

Soar Blue  
Inspire Blue Create Blue  
Play Blue  
Bomber Blue  
Hear Blue Feel Blue  
Teach Blue Love Blue  
Think Blue True Blue  
Honor Blue

**KENSTON** 

*Comprehensive Annual Financial Report*  
For the Fiscal Year Ended June 30, 2013



Kenston Local School District  
Chagrin Falls, Ohio





# Dave Yost • Auditor of State

Board of Education  
Kenston Local School District  
17419 Snyder Road  
Chagrin Falls, OH 44023-2730

We have reviewed the *Independent Auditor's Report* of the Kenston Local School District, Geauga County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 13, 2014

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# Introductory Section



**Kenston Local School District**

“Bomber Blue”

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# **Kenston Local School District**

Chagrin Falls, Ohio

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2013**

**Issued By: Treasurer's Office – Candi R. Lukat, Treasurer**

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**KENSTON LOCAL SCHOOL DISTRICT**

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**KENSTON LOCAL SCHOOL DISTRICT**

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**KENSTON LOCAL SCHOOL DISTRICT**

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# KENSTON

S C H O O L S

## **Kenston Local Schools**

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**Robert A. Lee, Ph.D.**  
*Superintendent*

**Nancy R. Santilli**  
*Assistant Superintendent*

**Candi R. Lukat**  
*Treasurer*

November 22, 2013

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

We are pleased to submit to you the thirteenth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unmodified (“clean”) opinion from James G. Zupka, CPA, Inc., conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2013.

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

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years, unless an annual audit is required pursuant to The Single Audit Act Amendment of 1996. These audits are conducted by either the Auditor of the State or, if the Auditor permits, an independent public accounting firm. The current year audit was completed by James G. Zupka, CPA, 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, 2013, 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**

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### **Profile of the School District**

The Kenston Local School District (the school district) is located in northeastern Ohio, east of Cleveland. The school district is primarily a bedroom community located in the southwest corner of Geauga County adjacent to the Village of Chagrin Falls (Cuyahoga 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, and the Ohio Schools' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 of the basic financial statements.

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the 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.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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 the school district administrators to share information and ideas about the school district and the business community. The superintendent and treasurer are council members and, through this council, maintain school-business communications. In addition, the trustees of both Auburn and Bainbridge townships are regular participants in the school district's Business Advisory Council. The superintendent is an elected board of directors member of the Chagrin Valley Chamber of Commerce and served as president in 2012.

In 2007, the Kenston Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to serve as a conduit between the Kenston Board of Education and the Kenston community by communicating, researching and providing education on strategic matters. Since 2007, the committee has maintained an active role in meeting the mission of this committee. The composition of KCAC is nine community members, the school district treasurer, superintendent and one Board of Education member. Community members serve three year terms.

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

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

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

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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House Bill No. 66 (HB66) (passed in 2005) and modified by HB1 (passed in 2009) phases out the tax on the tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in 2009 and the tax on telephone and telecommunications property was eliminated in 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts were reimbursed for lost revenue using 2004 taxable values and after that reduced the revenue to Kenston from \$3,045,853 in FY 2010-11 to \$2,429,000 in FY 2011-12 and to \$1,755,000 in the FY 2012-13. There is a degree of uncertainty as to the continuation of the revenue stream after the newest state biennial budget (2013-14 through 2014-15) adopted in the summer of 2013, expires.

Kenston receives its funding from the State of Ohio by way of a “bridge formula” and is a “guarantee” school district. This means that the school district is “guaranteed” to receive at least the same amount of basic aid as in FY 2004-05. In FY 2013-14 the “bridge formula” will be replaced by a new state foundation funding formula by specific categories and number of students. Kenston is not expected to receive any additional funds from the new formula, and may experience reductions.

Of concern are the newest “below the funding line” deductions that cost the school district over \$117,000 in FY 2012-13 for Autism and Jon Peterson Scholarship Vouchers for special education students not attending the school district. Private and parochial school parents are permitted to have their children evaluated for special needs via the public school system. If the student is placed on an Individual Education Plan (IEP), depending on the disability, the parent can access through an approved provider, services for their child varying from \$7,196 up to \$20,000. The public school district covers the cost of the multi-factored evaluations (MFE) which increases their costs, while the public dollars follow private school students.

Open enrollment, county board services, Post Secondary Enrollment Options and special education excess costs are also “below the funding line” deductions that cost the school district \$702,210 in FY 2012-13.

In acknowledgement of unfunded mandates regarding special education services, the State of Ohio allocated an additional funding provision to reimburse school districts 50% of the cost of special education expenditures above certain financial thresholds, depending on the child’s disability. Over time this reimbursement has diminished significantly while the cost of special education has increased. In FY 2010-11 the school district received \$148,334, FY 2011-12 \$124,179, and FY 2012-13 \$163,329. The forecast for the upcoming school year is expected to be lower still.

On May 14, 2013, the first Ohio casino opened to the public. The school district received \$65,119 in FY 2012-13 in casino revenue. Future revenues are anticipated to be approximately \$50 per students.

Locally, the school district was notified of an application by the South Franklin Judson Community for property tax exemption on certain facilities within the complex. In FY 2011-12 a substantial valuation reduction was approved for the community. This reduced the school district’s revenue generated by the community from over \$800,000 to approximately \$435,000 annually. Although there has been no notification of the tax exemption to date, the school district continues to monitor the progress closely with the Geauga County Auditor.



## **KENSTON LOCAL SCHOOL DISTRICT**

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As of the end of the year, financial forecasts indicate that the need for an operating levy will be in FY 2014-15 for collection in 2015-16. Kenston's operating levy timetable will be influenced by the next state budget and the "below the funding line" increases.

### **Major Initiatives**

The continued reductions in state aid and difficulty in getting homeowners to make up the financial impact of these reductions are the driving factors in seeking other ways to compensate for the revenue shortfalls. As a result, the Gardiner Early Learning Center housing grades PreK - K was closed at the end of the 2012-13 school year. Declining enrollment in grades K-4 made it possible to relocate the students in this building to Timmons Elementary. In order to make this move sustainable, a 3 classroom addition was built onto Timmons Elementary. The closing is expected to save \$350,000 to \$425,000 annually. The federal American Recovery and Reinvestment Act (ARRA) and state grant for the 750kw wind turbine is nearly closed out. The turbine was commissioned in 2012 and became officially operational in the spring. In addition, the Ohio Innovative Grant enabled Kenston to add a 33kw solar array to Kenston Intermediate School. This facilitated Kenston's long term goals of providing a portfolio of renewable energy projects and integrating these projects into the curriculum.

