditures	<u>2,800</u>	<u>2,800</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Data Communication Fund
For the Fiscal Year Ended June 30, 2009**

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

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 2,970	\$ 2,970	\$ -
Total Revenues	<u>2,970</u>	<u>2,970</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Purchased Services	3,501	3,501	-
Supplies and Materials	16	-	16
Total Expenditures	<u>3,517</u>	<u>3,501</u>	<u>16</u>
Net Change in Fund Balance	(547)	(531)	16
Fund Balance - Beginning of Year	547	547	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 71,757	\$ 71,757	\$ -
Total Revenues	<u>71,757</u>	<u>71,757</u>	<u>-</u>
Expenditures			
Current:			
Pupil Transportation			
Purchased Services	79,730	79,730	-
Total Expenditures	<u>79,730</u>	<u>79,730</u>	<u>-</u>
Excess of Revenues (Under) Expenditures	<u>(7,973)</u>	<u>(7,973)</u>	<u>-</u>
Other Financing Sources			
Advances In	7,973	7,973	-
Total Other Financings Sources	<u>7,973</u>	<u>7,973</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
IDEA – Education of Handicapped Children Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 488,255	\$ 488,255	\$ -
Total Revenues	<u>488,255</u>	<u>488,255</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Special			
Personal Services	61,337	61,337	-
Fringe Benefits	23,290	23,290	-
Total Instruction	<u>84,627</u>	<u>84,627</u>	<u>-</u>
Supporting Services			
Pupils			
Personal Services	37,356	37,356	-
Fringe Benefits	23,897	23,897	-
Purchased Services	143,659	143,659	-
Total Pupils	<u>204,912</u>	<u>204,912</u>	<u>-</u>
Administration			
Personal Services	137,776	137,776	-
Fringe Benefits	60,940	60,940	-
Total Administration	<u>198,716</u>	<u>198,716</u>	<u>-</u>
Total Supporting Services	<u>403,628</u>	<u>403,628</u>	<u>-</u>
Total Expenditures	<u>488,255</u>	<u>488,255</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	1,994	1,994	-
Fund Balance - End of Year	<u>\$ 1,994</u>	<u>\$ 1,994</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Title I – Disadvantage Children/Targeted Assistance Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 115,846	\$ 115,846	\$ -
Total Revenues	<u>115,846</u>	<u>115,846</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Special			
Personal Services	91,124	91,124	-
Fringe Benefits	18,930	18,930	-
Purchased Services	5,792	5,792	-
Total Expenditures	<u>115,846</u>	<u>115,846</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	60	60	-
Fund Balance - End of Year	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Title V Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 2,253	\$ 2,253	\$ -
Total Revenues	<u>2,253</u>	<u>2,253</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Personal Services	1,500	1,500	-
Fringe Benefits	255	255	-
Total Instruction	<u>1,755</u>	<u>1,755</u>	<u>-</u>
Supporting Services			
Instructional Staff			
Purchased Services	498	498	-
Total Expenditures	<u>2,253</u>	<u>2,253</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	Positive (Negative)
Revenues			
Intergovernmental	\$ 6,939	\$ 6,939	\$ -
Total Revenues	<u>6,939</u>	<u>6,939</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Purchased Services	24	24	-
Supporting Services			
Instructional Staff			
Personal Services	1,646	1,646	-
Fringe Benefits	250	250	-
Purchased Services	5,807	5,807	-
Supplies and Materials	96	96	-
Capital Outlay	1,120	1,120	-
Total Instructional Staff	<u>8,919</u>	<u>8,919</u>	<u>-</u>
Pupil Transportation			
Personal Services	434	434	-
Fringe Benefits	85	85	-
Total Pupil Transportation	<u>519</u>	<u>519</u>	<u>-</u>
Total Supporting Services	<u>9,438</u>	<u>9,438</u>	<u>-</u>
Total Expenditures	<u>9,462</u>	<u>9,462</u>	<u>-</u>
Net Change in Fund Balance	(2,523)	(2,523)	-
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	2,523	2,523	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Telecommunications Act Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Supporting Services			
Instructional Staff			
Purchased Services	3,678	3,678	-
Total Expenditures	3,678	3,678	-
Net Change in Fund Balance	(3,678)	(3,678)	-
Fund Balance - Beginning of Year	3,678	3,678	-
Fund Balance - End of Year	\$ -	\$ -	\$ -

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Improving Teacher Quality Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 73,184	\$ 73,184	\$ -
Total Revenues	<u>73,184</u>	<u>73,184</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Personal Services	56,391	56,391	-
Fringe Benefits	9,263	9,263	-
Purchased Services	7,530	7,530	-
Total Expenditures	<u>73,184</u>	<u>73,184</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Intergovernmental	\$ 1,085	\$ 1,085	\$ -
Total Revenues	<u>1,085</u>	<u>1,085</u>	<u>-</u>
Expenditures			
Current:			
Instruction			
Regular			
Personal Services	228	228	-
Fringe Benefits	46	46	-
Total Instruction	<u>274</u>	<u>274</u>	<u>-</u>
Supporting Services			
Instructional Staff			
Personal Services	674	674	-
Fringe Benefits	137	137	-
Total Supporting Services	<u>811</u>	<u>811</u>	<u>-</u>
Total Expenditures	<u>1,085</u>	<u>1,085</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds**

June 30, 2009

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Nonmajor Capital Projects Funds</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 83,017	\$ 711,935	\$ 1,774	\$ 796,726
Total Assets	<u>\$ 83,017</u>	<u>\$ 711,935</u>	<u>\$ 1,774</u>	<u>\$ 796,726</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ -	\$ 500,000	\$ -	\$ 500,000
Total Liabilities	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	394,499	-	394,499
Unreserved:				
Undesignated (Deficit), Reported in:				
Capital Projects Funds	83,017	(182,564)	1,774	(97,773)
Total Fund Balance	<u>83,017</u>	<u>211,935</u>	<u>1,774</u>	<u>296,726</u>
Total Liabilities and Fund Balance	<u>\$ 83,017</u>	<u>\$ 711,935</u>	<u>\$ 1,774</u>	<u>\$ 796,726</u>

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

For the Fiscal Year Ended June 30, 2009

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet</u>	<u>Nonmajor Capital Projects Funds</u>
REVENUES				
Interest	\$ -	\$ 355	\$ -	\$ 355
Total Revenues	<u>-</u>	<u>355</u>	<u>-</u>	<u>355</u>
EXPENDITURES				
Current:				
Instruction:				
Regular	-	-	2,800	2,800
Capital Outlay	13,647	461,216	-	474,863
Debt Service:				
Principal Retirement	-	13,500	-	13,500
Interest and Fiscal Charges	-	2,003	-	2,003
Total Expenditures	<u>13,647</u>	<u>476,719</u>	<u>2,800</u>	<u>493,166</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,647)</u>	<u>(476,364)</u>	<u>(2,800)</u>	<u>(492,811)</u>
OTHER FINANCING SOURCES				
Sale of Capital Assets	80,000	-	-	80,000
Total Other Financing Sources	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Net Change in Fund Balances	66,353	(476,364)	(2,800)	(412,811)
Fund Balances - Beginning of Year	16,664	688,299	4,574	709,537
Fund Balances - End of Year	<u>\$ 83,017</u>	<u>\$ 211,935</u>	<u>\$ 1,774</u>	<u>\$ 296,726</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Current:			
Instruction			
Regular			
Capital Outlay	83,017	-	83,017
Capital Outlay:			
Purchased Services	13,647	13,647	-
Total Expenditures	<u>96,664</u>	<u>13,647</u>	<u>83,017</u>
Excess of Revenues (Under) Expenditures	<u>(96,664)</u>	<u>(13,647)</u>	<u>83,017</u>
Other Financing Sources			
Sale of Capital Assets	80,000	80,000	-
Total Other Financing Sources	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net Change in Fund Balance	(16,664)	66,353	83,017
Fund Balance - Beginning of Year	16,664	16,664	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 83,017</u>	<u>\$ 83,017</u>

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
Building Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Interest	\$ 397	\$ 405	\$ 8
Total Revenues	<u>397</u>	<u>405</u>	<u>8</u>
Expenditures			
Capital Outlay:			
Purchased Services	1,172,614	855,186	317,428
Capital Outlay	529	529	-
Total Capital Outlay	<u>1,173,143</u>	<u>855,715</u>	<u>317,428</u>
Debt Service:			
Principal	13,500	13,500	-
Interest & Fiscal Charges	2,003	2,003	-
Total Debt Service	<u>15,503</u>	<u>15,503</u>	<u>-</u>
Total Expenditures	<u>1,188,646</u>	<u>871,218</u>	<u>317,428</u>
Excess of Revenues (Under) Expenditures	<u>(1,188,249)</u>	<u>(870,813)</u>	<u>317,436</u>
Other Financing Sources (Uses)			
Refund of Prior Year Receipts	(50)	(50)	-
Advances In	500,000	500,000	-
Total Other Financing Sources (Uses)	<u>499,950</u>	<u>499,950</u>	<u>-</u>
Net Change in Fund Balance	(688,299)	(370,863)	317,436
Fund Balance - Beginning of Year	434,317	434,317	-
Prior Year Encumbrances Appropriated	253,982	253,982	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 317,436</u>	<u>\$ 317,436</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
School Net Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Instruction			
Regular			
Personal Services	1,774	-	1,774
Supplies and Materials	2,800	2,800	-
Total Expenditures	4,574	2,800	1,774
Net Change in Fund Balance	(4,574)	(2,800)	1,774
Fund Balance - Beginning of Year	4,574	4,574	-
Fund Balance - End of Year	\$ -	\$ 1,774	\$ 1,774