Other energy conservation measures include the retrofitting of Timmons Elementary HVAC control system. The original software system is no longer supported and is ineffective. Phase I involved converting over the school district's large HVAC equipment to the software program used at Kenston High School. The significant cost savings was realized by doing most of the wiring in-house. Another project was the retrofitting of the school district's gymnasium lighting to more energy efficient light fixtures. All gyms grades 1-12 were upgraded. In addition, pilot LED classrooms were developed in Kenston Intermediate School and Timmons Elementary.

In 2012-13, the Carol M. White Physical education Grant was in the final year of the grant. All physical education facilities and K-12 Curriculum were developed and implemented according to the grant specifications.

During the 2012-2013 school year the negotiated agreements with both Kenston Education Association (KEA) and Ohio Association of Public School Employees (OAPSE) 501 were settled; each with 2-year contracts.

### **Future Projects**

Renewable and energy savings initiatives continue to be Kenston's top goals. The Timmons Elementary Phase II HVAC project is planned to upgrade the classroom controls. The school district also applied for the Ohio Straight A Fund grant to add another wind turbine and expand renewable energy instructional initiatives to the high school and middle school. The grant, if approved, would enable Timmons Elementary and Kenston Intermediate to be LED lighted buildings. The award date is expected in December. The school district will also be applying for an EPA grant to replace a third of the school district's bus fleet to propane power. The grant award is February. Both grants if received will dramatically reduce the energy footprint on the Kenston campus. Besides the grant, a plan was developed to retrofit the outside campus to LED lighting. Phase I is scheduled for fall 2013 which will cover about a third of our campus project.

## **KENSTON LOCAL SCHOOL DISTRICT**

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Effective for the 2013-2014 school year, Kenston instituted an open enrollment policy and admitted 31 students.

Declining enrollment continues at the K-4 grades and will begin to impact Kenston Middle School grades in 2014-15. Staffing adjustments will be made to adjust to this declining trend. With the changes in the state retirement accuracy tables effective in 2015, a significant increase in teacher retirements are projected over the next two years. Retirements and declining enrollment may create the right scenarios that will minimize faculty layoffs.

### **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 Ohio 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.

During the 2011-2012 school year, Kenston and other members of the Lake Geauga Computer Association were notified that the EMIS software program would no longer be supported. The member districts reviewed and selected a new software program for the 2012-2013 school year.

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. Before the Ohio Department of Education changed the way it evaluates and communicates districts performance in 2013, Kenston was designated as an "Excellent District" for twelve consecutive years. It was only one of a handful of districts in the state to have achieved an "Excellent" rating for 12 straight years. In 2013 the Ohio Department of Education began to phase in a new report card with measures for six broad categories called components and an overall combined grade. The transition to the new report card began in August 2013 with districts receiving grades in nine measures, but no component or overall grade will be given until August 2015.

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 are 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.

## **KENSTON LOCAL SCHOOL DISTRICT**

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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. During the 2012-2013 school year, the teacher workday and student day were modified to create teacher collaboration time outside of the student day.

The school district has a comprehensive approach to assessing and improving student learning. Beginning of the year tasks include teachers analyzing test data from the previous year to reflect upon the results of their instruction in relation to student learning. Teachers pose critical questions as to what strengths and weaknesses the data suggests in regards to their instruction. Results are shared to formulate plans that expand identified strengths and improve areas of concern. Previous assessment data is also utilized to plan targeted intervention for students who did not demonstrate proficiency or the equivalent of a year's worth of growth. Data analysis and the use of multiple measures of student achievement are utilized throughout the year as teachers implement formative assessments to measure student learning and drive differentiated instruction. For example, a web-based program known as Study Island is utilized to supplement our preparation for the Ohio Achievement Tests and the Ohio Graduation Test. Being web-based, students and parents can access the site to work on specific skills from any computer with an internet connection. This user friendly and fun program records usage statistics and real-time reports that measure student progress and identify deficiencies as they relate to specific outcomes. Teachers can then access these reports to help plan their instruction. Significant curriculum revisions were initiated to change over to Ohio's new Common Core Standards that are projected to be assessed in 2015.

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 Environment at Kenston) initiative has been developed. In accordance with the school district's mission, six essential elements have been identified that encompass our continuous efforts to maintain a safe environment. The six elements are safe harbor, parent/family/community education, behavior expectations, character traits, character reinforcement, and staff development. The overarching goal of this group is that students, staff, and members of the public will behave in a manner toward themselves and others that instills a harmonious existence within the school district's environment and at all school district related events. The PEAK program has expanded to develop student ambassadors at the elementary through high school grades. This is designed to empower students to address issues before the issue reaches an administrative level.

Kenston Schools applied jointly with the Kenston Education Association for the Race to the Top Grant. This \$100,000 grant was developed to collaboratively develop an effective teacher evaluation system. This evaluation system incorporates model guidelines established at the state level. After several years of development by a committee of teacher association representatives, administrators, and a Board of Education member, the teacher evaluation model was implemented in the 2013-2014 school year.

## **KENSTON LOCAL SCHOOL DISTRICT**

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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. The inclusion of the Business Advisory Council, Citizens Advisory Committee, PTO Council, students, parents and faculty have all contributed to the school district's initiatives.

### **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 year and projects revenues and expenditures for the ensuing five-year period. Through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the school district. In accordance with state law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to October 31 and reviews it again prior to May 31.

#### *Relevant Financial Policies*

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

### **Awards**

*GFOA Certificate of Achievement* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. 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.

## KENSTON LOCAL SCHOOL DISTRICT

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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,



Robert A. Lee, Ph.D., Superintendent



Candi R. Lukat, Treasurer



Government Finance Officers Association

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, 2012**

Executive Director/CEO

**BOARD OF EDUCATION**

Mrs. Anne Randall	President
Dr. Beth Krause, Ph.D.	Member
Mr. Thomas Fussner	Member
Mr. William Timmons	Member
Mr. James Jimison	Member

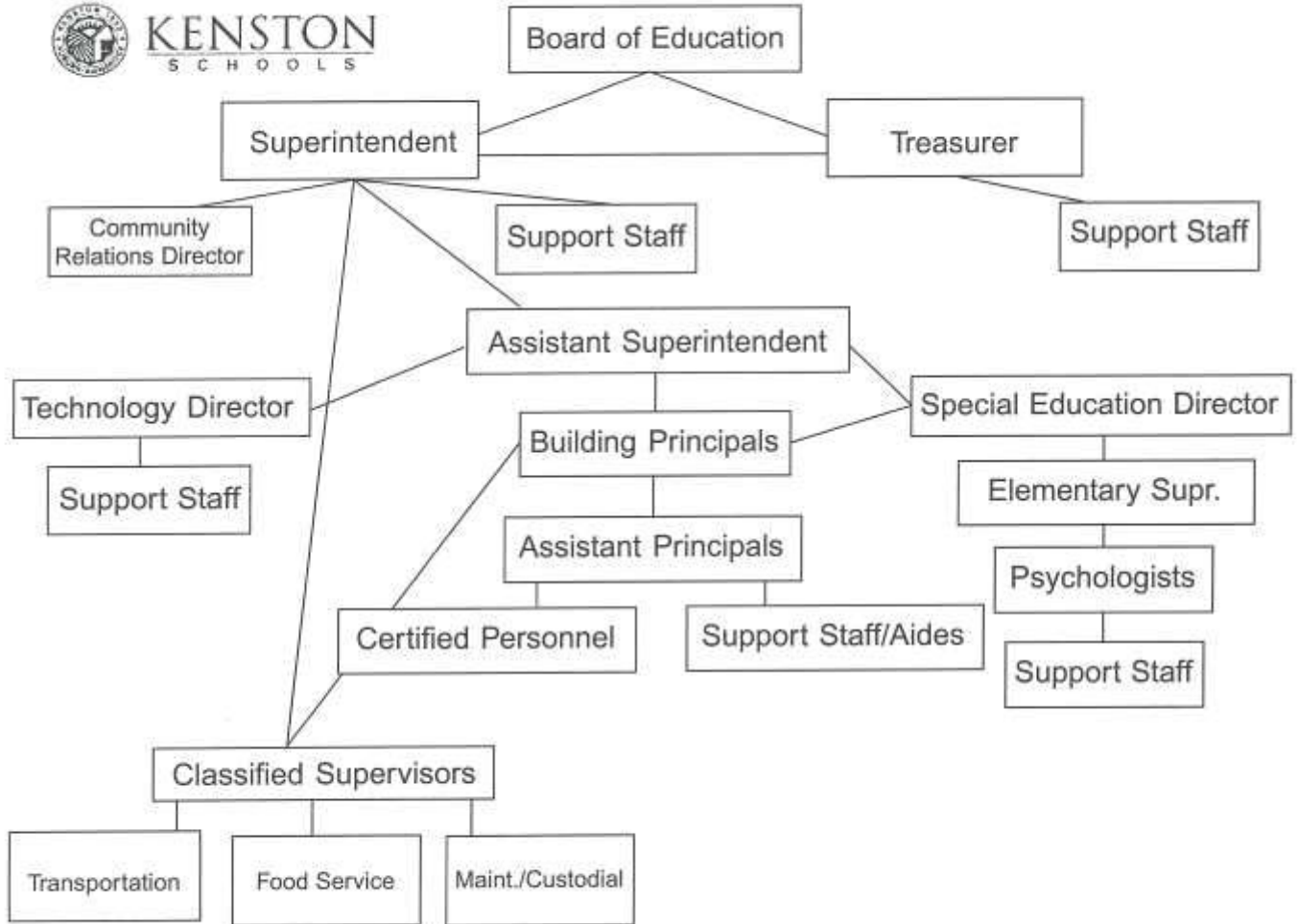
**TREASURER**

Ms. Candi R. Lukat\*

**ADMINISTRATION**

Dr. Robert A. Lee, Ph.D.	Superintendent
Mrs. Nancy Santilli	Assistant Superintendent
Mrs. Rita Pressman	Director, Special Education

*\*Effective October 1, 2013, Candi Lukat replaced Linda Hein as Treasurer.*





# Financial Section



**Kenston Local School District**

“Teach Blue”

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Kenston Local School District  
Chagrin Falls, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying 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 (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Ohio, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 4 to the financial statements, during 2013, the Kenston Local School District, Ohio, adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its June 30, 2012 net position of governmental activities due to unamortized debt issuance costs. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenston Local School District, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the Kenston Local School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kenston Local School District, Ohio's internal control over financial reporting and compliance.

**James G. Zupka,**  
**CPA, President**

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
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Date: 2013.12.13 10:22:03 -05'00'

James G. Zupka, CPA, Inc.  
Certified Public Accountants

November 22, 2013

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## **KENSTON LOCAL SCHOOL DISTRICT**

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### **Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2013**

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, 2013. 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 2013 are as follows:

- In total, net position decreased \$546,777. Net position of governmental activities decreased \$616,484, which represents a 2 percent decrease from 2012. The decrease in net position of governmental activities is due to decreases in operating grants and contributions, property taxes, and grants and entitlements. Net position of business-type activities increased \$69,707 or 18 percent from 2012. The increase in net position is related to expense reductions in three out of the four business-type activities for 2013 compared to 2012.
- Total general revenues accounted for \$36,258,201 or 90 percent of all revenues. Total program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$4,004,378 or 10 percent of total revenues of \$40,262,579.
- The School District had \$39,181,240 in expenses related to governmental activities; only \$2,453,763 of these expenses were offset by program specific charges for services, operating and capital grants and contributions. General revenues (primarily taxes) of \$36,117,031 were not sufficient to provide for these programs.
- Among major funds, the general fund had \$33,567,848 in revenues (not including other financing sources) and \$35,021,874 in expenditures (not including other financing uses). The general fund's fund balance decreased to \$11,117,002 from \$12,679,836. The bond retirement fund experienced a decrease in its fund balance to \$4,735,689 from \$5,063,148.

#### **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 Position* 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 significant fund with the most activity. In addition, the bond retirement fund is significant due to the receipt of property taxes and the payment of principal and interest on the School District's debt.

## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### *Statement of Net Position 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 2013?” The Statement of Net Position and Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* along with *all liabilities and deferred inflows of resources* 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 position* and changes in that position. This change in net position 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 Position 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 10. Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the general fund and the bond retirement fund.

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



## KENSTON LOCAL SCHOOL DISTRICT

*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 Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

**Table 1 - Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012	2013	2012*
<b>ASSETS</b>						
Current and other assets	\$ 47,631,831	\$ 48,708,500	\$ 274,191	\$ 263,432	\$ 47,906,022	\$ 48,971,932
Capital assets, net	52,092,285	53,045,787	332,514	361,594	52,424,799	53,407,381
<b>Total Assets</b>	<b>99,724,116</b>	<b>101,754,287</b>	<b>606,705</b>	<b>625,026</b>	<b>100,330,821</b>	<b>102,379,313</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding	2,244,805	2,341,589	-	-	2,244,805	2,341,589
<b>LIABILITIES</b>						
Current and other liabilities	5,045,331	4,631,855	112,233	211,039	5,157,564	4,842,894
Long-term liabilities:						
Due within one year	2,883,312	3,345,508	10,245	8,157	2,893,557	3,353,665
Due in more than one year	43,178,521	44,764,175	31,885	23,195	43,210,406	44,787,370
<b>Total Liabilities</b>	<b>51,107,164</b>	<b>52,741,538</b>	<b>154,363</b>	<b>242,391</b>	<b>51,261,527</b>	<b>52,983,929</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes	23,277,949	23,154,046	-	-	23,277,949	23,154,046
<b>NET POSITION</b>						
Net investment in						
Capital assets	12,447,702	10,730,358	332,514	361,594	12,780,216	11,091,952
Restricted	4,859,482	5,444,367	-	-	4,859,482	5,444,367
Unrestricted	10,276,624	12,025,567	119,828	21,041	10,396,452	12,046,608
<b>Total Net Position</b>	<b>\$ 27,583,808</b>	<b>\$ 28,200,292</b>	<b>\$ 452,342</b>	<b>\$ 382,635</b>	<b>\$ 28,036,150</b>	<b>\$ 28,582,927</b>

\* Restated

Total assets decreased by \$2,048,492. Equity in pooled cash, cash equivalents, and investments, property taxes receivable, and capital assets experienced decreases of \$455,324, \$579,361, and \$982,582, respectively. These decreases can be attributed to expenses exceeding revenues, an anticipated decrease in property tax revenues, and current year depreciation expenses exceeding additions to capital assets.