Nonmajor Enterprise Funds

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds****June 30, 2009**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Nonmajor Enterprise Funds</u>
ASSETS					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 57,609	\$ 36,511	\$ 11,080	\$ 180,440	\$ 285,640
Inventory Held for Resale	-	6,671	-	-	6,671
Materials and Supplies Inventory	7,407	-	-	-	7,407
Accounts Receivable	3,930	-	-	100	4,030
Total Current Assets	<u>68,946</u>	<u>43,182</u>	<u>11,080</u>	<u>180,540</u>	<u>303,748</u>
Noncurrent Assets:					
Capital Assets:					
Depreciable Capital Assets, Net of Depreciation	456,055	-	-	-	456,055
Total Assets	<u>525,001</u>	<u>43,182</u>	<u>11,080</u>	<u>180,540</u>	<u>759,803</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	30,405	1,585	-	-	31,990
Accrued Wages and Benefits	51,652	-	3,404	-	55,056
Compensated Absences Payable	6,748	-	-	-	6,748
Intergovernmental Payable	40,513	-	3,578	2,281	46,372
Total Current Liabilities	<u>129,318</u>	<u>1,585</u>	<u>6,982</u>	<u>2,281</u>	<u>140,166</u>
Noncurrent Liabilities:					
Compensated Absences Payable	20,883	-	-	-	20,883
Total Liabilities	<u>150,201</u>	<u>1,585</u>	<u>6,982</u>	<u>2,281</u>	<u>161,049</u>
NET ASSETS					
Invested in Capital Assets	456,055	-	-	-	456,055
Unrestricted (Deficit)	(81,255)	41,597	4,098	178,259	142,699
Total Net Assets	<u>\$ 374,800</u>	<u>\$ 41,597</u>	<u>\$ 4,098</u>	<u>\$ 178,259</u>	<u>\$ 598,754</u>

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2009**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Nonmajor Enterprise Funds</u>
OPERATING REVENUES					
Food Services	\$ 843,558	\$ -	\$ -	\$ -	\$ 843,558
Miscellaneous	-	-	63,648	-	63,648
Classroom Materials and Fees	-	164,122	-	-	164,122
Tuition	-	-	-	301,068	301,068
Total Operating Revenues	<u>843,558</u>	<u>164,122</u>	<u>63,648</u>	<u>301,068</u>	<u>1,372,396</u>
OPERATING EXPENSES					
Salaries	272,884	-	47,155	254,785	574,824
Fringe Benefits	110,038	-	13,110	54,131	177,279
Purchased Services	593,117	-	-	-	593,117
Materials and Supplies	53,646	159,479	-	5,300	218,425
Depreciation	38,643	-	-	-	38,643
Other	1,273	-	-	-	1,273
Total Operating Expenses	<u>1,069,601</u>	<u>159,479</u>	<u>60,265</u>	<u>314,216</u>	<u>1,603,561</u>
Operating Income (Loss)	<u>(226,043)</u>	<u>4,643</u>	<u>3,383</u>	<u>(13,148)</u>	<u>(231,165)</u>
NONOPERATING REVENUES					
Interest	3,285	-	-	1,088	4,373
Intergovernmental	130,731	-	-	-	130,731
Donated Commodities	56,117	-	-	-	56,117
Total Nonoperating Revenues	<u>190,133</u>	<u>-</u>	<u>-</u>	<u>1,088</u>	<u>191,221</u>
Capital Contributions	411,786	-	-	-	411,786
Change in Net Assets	375,876	4,643	3,383	(12,060)	371,842
Net Assets - Beginning of Year, as Restated	<u>(1,076)</u>	<u>36,954</u>	<u>715</u>	<u>190,319</u>	<u>226,912</u>
Net Assets - End of Year	<u>\$ 374,800</u>	<u>\$ 41,597</u>	<u>\$ 4,098</u>	<u>\$ 178,259</u>	<u>\$ 598,754</u>

KENSTON LOCAL SCHOOL DISTRICT

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2009

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 839,899	\$ 165,003	\$ 63,648	\$ 300,968	\$ 1,369,518
Cash Payments to Employees for Services	(268,011)	-	(43,567)	(254,524)	(566,102)
Cash Payments for Employee Benefits	(107,782)	-	(9,746)	(54,131)	(171,659)
Cash Payments for Goods and Services	(596,780)	(160,467)	-	(5,300)	(762,547)
Cash Payments for Other Expenses	(1,273)	-	-	-	(1,273)
Net Cash Provided by (Used in) Operating Activities	<u>(133,947)</u>	<u>4,536</u>	<u>10,335</u>	<u>(12,987)</u>	<u>(132,063)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants Received	130,731	-	-	-	130,731
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>130,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,731</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments for Capital Acquisitions	(17,528)	-	-	-	(17,528)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(17,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,528)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	3,285	-	-	1,088	4,373
Net Cash Provided by Investing Activities	<u>3,285</u>	<u>-</u>	<u>-</u>	<u>1,088</u>	<u>4,373</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,459)	4,536	10,335	(11,899)	(14,487)
Cash and Cash Equivalents - Beginning of Year	75,068	31,975	745	192,339	300,127
Cash and Cash Equivalents - End of Year	<u>\$ 57,609</u>	<u>\$ 36,511</u>	<u>\$ 11,080</u>	<u>\$ 180,440</u>	<u>\$ 285,640</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (226,043)	\$ 4,643	\$ 3,383	\$ (13,148)	\$ (231,165)
Adjustments:					
Depreciation	38,643	-	-	-	38,643
Federal Donated Commodities	56,117	-	-	-	56,117
(Increase) Decrease in Assets:					
Accounts Receivable	(3,659)	881	-	(100)	(2,878)
Inventory Held for Resale	-	(1,586)	-	-	(1,586)
Materials and Supplies Inventory	(3,538)	-	-	-	(3,538)
Increase (Decrease) in Liabilities:					
Accounts Payable	(2,596)	598	-	-	(1,998)
Accrued Wages and Benefits	1,327	-	3,404	-	4,731
Compensated Absences Payable	3,404	-	-	-	3,404
Intergovernmental Payable	2,398	-	3,548	261	6,207
Net Cash Provided by (Used in) Operating Activities	<u>\$ (133,947)</u>	<u>\$ 4,536</u>	<u>\$ 10,335</u>	<u>\$ (12,987)</u>	<u>\$ (132,063)</u>

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Services fund received donated commodities of \$56,117. In addition, the Food Services fund received contributions in the form of capital assets in the amount of \$411,786 from the governmental funds.

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Food Services Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	Positive (Negative)
Revenues			
Intergovernmental	\$ 130,731	\$ 130,731	\$ -
Interest	3,285	3,285	-
Food Services	832,999	839,899	6,900
Total Revenues	<u>967,015</u>	<u>973,915</u>	<u>6,900</u>
Expenses			
Salaries and Wages			
Operation of Non-Instructional Services			
Food Service Operations	268,011	268,011	-
Fringe Benefits			
Operation of Non-Instructional Services			
Food Service Operations	107,782	107,782	-
Purchased Services			
Supporting Services			
Operation and Maintenance of Plant Services	29,608	9,885	19,723
Operation of Non-Instructional Services			
Food Service Operations	596,548	596,548	-
Total Purchased Services	<u>626,156</u>	<u>606,433</u>	<u>19,723</u>
Supplies and Materials			
Operation of Non-Instructional Services			
Food Service Operations	27,875	27,875	-
Other			
Operation of Non-Instructional Services			
Food Service Operations	1,377	1,377	-
Total Expenses	<u>1,031,201</u>	<u>1,011,478</u>	<u>19,723</u>
Net Change in Fund Equity	(64,186)	(37,563)	26,623
Fund Equity - Beginning of Year	41,866	41,866	-
Prior Year Encumbrances Appropriated	33,201	33,201	-
Fund Equity - End of Year	<u>\$ 10,881</u>	<u>\$ 37,504</u>	<u>\$ 26,623</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Classroom Materials and Supplies	\$ 165,003	\$ 165,003	\$ -
Total Revenues	<u>165,003</u>	<u>165,003</u>	<u>-</u>
Expenses			
Supplies and Materials			
Instruction			
Regular	196,978	165,742	31,236
Total Expenses	<u>196,978</u>	<u>165,742</u>	<u>31,236</u>
Net Change in Fund Equity	(31,975)	(739)	31,236
Fund Equity - Beginning of Year	27,225	27,225	-
Prior Year Encumbrances Appropriated	4,750	4,750	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ 31,236</u>	<u>\$ 31,236</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Adult Education Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Miscellaneous	\$ 59,436	\$ 63,648	\$ 4,212
Total Revenues	<u>59,436</u>	<u>63,648</u>	<u>4,212</u>
Expenses			
Salaries and Wages			
Operation of Non-Instructional Services			
Community Services	50,435	43,567	6,868
Fringe Benefits			
Operation of Non-Instructional Services			
Community Services	9,746	9,746	-
Total Expenses	<u>60,181</u>	<u>53,313</u>	<u>6,868</u>
Net Change in Fund Equity	(745)	10,335	11,080
Fund Equity - Beginning of Year	745	745	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ 11,080</u>	<u>\$ 11,080</u>