Total liabilities decreased by \$1,722,402. The main reason for the decrease in liabilities is related to the decreases in the School District's debt obligations. The School District refunded the 2002 School Improvement refunding bonds during fiscal year 2013. This refunding along with the continued pay down of the School District's debt obligations contributed significantly to the decrease in total liabilities. The deferred inflows of resources decrease is mainly attributed to property taxes available for advance and outstanding delinquent property taxes as of June 30, 2013 were lower than at June 30, 2012.

The net position of the School District's business-type activities increased by \$69,707 or 18 percent. Two out of the four business-type activities experienced increases in net position, with the largest occurring in the kindergarten activity.

## **KENSTON LOCAL SCHOOL DISTRICT**

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

<b>Table 2 - Change in Net Position</b>						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 663,966	\$ 902,414	\$ 1,350,277	\$ 1,367,976	\$ 2,014,243	\$ 2,270,390
Operating grants and contributions	1,138,395	1,845,551	200,338	213,367	1,338,733	2,058,918
Capital grants and contributions	651,402	482,050	-	-	651,402	482,050
<b>Total Program Revenues</b>	<b>2,453,763</b>	<b>3,230,015</b>	<b>1,550,615</b>	<b>1,581,343</b>	<b>4,004,378</b>	<b>4,811,358</b>
General Revenues:						
Property taxes	26,871,863	28,364,310	-	-	26,871,863	28,364,310
Grants and entitlements	9,184,941	9,733,171	-	-	9,184,941	9,733,171
Investment income	16,605	40,881	127	1,018	16,732	41,899
All other revenues	43,622	135,039	141,043	129,594	184,665	264,633
<b>Total General Revenues</b>	<b>36,117,031</b>	<b>38,273,401</b>	<b>141,170</b>	<b>130,612</b>	<b>36,258,201</b>	<b>38,404,013</b>
<b>Total Revenues</b>	<b>38,570,794</b>	<b>41,503,416</b>	<b>1,691,785</b>	<b>1,711,955</b>	<b>40,262,579</b>	<b>43,215,371</b>
<b>EXPENSES</b>						
Program Expenses:						
Instruction:						
Regular	16,375,043	16,625,219	-	-	16,375,043	16,625,219
Special	4,217,000	3,907,785	-	-	4,217,000	3,907,785
Vocational	137,649	149,673	-	-	137,649	149,673
Other	563,386	527,141	-	-	563,386	527,141
Supporting Services:						
Pupils	2,433,085	2,383,930	-	-	2,433,085	2,383,930
Instructional Staff	1,204,051	1,334,882	-	-	1,204,051	1,334,882
Board of Education	45,287	77,522	-	-	45,287	77,522
Administration	2,834,396	2,752,700	-	-	2,834,396	2,752,700
Fiscal Services	1,086,914	1,071,883	-	-	1,086,914	1,071,883
Business	20,513	68,479	-	-	20,513	68,479
Operation and Maintenance of Plant	3,983,705	3,951,623	-	-	3,983,705	3,951,623
Pupil Transportation	2,699,879	2,635,235	-	-	2,699,879	2,635,235
Central	500,334	35,565	-	-	500,334	35,565
Operation of Non-Instructional Services	184,551	153,554	-	-	184,551	153,554
Extracurricular Activities	1,460,454	1,551,945	-	-	1,460,454	1,551,945
Interest and Fiscal Charges	1,434,993	1,616,742	-	-	1,434,993	1,616,742
Food Services	-	-	1,076,166	1,183,761	1,076,166	1,183,761
Uniform School Supplies	-	-	142,267	166,103	142,267	166,103
Kindergarten Fees	-	-	263,334	346,097	263,334	346,097
Adult Education	-	-	146,349	136,352	146,349	136,352
<b>Total Expenses</b>	<b>39,181,240</b>	<b>38,843,878</b>	<b>1,628,116</b>	<b>1,832,313</b>	<b>40,809,356</b>	<b>40,676,191</b>
Excess (Deficiency) before Transfers	(610,446)	2,659,538	63,669	(120,358)	(546,777)	2,539,180
Transfers	(6,038)	-	6,038	-	-	-
<b>Change in Net Position</b>	<b>(616,484)</b>	<b>2,659,538</b>	<b>69,707</b>	<b>(120,358)</b>	<b>(546,777)</b>	<b>2,539,180</b>
Net Position - Beginning of Year, Restated	28,200,292	25,540,754	382,635	502,993	28,582,927	26,043,747
<b>Net Position - End of Year</b>	<b>\$ 27,583,808</b>	<b>\$ 28,200,292</b>	<b>\$ 452,342</b>	<b>\$ 382,635</b>	<b>\$ 28,036,150</b>	<b>\$ 28,582,927</b>

Total revenues decreased \$2,952,792 or 7 percent. The School District's operating grants and contributions had a decrease of \$720,185 or 35 percent. The operating grants and contributions decrease is mainly due to the School District's grant funding for energy conservation projects nearing completion in fiscal year 2013. Property taxes decreased by \$1,492,447 or 5 percent due to property tax delinquencies and amounts available for advance being lower than in prior year. Grants and entitlements experienced a decrease of \$548,230 or 6 percent. This decrease is mainly attributable to decreases in State funding from the reimbursements of various shared taxes.

## **KENSTON LOCAL SCHOOL DISTRICT**

Total expenses slightly increased by \$133,165 or less than 1 percent over fiscal year 2012. Central expenses experienced the largest increase of \$464,769. This increase is the result of the School District reclassifying some expenses reported previously in other functional expenses. Food Services, Uniform School Supplies, Kindergarten Fees, and Adult Education total expenses decreased \$204,197 due to the School District's efforts to maintain and control costs associated with the various activities 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 70 percent of revenues for governmental activities for the District in fiscal year 2013.

Instruction comprises 54 percent of governmental program expenses. Interest and fiscal charges were 4 percent. Interest and fiscal charges were attributable to the outstanding bond and borrowing for capital projects. The decrease in net position of \$616,484 is mainly due to expenses outpacing revenues.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2013 and 2012. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3 - Governmental Activities**

	Total Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2013	Net Cost of Services 2012
Instruction	\$ 21,293,078	\$ 21,209,818	\$ 20,751,566	\$ 19,822,992
Supporting Services:				
Pupils and Instructional Staff	3,637,136	3,718,812	3,336,107	3,417,513
Board of Education, Administration, Fiscal Services, and Business	3,987,110	3,970,584	3,778,036	3,748,785
Operation and Maintenance of Plant	3,983,705	3,951,623	3,348,137	3,484,573
Pupil Transportation	2,699,879	2,635,235	2,699,557	2,635,235
Central	500,334	35,565	500,334	35,565
Operation of Non-Instructional Services	184,551	153,554	184,551	153,554
Extracurricular Activities	1,460,454	1,551,945	710,030	713,904
Interest and fiscal charges	1,434,993	1,616,742	1,419,159	1,601,742
Total cost of service	<u>\$ 39,181,240</u>	<u>\$ 38,843,878</u>	<u>\$ 36,727,477</u>	<u>\$ 35,613,863</u>

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### ***Business-Type Activities***

Business-type activities include adult/community education, the food services operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,691,785 and expenses of \$1,628,116 for fiscal year 2013. The increase in operations of \$69,707 is due to decreases in three out of the four business-type activities' program expenses. The School District is continually 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 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$39,261,473 (not including other financing sources) and expenditures of \$41,056,255 (not including other financing uses). The net change in fund balance for the year in the general fund experienced a decrease of \$1,562,834 due to increases in regular instruction, central, and capital outlay expenditures. The decrease in the net change in fund balance for the bond retirement fund, in the amount of \$327,459, was due to property tax and related revenues decreasing from prior years along with additional costs associated to a debt refunding that occurred during fiscal year 2013.

### ***General Fund Budgeting Highlights***

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

During the course of fiscal 2013, 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 \$34,119,336 (including other financing sources), which was higher than the original budget estimate of \$32,924,902. Of this \$1,194,434 difference, most was due to the School District's conservative estimates of taxes and intergovernmental revenues along with the repayment of advances previously provided in prior periods.

The original appropriations of \$38,153,409 (including other financing uses) were reduced to \$37,168,339 in the final appropriations. Final appropriations exceeded the actual expenditures by \$436,401.

## KENSTON LOCAL SCHOOL DISTRICT

### Capital Assets and Debt Administration

#### Capital Assets

At the end of fiscal 2013, the School District had \$52,424,799 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, \$52,092,285 in governmental activities. Table 4 shows fiscal 2013 balances compared to 2012:

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,207,191	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191	\$ 1,207,191
Construction in progress	2,410,735	1,730,634	-	-	2,410,735	1,730,634
Land Improvements	1,179,589	1,271,128	-	-	1,179,589	1,271,128
Buildings and Improvements	46,209,066	47,482,030	-	-	46,209,066	47,482,030
Furniture and Equipment	826,437	939,377	332,514	361,594	1,158,951	1,300,971
Vehicles	259,267	415,427	-	-	259,267	415,427
<b>Total Capital Assets</b>	<b>\$ 52,092,285</b>	<b>\$ 53,045,787</b>	<b>\$ 332,514</b>	<b>\$ 361,594</b>	<b>\$ 52,424,799</b>	<b>\$ 53,407,381</b>

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 capital improvements. For fiscal year 2013, this amounted to \$524,374. For fiscal year 2013, the School District had qualifying disbursements or offsets exceeding this requirement for capital improvements.

See Note 10 for additional information on capital assets.

#### Debt

At June 30, 2013, the District had \$39,270,000 in debt outstanding, with \$1,850,000 due within one year. Table 5 summarizes bonds and notes outstanding.

**Table 5 - Outstanding Debt at June 30,**

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$ 39,270,000	\$ 41,615,000
2010 Capital Lease	-	190,415
<b>Total Outstanding Debt</b>	<b>\$ 39,270,000</b>	<b>\$ 41,805,415</b>

## **KENSTON LOCAL SCHOOL DISTRICT**

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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 and were fully retired during fiscal year 2013.

In prior years, the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,100,000 current interest bonds and \$115,000 Capital Appreciation bonds) for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. In fiscal year 2013, the current interest bonds were refunded by the issuance of school improvement refunding bonds, series 2013.

In fiscal year 2010, the School District entered into a capital lease in the amount of \$275,000. This lease provided additional funding for the construction of a synthetic field in the School District's stadium. This lease was fully retired during fiscal year 2013.

In fiscal year 2012, the School District issued \$36,970,000 general obligation bonds for the purpose of refunding the 2003 debt issuances.

At June 30, 2013, the School District's overall voted legal debt margin was \$33,292,928 with an unvoted debt margin of \$753,636.

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

### **Current Issues**

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

In March 2003, the Governor of the State announced reductions in K-1 funding to reduce an anticipated State budget deficit. The School District's financial challenge is to continue to comply with State and Federal mandates while funding is reduced. Proceeds from the 9.3 mill operating levy, passed in 2005, will fund the School District's operations until fiscal year 2015-2016.

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

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.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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 Candi Lukat, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at [Candi.Lukat@KenstonLocal.org](mailto:Candi.Lukat@KenstonLocal.org).

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*BASIC FINANCIAL STATEMENTS*



# KENSTON LOCAL SCHOOL DISTRICT

## Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 19,683,334	\$ 254,593	\$ 19,937,927
Property Taxes Receivable	27,626,033	-	27,626,033
Accounts Receivable	10,768	1,561	12,329
Accrued Interest Receivable	1,611	-	1,611
Intergovernmental Receivable	170,638	1,330	171,968
Inventory Held for Resale	-	10,518	10,518
Materials and Supplies Inventory	91,067	6,189	97,256
Prepaid Items	48,380	-	48,380
Nondepreciable Capital Assets	3,617,926	-	3,617,926
Depreciable Capital Assets, Net	48,474,359	332,514	48,806,873
<b>Total Assets</b>	<b>99,724,116</b>	<b>606,705</b>	<b>100,330,821</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	2,244,805	-	2,244,805
<b>LIABILITIES</b>			
Accounts Payable	559,842	26,109	585,951
Accrued Wages and Benefits	2,950,218	58,329	3,008,547
Intergovernmental Payable	824,204	27,795	851,999
Accrued Interest Payable	100,353	-	100,353
Matured Compensated Absences Payable	31,467	-	31,467
Retainage Payable	20,350	-	20,350
Claims Payable	558,897	-	558,897
Long-term Liabilities:			
Due within one year	2,883,312	10,245	2,893,557
Due in more than one year	43,178,521	31,885	43,210,406
<b>Total Liabilities</b>	<b>51,107,164</b>	<b>154,363</b>	<b>51,261,527</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	23,277,949	-	23,277,949
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,447,702	332,514	12,780,216
Restricted:			
Capital Projects	278,760	-	278,760
Debt Service	4,102,707	-	4,102,707
State Funded Programs	5,793	-	5,793
Federally Funded Programs	138,903	-	138,903
Student Activities	333,151	-	333,151
Other Purposes	168	-	168
Unrestricted	10,276,624	119,828	10,396,452
<b>Total Net Position</b>	<b>\$ 27,583,808</b>	<b>\$ 452,342</b>	<b>\$ 28,036,150</b>

See accompanying notes to the basic financial statements.