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Kindergarten Fees Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Interest	\$ 1,088	\$ 1,088	\$ -
Tuition and Fees	295,438	300,968	5,530
Total Revenues	<u>296,526</u>	<u>302,056</u>	<u>5,530</u>
Expenses			
Salaries and Wages			
Instruction			
Regular	368,122	197,212	170,910
Supporting Services			
Pupils	50,356	50,356	-
Operation of Non-Instructional Services			
Food Service Operations	6,956	6,956	-
Total Salaries and Wages	<u>425,434</u>	<u>254,524</u>	<u>170,910</u>
Fringe Benefits			
Instruction			
Regular	54,131	54,131	-
Supplies and Materials			
Instruction			
Regular	9,300	9,300	-
Total Expenses	<u>488,865</u>	<u>317,955</u>	<u>170,910</u>
Net Change in Fund Equity	(192,339)	(15,899)	176,440
Fund Equity - Beginning of Year	192,339	192,339	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ 176,440</u>	<u>\$ 176,440</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
Employee Benefits Self-Insurance Fund
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Charges for Services	\$ 4,086,929	\$ 4,086,929	\$ -
Total Revenues	<u>4,086,929</u>	<u>4,086,929</u>	<u>-</u>
Expenses			
Purchased Services			
Supporting Services			
Central	2,902,899	2,282,290	620,609
Total Expenses	<u>2,902,899</u>	<u>2,282,290</u>	<u>620,609</u>
 Net Change in Fund Equity	 1,184,030	 1,804,639	 620,609
 Fund Equity - Beginning of Year	 740,548	 740,548	 -
Prior Year Encumbrances Appropriated	2,899	2,899	-
Fund Equity - End of Year	<u>\$ 1,927,477</u>	<u>\$ 2,548,086</u>	<u>\$ 620,609</u>

Fiduciary Funds

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

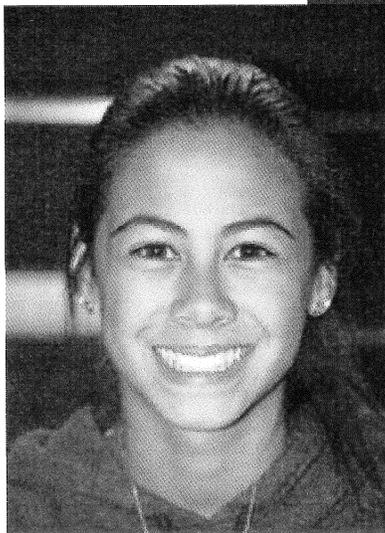
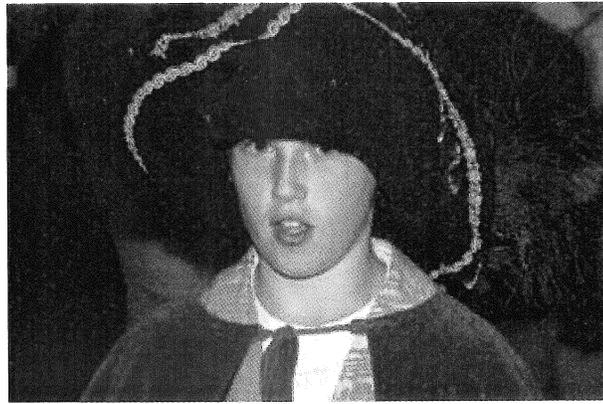
Agency Funds

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

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

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds****For the Fiscal Year Ended June 30, 2009**

	<u>Balance 6/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/3009</u>
<u>Student Activities</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 53,061	\$ 59,984	\$ 60,235	\$ 52,810
Intergovernmental Receivable	1,971	-	1,971	-
Total Assets	<u>\$ 55,032</u>	<u>\$ 59,984</u>	<u>\$ 62,206</u>	<u>\$ 52,810</u>
Liabilities				
Accounts Payable	\$ 1,971	\$ -	\$ 1,971	\$ -
Due to Students	53,061	-	251	52,810
Total Liabilities	<u>\$ 55,032</u>	<u>\$ -</u>	<u>\$ 2,222</u>	<u>\$ 52,810</u>
 <u>Unclaimed Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 28,807</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 28,869</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 28,807</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 28,869</u>
 <u>Total Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 81,868	\$ 60,046	\$ 60,235	\$ 81,679
Intergovernmental Receivable	1,971	-	1,971	-
Total Assets	<u>\$ 83,839</u>	<u>\$ 60,046</u>	<u>\$ 62,206</u>	<u>\$ 81,679</u>
Liabilities				
Accounts Payable	\$ 1,971	\$ -	\$ 1,971	\$ -
Deposits Held and Due to Others	28,807	62	-	28,869
Due to Students	53,061	-	251	52,810
Total Liabilities	<u>\$ 83,839</u>	<u>\$ 62</u>	<u>\$ 2,222</u>	<u>\$ 81,679</u>



Kenston Local School District

Statistical Section



Kenston Local School District

Statistical Section

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

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

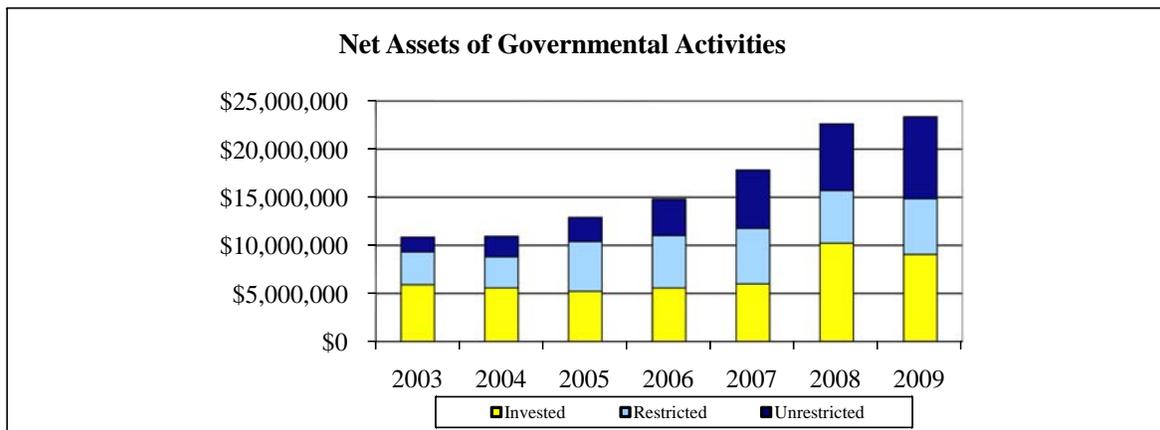
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in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