# KENSTON LOCAL SCHOOL DISTRICT

## Statement of Activities

For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 16,375,043	\$ 21,610	\$ 90,874	\$ -	\$ (16,262,559)	\$ -	\$ (16,262,559)
Special	4,217,000	4,671	424,357	-	(3,787,972)	-	(3,787,972)
Vocational	137,649	-	-	-	(137,649)	-	(137,649)
Other	563,386	-	-	-	(563,386)	-	(563,386)
Supporting Services:							
Pupils	2,433,085	-	208,842	-	(2,224,243)	-	(2,224,243)
Instructional Staff	1,204,051	-	92,187	-	(1,111,864)	-	(1,111,864)
Board of Education	45,287	-	-	-	(45,287)	-	(45,287)
Administration	2,834,396	-	209,074	-	(2,625,322)	-	(2,625,322)
Fiscal Services	1,086,914	-	-	-	(1,086,914)	-	(1,086,914)
Business	20,513	-	-	-	(20,513)	-	(20,513)
Operation and Maintenance of Plant	3,983,705	-	-	635,568	(3,348,137)	-	(3,348,137)
Pupil Transportation	2,699,879	-	322	-	(2,699,557)	-	(2,699,557)
Central	500,334	-	-	-	(500,334)	-	(500,334)
Operation of Non-Instructional Services	184,551	-	-	-	(184,551)	-	(184,551)
Extracurricular Activities	1,460,454	637,685	112,739	-	(710,030)	-	(710,030)
Interest and Fiscal Charges	1,434,993	-	-	15,834	(1,419,159)	-	(1,419,159)
Total Governmental Activities	<u>39,181,240</u>	<u>663,966</u>	<u>1,138,395</u>	<u>651,402</u>	<u>(36,727,477)</u>	<u>-</u>	<u>(36,727,477)</u>
<b>Business-type Activities:</b>							
Food Services	1,076,166	839,596	200,338	-	-	(36,232)	(36,232)
Uniform School Supplies	142,267	145,649	-	-	-	3,382	3,382
Kindergarten Fees	263,334	365,032	-	-	-	101,698	101,698
Adult Education	146,349	-	-	-	-	(146,349)	(146,349)
Total Business-type Activities	<u>1,628,116</u>	<u>1,350,277</u>	<u>200,338</u>	<u>-</u>	<u>-</u>	<u>(77,501)</u>	<u>(77,501)</u>
<b>Totals</b>	<u>\$ 40,809,356</u>	<u>\$ 2,014,243</u>	<u>\$ 1,338,733</u>	<u>\$ 651,402</u>	<u>(36,727,477)</u>	<u>(77,501)</u>	<u>(36,804,978)</u>
<b>General Revenues:</b>							
Property Taxes levied for:							
General Purposes					23,927,071	-	23,927,071
Debt Service					2,944,792	-	2,944,792
Grants & Entitlements not restricted to specific programs					9,184,941	-	9,184,941
Investment Income					16,605	127	16,732
All Other Revenues					43,622	141,043	184,665
Transfers					(6,038)	6,038	-
Total General Revenues and Transfers					<u>36,110,993</u>	<u>147,208</u>	<u>36,258,201</u>
Change in Net Position					(616,484)	69,707	(546,777)
Net Position - Beginning of Year, as Restated					<u>28,200,292</u>	<u>382,635</u>	<u>28,582,927</u>
<b>Net Position - End of Year</b>					<u>\$ 27,583,808</u>	<u>\$ 452,342</u>	<u>\$ 28,036,150</u>

See accompanying notes to the basic financial statements.

# KENSTON LOCAL SCHOOL DISTRICT

## Balance Sheet Governmental Funds

June 30, 2013

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 12,036,629	\$ 3,638,883	\$ 1,453,530	\$ 17,129,042
Materials and Supplies Inventory	91,067	-	-	91,067
Accrued Interest Receivable	1,611	-	-	1,611
Accounts Receivable	10,768	-	-	10,768
Interfund Receivable	48,000	700,000	-	748,000
Intergovernmental Receivable	72,473	-	98,165	170,638
Property Taxes Receivable	24,619,976	3,006,057	-	27,626,033
<b>Total Assets</b>	<u>\$ 36,880,524</u>	<u>\$ 7,344,940</u>	<u>\$ 1,551,695</u>	<u>\$ 45,777,159</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 521,559	\$ -	\$ 38,283	\$ 559,842
Accrued Wages and Benefits	2,947,841	-	2,377	2,950,218
Intergovernmental Payable	814,636	-	9,568	824,204
Matured Compensated Absences Payable	31,467	-	-	31,467
Retainage Payable	20,350	-	-	20,350
Interfund Payable	-	-	748,000	748,000
<b>Total Liabilities</b>	<u>4,335,853</u>	<u>-</u>	<u>798,228</u>	<u>5,134,081</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	20,750,065	2,527,884	-	23,277,949
Unavailable Revenue - Delinquent Property Taxes	669,604	81,367	-	750,971
Unavailable Revenue - Other	8,000	-	-	8,000
<b>Total Deferred Inflows of Resources</b>	<u>21,427,669</u>	<u>2,609,251</u>	<u>-</u>	<u>24,036,920</u>
<b>Fund Balances:</b>				
Nonspendable	91,067	-	-	91,067
Restricted	-	4,735,689	491,270	5,226,959
Committed	-	-	265,505	265,505
Assigned	7,910,954	-	-	7,910,954
Unassigned (Deficit)	3,114,981	-	(3,308)	3,111,673
<b>Total Fund Balances</b>	<u>11,117,002</u>	<u>4,735,689</u>	<u>753,467</u>	<u>16,606,158</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 36,880,524</u>	<u>\$ 7,344,940</u>	<u>\$ 1,551,695</u>	<u>\$ 45,777,159</u>

See accompanying notes to the basic financial statements.

# KENSTON LOCAL SCHOOL DISTRICT

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## Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

June 30, 2013

**Total Governmental Fund Balances** \$ 16,606,158

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

Capital Assets used in Governmental Activities are not financial resources  
and, therefore, are not reported in the funds 52,092,285

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

Delinquent property taxes	\$ 750,971	
Other revenues	<u>8,000</u>	
Total		758,971

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 Position. 2,043,775

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. (2,711,593)

Bond discounts on the refunding of the bonds in governmental activities  
is deferred and to be amortized over the remaining life of the refunded  
bonds. 92,205

Loss on early retirement of the bonds in governmental activities is deferred  
and to be amortized over the remaining life of the refunded bonds. 2,244,805

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	(39,270,000)	
Bond accretion	(613,996)	
Accrued interest payable	(100,353)	
Compensated absences	<u>(3,558,449)</u>	
Total		<u>(43,542,798)</u>

**Net Position of Governmental Activities** \$ 27,583,808

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, 2013

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 24,378,442	\$ 3,014,205	\$ -	\$ 27,392,647
Intergovernmental	8,941,457	406,700	1,667,903	11,016,060
Interest	10,576	6,000	29	16,605
Tuition	26,281	-	-	26,281
Extracurricular Activities	116,135	-	521,091	637,226
Miscellaneous	94,957	-	77,697	172,654
<b>Total Revenues</b>	<b>33,567,848</b>	<b>3,426,905</b>	<b>2,266,720</b>	<b>39,261,473</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular	14,844,057	-	222,244	15,066,301
Special	3,851,081	-	304,354	4,155,435
Vocational	134,025	-	-	134,025
Other	567,858	-	-	567,858
Supporting Services:				
Pupils	2,269,313	-	184,648	2,453,961
Instructional Staff	1,057,950	-	148,512	1,206,462
Board of Education	44,847	-	-	44,847
Administration	2,571,568	-	225,709	2,797,277
Fiscal Services	1,031,620	59,639	-	1,091,259
Business	19,016	-	-	19,016
Operation and Maintenance of Plant Services	3,542,643	-	-	3,542,643
Pupil Transportation	2,572,869	-	281	2,573,150
Central	443,303	-	-	443,303
Operation of Non-Instructional Services:				
Community Services	155,998	-	-	155,998
Other Operations	23,347	-	-	23,347
Extracurricular Activities	722,558	-	669,383	1,391,941
Capital Outlay	963,572	-	470,537	1,434,109
Debt Service:				
Principal Retirement	190,415	2,345,000	-	2,535,415
Interest and Fiscal Charges	15,834	1,294,029	6,000	1,315,863
Bond Issuance Costs	-	47,780	-	47,780
Advance Refunding Escrow	-	56,265	-	56,265
<b>Total Expenditures</b>	<b>35,021,874</b>	<b>3,802,713</b>	<b>2,231,668</b>	<b>41,056,255</b>
Excess of Revenues Over (Under) Expenditures	(1,454,026)	(375,808)	35,052	(1,794,782)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	425,000	425,000
Refunding Bonds Issued	-	2,680,000	-	2,680,000
Premiums on Bond Issuance	-	57,727	-	57,727
Payments to Refunded Bond Escrow Account	-	(2,689,378)	-	(2,689,378)
Transfers In	-	-	102,770	102,770
Transfer Out	(108,808)	-	-	(108,808)
<b>Total Other Financing Sources (Uses)</b>	<b>(108,808)</b>	<b>48,349</b>	<b>527,770</b>	<b>467,311</b>
Net Change in Fund Balances	(1,562,834)	(327,459)	562,822	(1,327,471)
Fund Balances - Beginning of Year	12,679,836	5,063,148	190,645	17,933,629
<b>Fund Balances - End of Year</b>	<b>\$ 11,117,002</b>	<b>\$ 4,735,689</b>	<b>\$ 753,467</b>	<b>\$ 16,606,158</b>

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, 2013

**Net Change in Fund Balances-Total Governmental Funds** \$ (1,327,471)

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

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

Capital outlay	\$ 1,116,496	
Depreciation	<u>(1,639,025)</u>	
Total		(522,529)

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 position differs from the change in fund balance by the net book value of the capital assets. (430,973)

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

Delinquent property taxes	(520,784)	
Intergovernmental grants	<u>(169,895)</u>	
Total		(690,679)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of refunding debt. (2,737,727)

Repayment of debt principal and payment to the refunded debt escrow agent are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 5,314,603

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	(505,281)	
Bond accretion	(214,499)	
Accrued interest	15,634	
Amortization of bond premiums	296,239	
Amortization of bond discounts	(6,297)	
Amortization of losses on refunding	<u>(195,972)</u>	
Total		(610,176)

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. 388,468

**Change in Net Position of Governmental Activities** \$ (616,484)

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, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 23,869,612	\$ 24,522,502	\$ 24,522,502	\$ -
Intergovernmental	8,605,290	8,868,984	8,868,984	-
Interest	-	20,231	18,996	(1,235)
Tuition	450,000	56,449	56,449	-
Miscellaneous	-	59,895	60,206	311
<b>Total Revenues</b>	<b>32,924,902</b>	<b>33,528,061</b>	<b>33,527,137</b>	<b>(924)</b>
<b>Expenditures</b>				
Current:				
Instruction				
Regular	16,272,703	15,601,699	15,388,441	213,258
Special	4,459,572	4,174,880	4,160,858	14,022
Vocational	157,150	147,960	147,960	-
Other	535,610	570,969	570,969	-
Total Instruction	21,425,035	20,495,508	20,268,228	227,280
Supporting Services				
Pupils	2,257,590	2,195,656	2,195,656	-
Instructional Staff	1,339,352	1,113,393	1,113,393	-
Board of Education	98,596	62,667	62,667	-
Administration	2,682,318	2,583,988	2,583,988	-
Fiscal Services	1,172,007	1,259,329	1,260,629	(1,300)
Business	41,650	42,300	42,300	-
Operation and Maintenance of Plant Services	3,868,140	3,763,924	3,597,886	166,038
Pupil Transportation	2,766,782	2,755,326	2,690,043	65,283
Central	13,300	425,432	446,332	(20,900)
Total Supporting Services	14,239,735	14,202,015	13,992,894	209,121
Operation of Non-Instructional Services				
Food Service Operations	1,000	979	979	-
Community Services	200,320	226,798	226,798	-
Other	24,700	22,829	22,829	-
Total Operation of Non-Instructional Services	226,020	250,606	250,606	-
Extracurricular Activities	744,925	722,290	722,290	-
Capital Outlay	1,400,694	1,389,112	1,389,112	-
<b>Total Expenditures</b>	<b>38,036,409</b>	<b>37,059,531</b>	<b>36,623,130</b>	<b>436,401</b>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT**

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**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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues (Under) Expenditures	(5,111,507)	(3,531,470)	(3,095,993)	435,477
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	-	-	127,234	127,234
Advances In	-	591,275	591,275	-
Transfers Out	(117,000)	(108,808)	(108,808)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(117,000)</u>	<u>482,467</u>	<u>609,701</u>	<u>127,234</u>
Net Change in Fund Balance	(5,228,507)	(3,049,003)	(2,486,292)	562,711
Fund Balance - Beginning of Year	10,182,335	10,182,335	10,182,335	-
Prior Year Encumbrances Appropriated	<u>2,220,339</u>	<u>2,220,339</u>	<u>2,220,339</u>	-
<b>Fund Balance - End of Year</b>	<u>\$ 7,174,167</u>	<u>\$ 9,353,671</u>	<u>\$ 9,916,382</u>	<u>\$ 562,711</u>

See accompanying notes to the basic financial statements.