KENSTON LOCAL SCHOOL DISTRICT

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

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

*Restated



KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009
Program Revenues							
Governmental Activities:							
Charges for Services:							
Regular Instruction	173,908	204,482	150,907	134,620	199,494	343,627	85,488
Special Instruction	-	-	-	-	60,868	134,710	82,420
Pupil Support	-	-	3,017	3,000	3,183	-	-
Instructional Staff Support	-	-	800	710	8,511	4,659	6,040
Board of Education	-	-	-	-	120	-	-
Administration	23,646	13,408	25,106	13,214	8,677	-	-
Operation and Maintenance							
Of Plant Services	-	-	-	-	4,329	-	-
Pupil Transportation	57,548	63,013	64,367	92,805	-	-	-
Operation of Non-Instructional							
Services	15,894	41,881	6,382	5,247	-	-	-
Extracurricular Activities	-	577,677	484,978	551,433	733,910	666,866	630,361
Other	-	32,556	-	-	-	-	-
Operating Grants and Contributions:							
Regular Instruction	246,041	741,124	945,302	853,408	891,632	102,299	111,059
Special Instruction	140,456	11,200	290,946	213,943	337,846	632,413	561,970
Pupil Support	375,016	12,606	11,399	15,018	12,671	294,935	204,912
Instructional Staff Support	23,053	6,912	15,400	3,200	-	51,160	10,802
Administration	152,447	-	-	-	-	202,342	208,169
Fiscal	1,822	-	-	-	-	-	-
Pupil Transportation	-	-	-	-	-	-	73,310
Central	500	-	-	-	-	-	-
Operation of Non-Instructional							
Services	22,431	-	15,537	19,655	27,433	25,381	16,961
Extracurricular Activities	196,074	40,659	107,866	43,376	61,645	44,191	54,571
Interest and Fiscal Charges	-	638,581	-	-	-	-	-
Capital Grants and Contributions:							
Regular Instruction	47,827	-	29,190	-	-	20,500	-
Pupil Support	-	20,376	-	-	-	-	-
Operation and Maintenance							
Of Plant Services	-	-	-	-	-	-	170,000
Pupil Transportation	39,567	-	22,815	18,005	24,155	15,555	30,873
Extracurricular Activities	224,824	39,883	298	44,553	8,092	184,803	247,782
<i>Total Governmental Activities</i>							
<i>Program Revenues</i>	<u>1,741,054</u>	<u>2,444,358</u>	<u>2,174,310</u>	<u>2,012,187</u>	<u>2,382,566</u>	<u>2,723,441</u>	<u>2,494,718</u>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009
Business-type Activities:							
Charges for Services:							
Food Service	564,157	648,239	640,325	697,596	723,780	815,923	843,558
Uniform School Supplies	127,786	144,148	148,520	154,265	155,142	154,396	164,122
Kindergarten Fees	184,749	198,740	265,713	267,226	256,720	284,672	301,068
Special Rotary	102,426	113,661	-	-	-	-	-
Adult Education	-	-	88,997	53,407	15,176	398	-
Operating Grants and Contributions:							
Food Service	69,651	85,338	87,097	88,220	66,799	155,037	186,848
<i>Total Business-type Activities</i>							
<i>Program Revenues</i>	<u>1,048,769</u>	<u>1,190,126</u>	<u>1,230,652</u>	<u>1,260,714</u>	<u>1,217,617</u>	<u>1,410,426</u>	<u>1,495,596</u>
<i>Total Primary Government</i>							
<i>Program Revenues</i>	<u>2,789,823</u>	<u>3,634,484</u>	<u>3,404,962</u>	<u>3,272,901</u>	<u>3,600,183</u>	<u>4,133,867</u>	<u>3,990,314</u>
Net (Expense)/Revenue							
Governmental Activities	(26,870,795)	(28,937,544)	(29,741,687)	(32,843,750)	(34,098,529)	(34,770,069)	(35,452,892)
Business-type Activities	(96,445)	7,520	124,969	(83,061)	(15,760)	(40,481)	(107,965)
<i>Total Primary Government</i>							
<i>Net (Expense)/Revenue</i>	<u>(\$26,967,240)</u>	<u>(\$28,930,024)</u>	<u>(\$29,616,718)</u>	<u>(\$32,926,811)</u>	<u>(\$34,114,289)</u>	<u>(\$34,810,550)</u>	<u>(\$35,560,857)</u>
General Revenues and							
Other Changes in Net Assets							
Governmental Activities:							
Property Taxes Levied for:							
General Purposes	\$17,564,521	\$19,127,964	\$19,621,846	\$23,144,769	\$23,687,775	\$23,795,613	\$23,172,927
Debt Service	2,513,309	3,149,913	4,188,559	3,245,570	3,432,225	3,264,943	3,240,031
Other Taxes	-	814	-	-	-	-	-
Grants and Entitlements not							
Restricted to Specific Programs	6,772,184	7,002,579	6,990,425	7,198,356	9,066,238	9,068,613	9,932,505
Investment Earnings	903,723	(246,305)	852,888	1,126,198	928,329	679,708	214,506
Loss on Sale of Capital Assets	-	(5,900)	-	-	-	-	-
Miscellaneous	-	6,336	48,663	26,297	11,673	49,368	39,432
Transfers	(4,550)	-	-	-	-	-	(411,786)
<i>Total Governmental Activities</i>	<u>27,749,187</u>	<u>29,035,401</u>	<u>31,702,381</u>	<u>34,741,190</u>	<u>37,126,240</u>	<u>36,858,245</u>	<u>36,187,615</u>
Business-type Activities:							
Investment Earnings	1,195	2,228	14,208	13,465	21,799	21,399	4,373
Loss on Sale of Capital Assets	-	(3,195)	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	63,648
Transfers	4,550	-	-	-	-	-	411,786
<i>Total Business-type Activities</i>	<u>5,745</u>	<u>(967)</u>	<u>14,208</u>	<u>13,465</u>	<u>21,799</u>	<u>21,399</u>	<u>479,807</u>
<i>Total Primary Government</i>	<u>27,754,932</u>	<u>29,034,434</u>	<u>31,716,589</u>	<u>34,754,655</u>	<u>37,148,039</u>	<u>36,879,644</u>	<u>36,667,422</u>
Change in Net Assets							
Governmental Activities	878,392	97,857	1,960,694	1,897,440	3,027,711	2,088,176	734,723
Business-type Activities	(90,700)	6,553	139,177	(69,596)	6,039	(19,082)	371,842
<i>Total Primary Government</i>							
<i>Change in Net Assets</i>	<u>\$787,692</u>	<u>\$104,410</u>	<u>\$2,099,871</u>	<u>\$1,827,844</u>	<u>\$3,033,750</u>	<u>\$2,069,094</u>	<u>\$1,106,565</u>

KENSTON LOCAL SCHOOL DISTRICT

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

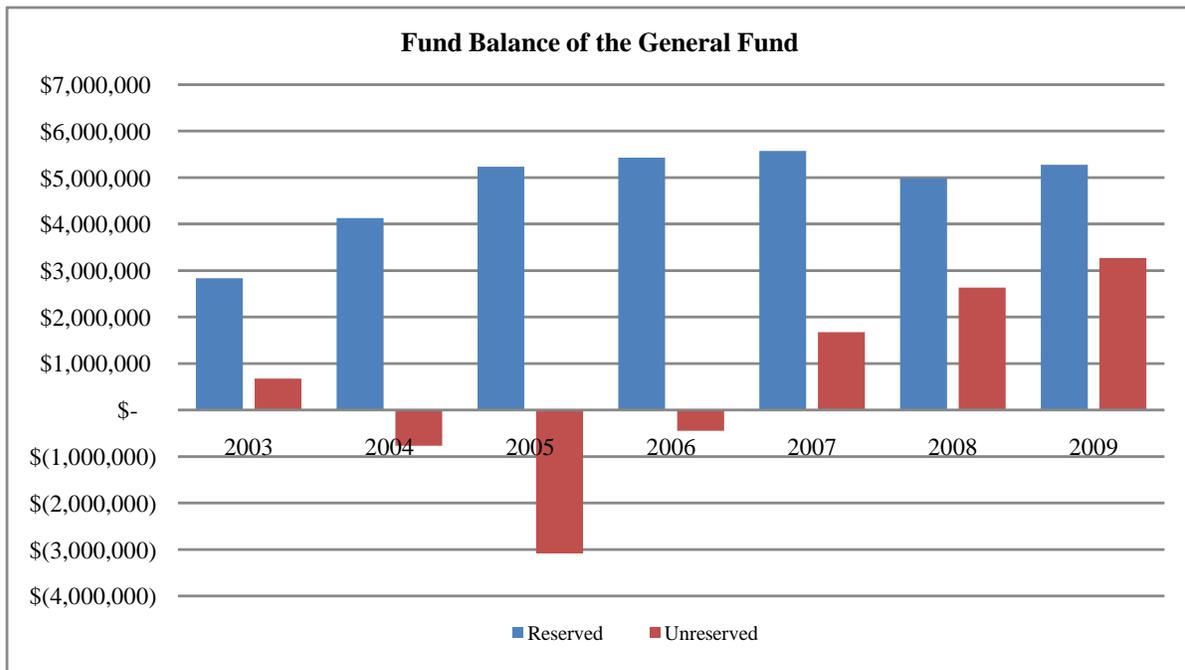
	2003	2004	2005	2006	2007	2008	2009
<i>Governmental Activities</i>							
<i>Function</i>							
Regular Instruction	\$467,776	\$945,606	\$1,125,399	\$988,028	\$1,091,126	\$466,426	\$196,547
Special Instruction	140,456	11,200	290,946	213,943	398,714	767,123	644,390
Pupil Support	375,016	32,982	14,416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

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$2,835,821	\$4,130,985	\$5,232,597	\$5,426,147	\$5,573,415	\$4,988,316	\$5,273,967
Unreserved	674,629	(771,874)	(3,087,765)	(445,358)	1,670,656	2,631,055	3,268,386
Total General Fund	3,510,450	3,359,111	2,144,832	4,980,789	7,244,071	7,619,371	8,542,353
All Other Governmental Funds							
Reserved	4,550,137	3,179,713	22,067,919	6,693,986	1,401,785	942,538	1,270,347
Unreserved, Undesignated, Reported in:							
Special Revenue Funds	216,092	225,226	218,665	254,859	281,669	426,880	403,011
Debt Service Fund	2,873,552	2,527,064	2,929,187	3,612,033	3,971,624	4,214,026	4,491,186
Capital Projects Funds	40,752,923	39,847,159	5,964,290	2,158,917	798,302	455,555	(97,773)
Total All Other Governmental Funds	48,392,704	45,779,162	31,180,061	12,719,795	6,453,380	6,038,999	6,066,771
Total Governmental Funds	\$51,903,154	\$49,138,273	\$33,324,893	\$17,700,584	\$13,697,451	\$13,658,370	\$14,609,124

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



KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009
Other Financing Sources (Uses)							
Sale of Assets	70	149	62	1,700	74	-	80,000
Proceeds from Sale of Bonds	45,000,000	-	-	-	-	-	-
Refund of Prior Year Receipts	-	-	-	(75)	-	-	-
Proceeds from Refunded Debt	6,725,000	-	-	-	-	-	-
Payment of Refunded Debt -							
Escrow Agent	(6,725,000)	-	-	-	-	-	-
Transfers In	136,985	96,985	116,985	116,585	116,585	116,585	116,585
Transfers Out	(141,535)	(96,985)	(116,985)	(116,585)	(116,585)	(116,585)	(116,585)
<i>Total Other Financing Sources</i>							
<i>(Uses)</i>	44,995,520	149	62	1,625	74	-	80,000
<i>Net Change in Fund Balances</i>	<u>\$46,092,345</u>	<u>(\$2,764,881)</u>	<u>(\$15,813,706)</u>	<u>(\$15,624,309)</u>	<u>(\$4,003,133)</u>	<u>(\$39,081)</u>	<u>\$950,754</u>
Debt Service as a Percentage of							
Noncapital Expenditures	6.4%	12.3%	9.7%	9.4%	9.2%	9.1%	9.0%

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

KENSTON LOCAL SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU	Actual Value	Assessed Value	Estimated Actual Value
2000	\$ 409,466,150	\$ 46,178,790	\$1,301,842,686	\$ 14,089,740	\$ 16,011,068
2001	428,741,380	47,328,940	1,360,200,914	14,115,260	16,040,068
2002	446,463,830	49,871,040	1,418,099,629	12,728,320	14,464,000
2003	504,885,470	57,470,470	1,606,731,257	11,829,340	13,442,432
2004	521,959,440	69,886,540	1,690,988,514	12,554,160	14,266,091
2005	532,912,230	71,188,150	1,726,001,086	12,273,360	13,947,000
2006	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648
2007	617,028,640	81,566,250	1,995,985,400	11,409,340	12,965,159
2008	637,353,050	87,701,020	2,071,583,057	8,267,540	9,394,932
2009	652,124,910	90,014,790	2,120,399,143	8,940,080	10,159,182

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

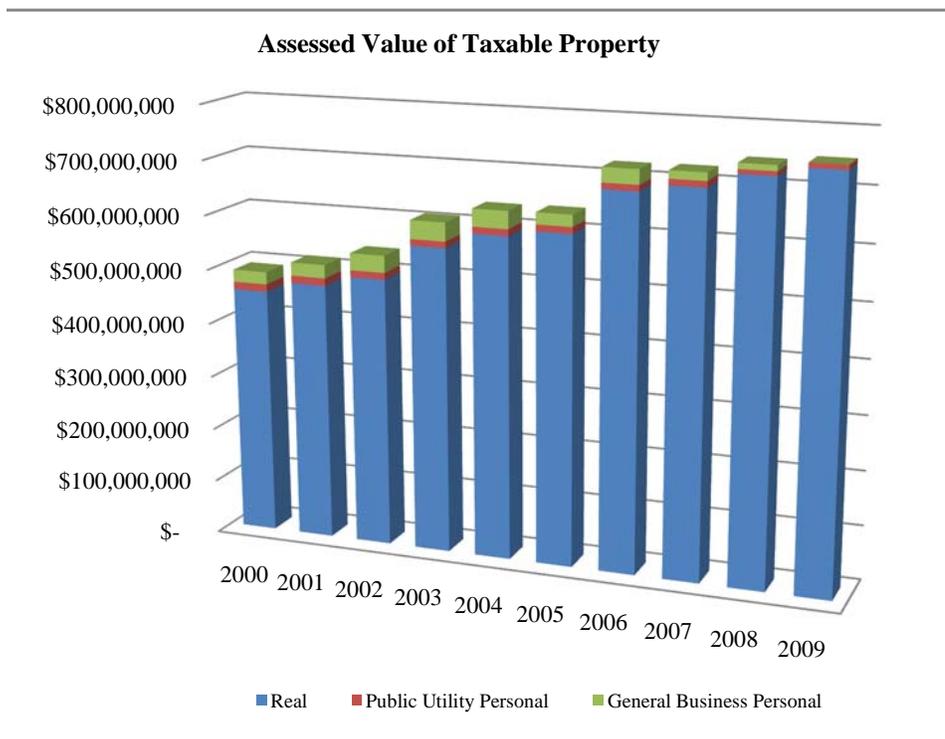
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

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

KENSTON LOCAL SCHOOL DISTRICT

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 22,453,900	\$ 89,815,600	\$ 492,188,580	\$1,407,669,354	75.80	34.96%
24,184,950	96,739,800	514,370,530	1,472,980,782	75.80	34.92%
31,008,490	124,033,960	540,071,680	1,556,597,589	75.80	34.70%
34,081,610	136,326,440	608,266,890	1,756,500,129	78.30	34.63%
32,095,660	128,382,640	636,495,800	1,833,637,245	78.30	34.71%
21,447,590	85,790,360	637,821,330	1,825,738,446	78.30	34.93%
26,818,070	143,029,707	723,154,010	2,112,672,869	87.19	34.23%
14,497,115	115,976,920	724,501,345	2,124,927,479	87.19	34.10%
10,385,400	166,166,400	743,707,010	2,247,144,389	86.99	33.10%
0	0	751,079,780	2,130,558,325	86.99	35.25%



KENSTON LOCAL SCHOOL DISTRICT

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

Tax Year/ Collection Year	School Levy	County Levy	Auburn Township Levy	Bainbridge Township Levy	Newbury Township Levy	Other Levies (1)	Total Levy	Debt Service Included in Total Levy		
								School	County	Total
1999/2000	75.80	12.65	11.17	22.50	9.00	2.50	133.62	3.20	0.30	3.50
2000/2001	75.80	13.50	11.17	22.50	9.00	2.50	134.47	3.20	0.30	3.50
2001/2002	75.80	14.40	11.17	22.50	9.00	2.50	135.37	3.20	0.30	3.50
2002/2003	78.30	14.60	11.17	22.50	8.70	2.50	137.77	5.70	0.30	6.00
2003/2004	78.30	15.10	11.17	22.50	8.70	2.50	138.27	5.70	0.30	6.00
2004/2005	78.30	15.10	11.17	22.50	8.70	2.50	138.27	5.70	0.30	6.00
2005/2006	87.19	15.10	11.17	22.50	8.70	2.50	147.16	5.20	0.50	5.70
2006/2007	87.19	15.10	11.17	22.50	8.70	2.50	147.16	5.20	0.50	5.70
2007/2008	86.99	15.10	11.17	23.75	8.70	2.50	148.21	5.00	0.50	5.50
2008/2009	86.99	15.10	11.17	23.75	8.70	2.50	148.21	5.00	0.50	5.50

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

KENSTON LOCAL SCHOOL DISTRICT

Property Tax Levies and Collections (1) Last Ten Years

<u>Collection Year (2)</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Total Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
1999	\$ 17,657,705	\$ 17,198,680	97.40%	\$ 425,477	\$17,624,157	99.81%
2000	18,545,717	18,100,770	97.60%	468,346	18,569,116	100.13%
2001	19,823,800	19,341,132	97.57%	498,948	19,840,080	100.08%
2002	20,460,049	19,939,692	97.46%	581,783	20,521,475	100.30%
2003	23,822,685	22,020,509	92.44%	614,572	22,635,081	95.01%
2004	23,578,971	22,513,540	95.48%	692,737	23,206,277	98.42%
2005	25,800,658	25,248,327	97.86%	1,611,689	26,860,016	104.11%
2006	27,249,464	27,412,330	100.60%	626,536	28,038,866	102.90%
2007	28,763,134	27,903,780	97.01%	762,171	28,665,951	99.66%
2008	30,278,906	29,880,497	98.68%	851,766	30,732,263	101.50%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2009 information cannot be presented because all collections have not been made by June 30, 2009.
- (3) The County does not maintain delinquency information by tax year.

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Real Property Tax
2009 and 2000**

Name of Taxpayer	2009	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Shopping Center	\$ 13,993,160	1.89%
Cedar Fair	8,924,910	1.20%
Target Corp	3,060,190	0.41%
Tanglewood Square	2,555,740	0.34%
HD Development of Maryland	2,296,950	0.31%
Bainbridge North Land Development	2,292,250	0.31%
422 Company, Ltd.	2,158,420	0.29%
McFarland Commons	2,049,250	0.28%
Stock Equipment Co.	1,405,430	0.19%
Lanza Doris	1,339,250	0.18%
Totals	<u>\$40,075,550</u>	<u>5.40%</u>
Total Assessed Valuation	<u><u>\$742,139,700</u></u>	

Name of Taxpayer	2000	
	Assessed Value	Percent of Real Property Assessed Value
Funtime, Inc.	\$2,834,220	0.62%
Tanglewood Partners	2,661,620	0.58%
Sea World, Inc.	2,004,170	0.44%
422 Company, Ltd.	1,859,170	0.41%
Capco Enterprises	1,610,000	0.35%
General Signal Corp.	1,221,710	0.27%
University Hospitals	1,015,810	0.22%
Tanglewood Associates	929,770	0.20%
Bainbridge Associates, Ltd.	901,260	0.20%
Key Trust Co.	857,070	0.19%
Totals	<u>\$15,894,800</u>	<u>3.49%</u>
Total Assessed Valuation	<u><u>\$455,644,940</u></u>	

(1) The amounts presented represent the assessed values upon which 2009 and 2000 collections were based.

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

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Tangible Personal Property Tax
2009 and 2000**

Name of Taxpayer	2009	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Cedar Fair	\$3,000,440	0.00%
Windstream Western Reserve, Inc.	1,142,020	0.00%
Stock Equipment Co.	630,060	0.00%
Wal-Mart	342,660	0.00%
Johnsonite	289,420	0.00%
Home Depot USA, Inc.	280,930	0.00%
Mar Bal, Inc.	262,680	0.00%
Target Corp.	221,930	0.00%
Riser Foods	199,410	0.00%
K-Mart Corp.	196,520	0.00%
Total (1)	<u>\$6,566,070</u>	<u>0.00%</u>
Total Assessed Valuation (1)	<u>\$0</u>	

Name of Taxpayer	2000	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Funtime, Inc.	\$4,430,590	19.73%
General Signal Corp.	1,496,360	6.66%
Duramax, Inc.	1,310,210	5.84%
Sea World of Ohio, Inc.	1,222,730	5.45%
Riser Foods Company	1,182,770	5.27%
B.F. Goodrich Co.	733,040	3.26%
K-Mart Corporation	559,120	2.49%
Mar Bal, Inc.	493,590	2.20%
Beck Mfg, Inc.	439,970	1.96%
Speed Selector, Inc.	410,770	1.83%
Total	<u>\$12,279,150</u>	<u>54.69%</u>
Total Assessed Valuation	<u>\$22,453,900</u>	

(1) The assessed person property valuation total is the 2004 frozen abstract values depreciated by 25 % a year until zero for 2009. The taxpayer values are the actual collected values for that year.

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

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Public Utility Personal Property Tax
2009 and 2000**

<u>Name of Taxpayer</u>	<u>2009</u>	
	<u>Assessed Value</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Co.	\$7,061,370	78.99%
American Transmission	744,080	8.32%
East Ohio Gas Co.	487,820	5.46%
Ohio Edison	269,960	3.02%
Orwell Natural Gas	217,250	2.43%
Total	<u>\$8,780,480</u>	<u>98.21%</u>
Total Assessed Valuation	<u>\$8,940,080</u>	

<u>Name of Taxpayer</u>	<u>2000</u>	
	<u>Assessed Value</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Co.	\$8,275,720	58.74%
Western Reserve Telephone Co.	4,246,470	30.14%
East Ohio Gas Co.	1,321,010	9.38%
Total	<u>\$13,843,200</u>	<u>98.25%</u>
Total Assessed Valuation	<u>\$14,089,740</u>	

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

KENSTON LOCAL SCHOOL DISTRICT

**Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
as of December 31, 2008**

	<u>Debt Attributable to Governmental Activities</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount of Direct and Overlapping Debt</u>
Direct Debt			
Kenston Local School District	<u>\$ 46,057,000</u>	100.00%	<u>\$ 46,057,000</u>
Total Direct Debt	<u>46,057,000</u>		<u>46,057,000</u>
Overlapping Debt:			
Geauga County	<u>5,152,553</u>	24.62%	<u>\$1,268,595</u>
Total Overlapping Debt	<u>5,152,553</u>		<u>1,268,595</u>
Total Direct and Overlapping Debt	<u>\$51,209,553</u>		<u>\$47,325,595</u>

Source: Office of the Auditor, Geauga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2008 collection year.

KENSTON LOCAL SCHOOL DISTRICT

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

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt				Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
				General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt			
2000	12,992	a	\$ 1,407,669,354	\$10,255,000	\$1,039,861	\$ 9,215,139	0.65%	709.29	
2001	16,074	a	1,472,980,782	9,697,000	1,409,206	8,287,794	0.56%	515.60	
2002	16,074	a	1,556,597,589	8,891,500	1,776,606	7,114,894	0.46%	442.63	
2003	16,074	b	1,756,500,129	53,063,000	3,181,198	49,881,802	2.84%	3,103.26	
2004	16,074	b	1,833,637,245	51,749,500	3,071,859	48,677,641	2.65%	3,028.35	
2005	16,074	b	1,825,738,446	50,826,000	3,773,298	47,052,702	2.58%	2,927.26	
2006	16,074	b	2,112,672,869	49,832,500	4,248,531	45,583,969	2.16%	2,835.88	
2007	16,074	b	2,124,927,479	48,664,000	4,626,333	44,037,667	2.07%	2,739.68	
2008	16,074	b	2,247,144,389	47,410,500	4,759,815	42,650,685	1.90%	2,653.40	
2009	16,074	b	2,130,558,325	46,057,000	4,990,232	41,066,768	1.93%	2,554.86	

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

KENSTON LOCAL SCHOOL DISTRICT

Computation of Legal Debt Margin Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tax Valuation	\$492,188,580	\$514,370,530	\$540,071,680	\$608,266,890	\$636,495,800	\$637,821,330	\$723,154,010	\$724,501,345	\$743,707,010	\$751,079,780
Debt Limit - 9% of Taxable Valuation (1)	\$44,296,972	\$46,293,348	\$48,606,451	\$54,744,020	\$57,284,622	\$57,403,920	\$65,083,861	\$65,205,121	\$66,933,631	\$67,597,180
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	10,255,000	9,697,000	8,891,500	53,063,000	51,749,500	50,826,000	49,832,500	48,664,000	47,410,500	46,057,000
Less Amount Available in Debt Service	(1,039,861)	(1,409,206)	(1,776,606)	(3,181,198)	(3,071,859)	(3,773,298)	(4,248,531)	(4,626,333)	(4,759,815)	(4,990,232)
Amount of Debt Subject to Limit	9,215,139	8,287,794	7,114,894	49,881,802	48,677,641	47,052,702	45,583,969	44,037,667	42,650,685	41,066,768
Legal Debt Margin	\$35,081,833	\$38,005,554	\$41,491,557	\$4,862,218	\$8,606,981	\$10,351,218	\$19,499,892	\$21,167,454	\$24,282,946	\$26,530,412
Legal Debt Margin as a Percentage of the Debt Limit	79.20%	82.10%	85.36%	8.88%	15.02%	18.03%	29.96%	32.46%	36.28%	39.25%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$492,189	\$514,371	\$540,072	\$608,267	\$636,496	\$637,821	\$723,154	\$724,501	\$743,707	\$751,080
Amount of Debt Subject to Limit	0	0	0	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$492,189	\$514,371	\$540,072	\$608,267	\$636,496	\$637,821	\$723,154	\$724,501	\$743,707	\$751,080
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Geauga County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

KENSTON LOCAL SCHOOL DISTRICT

Ratio of Outstanding Debt By Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2000	\$ 10,255,000	0.73%	2.06%	\$789.33
2001	9,697,000	0.66%	1.58%	\$603.27
2002	8,891,500	0.57%	1.44%	\$553.16
2003	53,063,000	3.02%	8.62%	\$3,301.17
2004	51,749,500	2.82%	8.41%	\$3,219.45
2005	50,826,000	2.78%	8.26%	\$3,162.00
2006	49,832,500	2.36%	8.09%	\$3,100.19
2007	48,664,000	2.29%	7.90%	\$3,027.50
2008	47,410,500	2.11%	7.70%	\$2,949.51
2009	46,057,000	2.16%	7.48%	\$2,865.31

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Bainbridge Township Population (1)</u>	<u>Auburn Township Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (1)</u>	<u>Geauga County Unemployment Rate</u>
2000	9,694 a	3,298 a	\$497,580,608	\$38,299	2.8%
2001	10,916 b	5,158 b	615,618,126	38,299	3.0%
2002	10,916 b	5,158 b	615,618,126	38,299	3.2%
2003	10,916 b	5,158 b	615,618,126	38,299	3.7%
2004	10,916 b	5,158 b	615,618,126	38,299	5.3%
2005	10,916 b	5,158 b	615,618,126	38,299	4.7%
2006	10,916 b	5,158 b	615,618,126	38,299	3.4%
2007	10,916 b	5,158 b	615,618,126	38,299	4.5%
2008	10,916 b	5,158 b	615,618,126	38,299	5.5%
2009	10,916 b	5,158 b	615,618,126	38,299	6.3%

Sources:

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

KENSTON LOCAL SCHOOL DISTRICT

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

Employer	December 31, 2008			December 31, 2005		
	Number of Employees (2)	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Johnsonite, Inc.	450	1	6.04%	450	1	6.04%
Kenston Local School District	305	2	4.09%	260	2	3.49%
Stock Equipment Co. Inc.	240	3	3.22%	200	4	2.68%
Heinen's Inc.	233	4	3.13%	233	3	3.13%
Giant Eagle Inc.	233	5	3.13%	123	5	1.65%
Mar-Bal, Inc.	128	6	1.72%	93	8	1.25%
Township of Bainbridge	122	7	1.64%	-	0	0.00%
Medhurst Mason Contractors Inc.	115	8	1.54%	-	0	0.00%
Chagrin Valley Athletic Club	100	9	1.34%	100	7	1.34%
Kmart Corp.	75	10	1.01%	75	10	1.01%
DCI Management Group, Inc.				100	6	1.34%
D.E. Williams Electric, Inc.				90	9	1.21%
Total	2,001		26.86%	1,724		23.14%
 Total Employment within the School District (3)	 7,451			 7,451		

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2006	2007	2008	2009
Gardner Early Learning Center				
Constructed in	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063
Enrollment Grades	1-2	Pre-K - Kindergarten	Pre-K - Kindergarten	Pre-K - Kindergarten
Student Capacity	363	363	363	363
Regular Instruction Classrooms	24	24	24	24
Regular Instruction Teachers	20.00	8.00	8.00	9.00
Special Instruction Teachers	1.00	0	0	1.00
Gifted Instruction Teachers	1.00	0	0	0
Early Learning Center				
Constructed in	1942	0	0	0
Total Building Square Footage	40,335	0	0	0
Enrollment Grades	Pre-K - Kindergarten	0	0	0
Student Capacity	320	0	0	0
Regular Instruction Classrooms	11.00	0	0	0
Regular Instruction Teachers	9.00	0	0	0
Special Instruction Teachers	1.00	0	0	0

Source: Information provided by the Kenston Local School District

(1) Information prior to 2006 is not available.

KENSTON LOCAL SCHOOL DISTRICT

Cost Per Pupil Last Ten Fiscal Years

Fiscal Year	Student Enrollment		General Government (2)		Governmental Activities (3)	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2000	3,058	0.20%	\$ 21,634,764	\$ 7,075	N/A	N/A
2001	3,085	0.88%	23,378,180	7,578	N/A	N/A
2002	3,101	0.52%	24,768,900	7,987	N/A	N/A
2003	3,181	2.58%	26,773,700	8,417	\$ 28,055,884	\$ 8,820
2004	3,134	-1.48%	30,424,522	9,708	31,381,902	10,013
2005	3,169	1.12%	45,323,029	14,302	31,915,997	10,071
2006	3,220	1.61%	50,324,040	15,629	34,855,937	10,825
2007	3,060	-4.97%	40,024,296	13,080	36,481,095	11,922
2008	3,122	2.03%	35,643,740	11,417	37,493,510	12,009
2009	3,140	0.58%	35,232,122	11,220	37,947,610	12,085

Source: Kenston Local School District Records

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

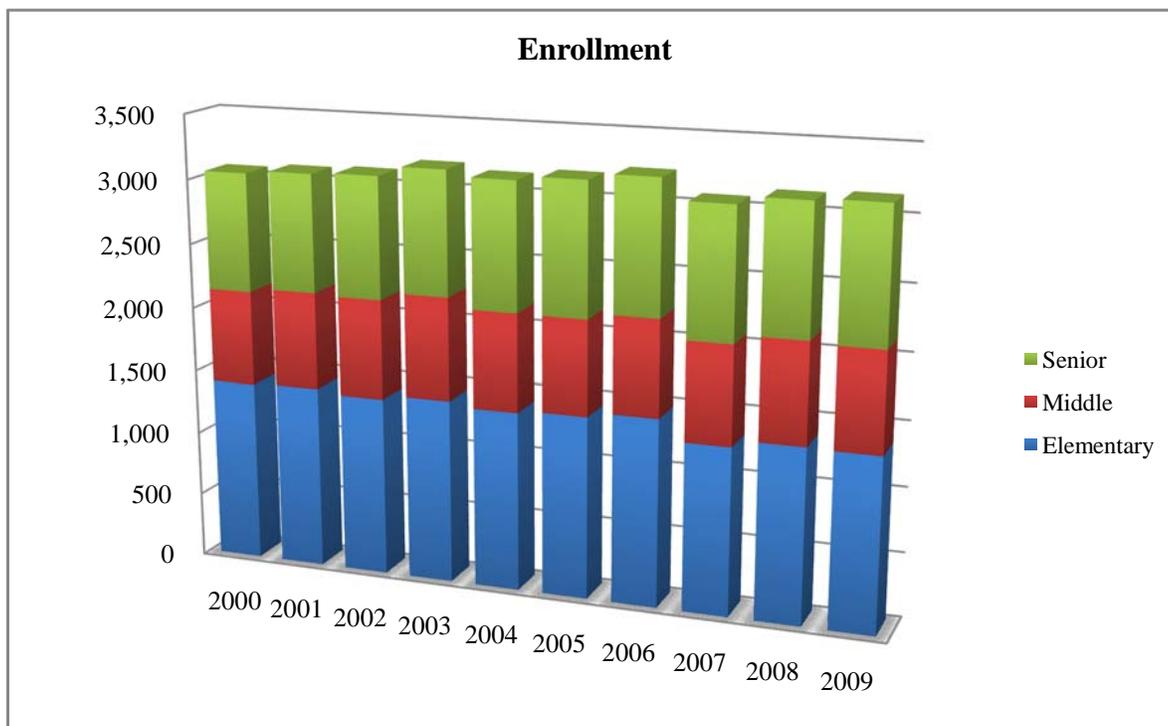
(2) Debt Service expenditures have been excluded

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

KENSTON LOCAL SCHOOL DISTRICT

Enrollment Statistics Last Ten Fiscal Years

Fiscal Year	Elementary Schools (1)	Middle School	Senior High School	Total
2000	1,406	733	919	3,058
2001	1,421	751	913	3,085
2002	1,390	770	941	3,101
2003	1,429	795	957	3,181
2004	1,392	756	986	3,134
2005	1,415	732	1,022	3,169
2006	1,456	740	1,024	3,220
2007	1,299	757	1,005	3,061
2008	1,357	772	993	3,122
2009	1,349	763	1,028	3,140

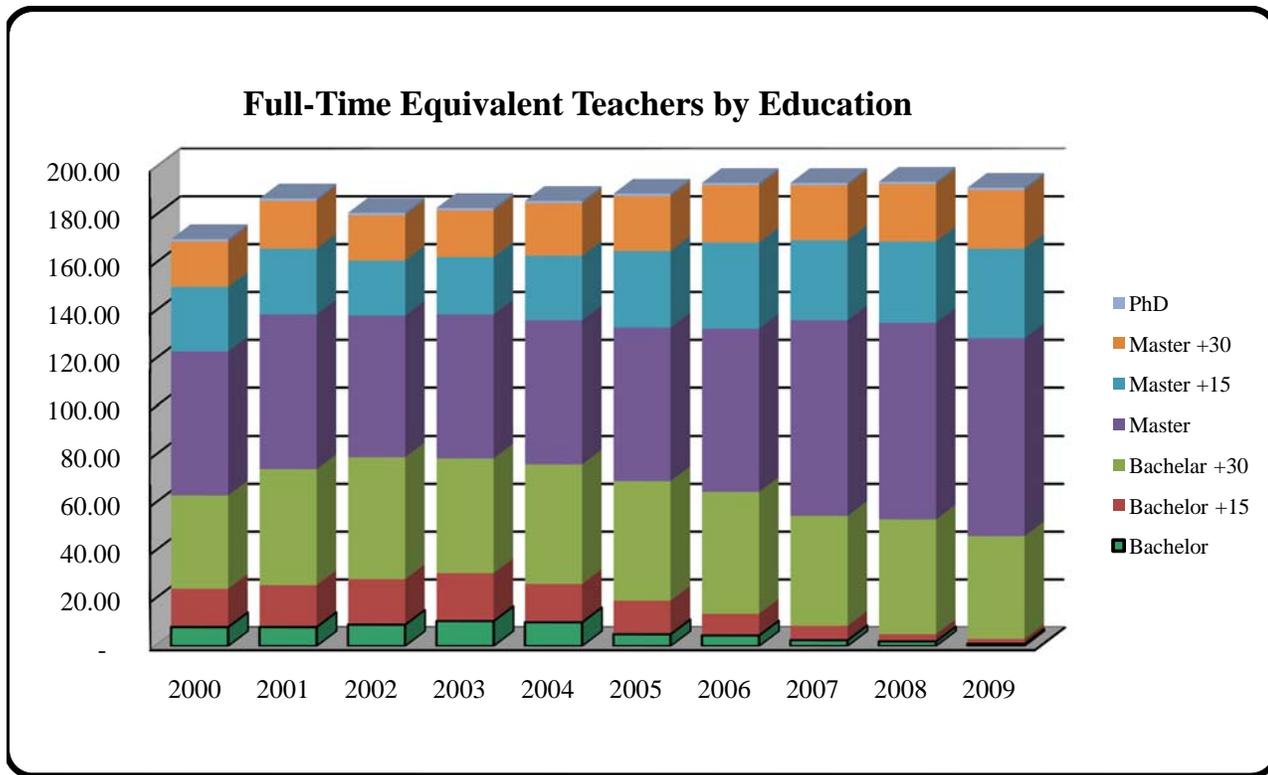


Source: Based upon EMIS information provided to the Ohio Department of Education
(1) Includes Pre-School Students

KENSTON LOCAL SCHOOL DISTRICT

Full-Time Equivalent Teachers by Education Last Ten Fiscal Years

Fiscal Year	Bachelor's			Master's			PhD	Total
	Degree	Degree +15	Degree +30	Degree	Degree +15	Degree +30		
2000	8.00	16.00	39.00	60.00	27.00	19.00	1.00	170.00
2001	8.00	17.50	48.50	64.50	27.50	20.00	1.00	187.00
2002	9.00	19.00	51.00	59.00	23.00	19.00	1.00	181.00
2003	10.50	20.00	48.00	60.00	24.00	19.50	1.00	183.00
2004	10.00	16.00	50.00	60.00	27.00	22.00	1.00	186.00
2005	5.00	14.00	50.00	64.00	32.00	23.00	1.00	189.00
2006	4.50	9.00	51.00	68.00	36.00	24.00	1.00	193.50
2007	2.50	6.00	46.00	81.50	33.50	23.00	1.00	193.50
2008	2.00	3.00	48.00	82.00	34.00	24.00	1.00	194.00
2009	1.00	2.00	43.00	82.50	37.50	24.50	1.00	191.50



Source: Kenston Local School District Payroll Department

KENSTON LOCAL SCHOOL DISTRICT

**Average Number of Students per Teacher
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Kenston Average</u>	<u>State Average</u>
2000	19.2	18.1
2001	18.6	18.0
2002	18.4	16.9
2003	18.0	16.5
2004	19.1	18.5
2005	17.9	18.5
2006	17.7	18.6
2007	18.4	19.6
2008	18.1	18.6
2009	N/A	N/A

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

KENSTON LOCAL SCHOOL DISTRICT

Attendance and Graduation Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
2000	94.9%	93.6%	95.1%	80.7%
2001	94.9%	93.9%	95.5%	81.2%
2002	95.0%	94.3%	96.8%	82.8%
2003	95.8%	94.5%	96.9%	83.9%
2004	96.1%	94.5%	96.5%	84.3%
2005	96.1%	94.3%	96.6%	85.9%
2006	96.1%	94.1%	97.5%	86.2%
2007	96.3%	94.1%	95.9%	86.1%
2008	96.4%	94.2%	99.2%	86.9%
2009	96.5%	94.3%	97.7%	84.6%

Source: Ohio Department of Education Local Report Cards

KENSTON LOCAL SCHOOL DISTRICT

SAT Composite Scores Last Ten School Years

<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Verbal</u>	<u>Ohio Verbal</u>	<u>National Verbal</u>	<u>Kenston Math</u>	<u>Ohio Math</u>	<u>National Math</u>
2000	113	232	49%	511	533	505	532	539	514
2001	98	214	46%	517	534	506	537	539	514
2002	110	211	52%	509	533	504	533	540	516
2003	106	227	47%	518	536	507	520	541	519
2004	102	229	45%	537	538	508	541	542	518
2005	116	231	50%	536	539	508	551	543	520
2006	105	211	50%	531	535	503	539	544	518
2007	130	263	49%	525	536	502	571	542	515
2008	184	262	70%	520	534	502	541	544	515
2009	171	241	71%	524	537	501	540	546	515

Source: High School Guidance Office, Kenston Local School District

KENSTON LOCAL SCHOOL DISTRICT

ACT Composite Scores Last Ten School Years

<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Composite</u>	<u>Ohio Composite</u>	<u>National Composite</u>
2000 (1)	-	232	0%	22.7	21.4	21.0
2001 (1)	-	214	0%	22.9	21.4	21.0
2002 (1)	-	211	0%	22.1	21.4	20.8
2003	88	227	39%	22.4	21.4	20.8
2004	87	229	38%	22.8	21.4	20.9
2005	140	231	61%	23.3	21.4	20.9
2006	81	211	38%	22.8	21.5	21.1
2007	175	265	66%	23.1	21.5	21.2
2008	179	262	68%	22.5	21.7	21.1
2009	181	241	75%	23.4	21.7	21.1

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

KENSTON LOCAL SCHOOL DISTRICT**School District Employees by Function/Program
Last Five Fiscal Years (1)**

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

Source: Kenston Local School District's EMIS Report Position Summary
(1) Information prior to 2005 is not available.

KENSTON LOCAL SCHOOL DISTRICT

Capital Assets (Net of Depreciation)**Last Seven Fiscal Years (1)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>	<u>2009</u>
Capital Assets:							
Land	\$ 125,211	\$ 125,211	\$ 125,211	\$ 704,063	\$ 704,063	\$ 760,918	\$ 1,237,691
Land Improvements	171,606	331,261	266,317	230,017	202,973	324,512	804,690
Building and Improvements	11,429,739	10,763,236	10,268,462	9,853,883	9,474,445	12,010,420	51,395,350
Furniture and Equipment	1,184,314	766,539	673,164	523,008	388,050	256,938	999,346
Vehicles	1,287,523	1,146,631	932,795	761,564	573,173	1,109,050	775,970
Construction in Progress	320,704	2,546,374	18,181,846	35,784,636	43,305,939	43,281,124	-
Total Capital Assets	<u>\$14,519,097</u>	<u>\$15,679,252</u>	<u>\$30,447,795</u>	<u>\$47,857,171</u>	<u>\$54,648,643</u>	<u>\$57,742,962</u>	<u>\$55,213,047</u>

*Restated

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

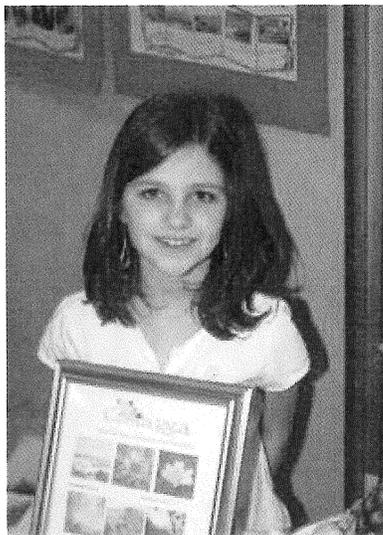
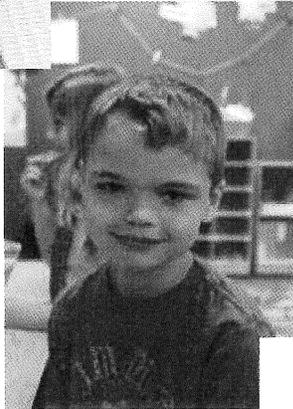
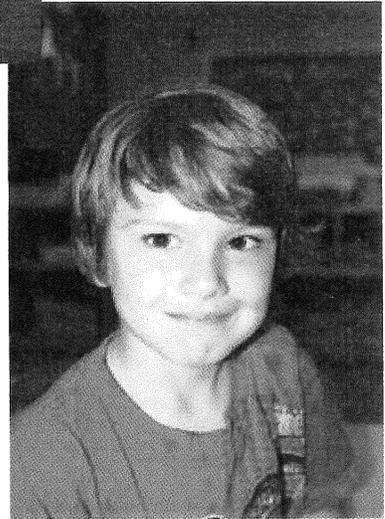
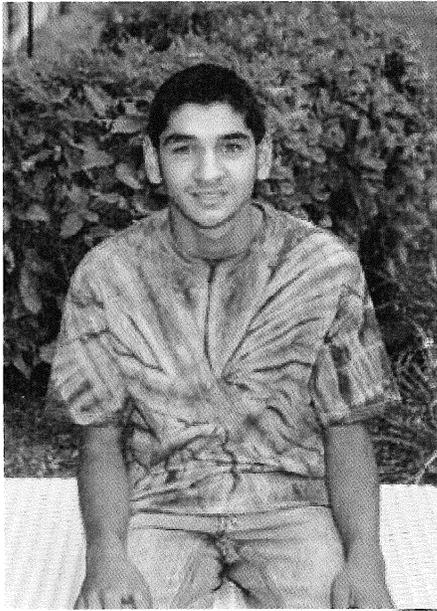
(1) Information prior to 2003 is not available.

KENSTON LOCAL SCHOOL DISTRICT

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

<u>School Year</u>	<u>Students</u>	<u>Students Applicable for Free Lunch</u>	<u>Percentage of Applicable Students for the Free Lunch Program</u>	<u>Students Applicable for Reduced Lunch</u>	<u>Percentage of Applicable Students for the Reduced Lunch Program</u>	<u>Total Students Applicable for the Free and Reduced Lunch Program</u>	<u>Total Percentage of Applicable Students for the Free and Reduced Lunch Programs</u>
2006	3,557	157	4.41%	66	1.86%	223	6.27%
2007	3,162	158	5.00%	76	2.40%	234	7.40%
2008	3,447	192	5.57%	84	2.44%	276	8.01%
2009	2,920	201	6.88%	92	3.15%	293	10.03%

Source: "Lunch MR Report for October 2008" obtained from the Ohio Department of Education
(1) Information prior to 2006 is not available.



Kenston Local School District



Mary Taylor, CPA
Auditor of State

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 25, 2010