**KENSTON LOCAL SCHOOL DISTRICT****Statement of Fund Net Position  
Proprietary Funds****June 30, 2013**

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<b>ASSETS</b>		
<b>Current Assets:</b>		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 254,593	\$ 2,554,292
Inventory Held for Resale	10,518	-
Materials and Supplies Inventory	6,189	-
Accounts Receivable	1,561	-
Intergovernmental Receivable	1,330	-
Prepaid Items	-	48,380
<b>Total Current Assets</b>	<u>274,191</u>	<u>2,602,672</u>
<b>Noncurrent Assets:</b>		
Capital Assets:		
Depreciable Capital Assets, Net of Depreciation	332,514	-
<b>Total Assets</b>	<u>606,705</u>	<u>2,602,672</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	26,109	-
Accrued Wages and Benefits	58,329	-
Compensated Absences Payable	10,245	-
Intergovernmental Payable	27,795	-
Claims Payable	-	558,897
<b>Total Current Liabilities</b>	<u>122,478</u>	<u>558,897</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences Payable	31,885	-
<b>Total Liabilities</b>	<u>154,363</u>	<u>558,897</u>
<b>NET POSITION</b>		
Investment In Capital Assets	332,514	-
Unrestricted	119,828	2,043,775
<b>Total Net Position</b>	<u>\$ 452,342</u>	<u>\$ 2,043,775</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT****Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds****For the Fiscal Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<b>OPERATING REVENUES</b>		
Food Services	\$ 839,596	\$ -
Charges for Services	-	4,852,729
Miscellaneous	141,043	-
Classroom Materials and Fees	145,649	-
Tuition	365,032	-
<b>Total Operating Revenues</b>	<u>1,491,320</u>	<u>4,852,729</u>
<b>OPERATING EXPENSES</b>		
Salaries	606,760	-
Fringe Benefits	211,258	-
Purchased Services	566,418	-
Materials and Supplies	213,155	-
Depreciation	29,080	-
Claims	-	4,464,261
Other	1,445	-
<b>Total Operating Expenses</b>	<u>1,628,116</u>	<u>4,464,261</u>
Operating Income (Loss)	<u>(136,796)</u>	<u>388,468</u>
<b>NONOPERATING REVENUES</b>		
Interest	127	-
Intergovernmental	160,693	-
Donated Commodities	39,645	-
<b>Total Nonoperating Revenues</b>	<u>200,465</u>	<u>-</u>
Transfers In	6,038	-
Change in Net Position	<u>69,707</u>	<u>388,468</u>
Net Position - Beginning of Year	382,635	1,655,307
<b>Net Position - End of Year</b>	<u>\$ 452,342</u>	<u>\$ 2,043,775</u>

See accompanying notes to the basic financial statements.

# KENSTON LOCAL SCHOOL DISTRICT

## Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 1,488,733	\$ 4,852,729
Other Cash Receipts	1,352	-
Cash Payments to Employees for Services	(597,996)	-
Cash Payments for Employee Benefits	(218,815)	-
Cash Payments for Goods and Services	(827,309)	-
Cash Payments for Claims	-	(4,477,066)
Cash Payments for Other Expenses	(1,445)	-
Net Cash Provided by (Used in) Operating Activities	<u>(155,480)</u>	<u>375,663</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating Grants Received	160,693	-
Transfers In	6,038	-
Net Cash Provided by Noncapital Financing Activities	<u>166,731</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	127	-
Net Cash Provided by Investing Activities	<u>127</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	11,378	375,663
Cash and Cash Equivalents - Beginning of Year	243,215	2,178,629
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 254,593</u>	<u>\$ 2,554,292</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (136,796)	\$ 388,468
Adjustments:		
Depreciation	29,080	-
Federal Donated Commodities	39,645	-
(Increase) Decrease in Assets:		
Accounts Receivable	95	-
Intergovernmental Receivable	(1,330)	-
Inventory Held for Resale	(1,632)	-
Materials and Supplies Inventory	3,486	-
Prepaid Items	-	(2,615)
Increase (Decrease) in Liabilities:		
Accounts Payable	(89,235)	-
Accrued Wages and Benefits	(2,014)	-
Compensated Absences Payable	10,778	-
Intergovernmental Payable	(7,557)	-
Claims Payable	-	(10,190)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (155,480)</u>	<u>\$ 375,663</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 \$39,645.

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT**

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**Statement of Assets and Liabilities  
Fiduciary Funds**

**June 30, 2013**

	<u>Agency Funds</u>
<b>Assets</b>	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$ 79,707</u>
<b>Liabilities</b>	
Deposits Held and Due to Others	\$ 32,268
Due to Students	<u>47,439</u>
<b>Total Liabilities</b>	<u>\$ 79,707</u>

See accompanying notes to the basic financial statements

*NOTES TO THE BASIC FINANCIAL STATEMENTS*

# **KENSTON LOCAL SCHOOL DISTRICT**

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## **Notes to the Basic Financial Statements**

### **For the Fiscal Year Ended June 30, 2013**

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

Kenston Local School District (the “School District”) operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the School District’s 5 instructional and support facilities staffed by 182 non-certificated full and part-time employees and 231 certificated full and part-time teaching personnel that provide services to 3,096 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 17 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 18 to the basic financial statements.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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 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 position 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 position 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 position 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**

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### 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 position, 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**

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

#### **Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. 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 managed 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 deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

##### **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 deferred outflows of resources along with current liabilities and deferred inflows of resources 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 deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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 sixty 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 Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### **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.

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

#### **E. Equity in Pooled Cash and Cash Equivalents**

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

During fiscal year 2013, investments were limited to a money market mutual fund, a repurchase agreement, a nonnegotiable certificate of deposit, STAR Ohio, and U.S. Governmental Agency notes. 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, 2013.

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 2013 amounted to \$10,576, which includes \$475 assigned from other School District funds.

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

#### **F. Restricted Assets**

Assets are reported as restricted items when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

#### **G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013 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.

## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### 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.

#### 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 position 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 position and in the respective funds.

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

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

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

#### J. **Interfund Balances**

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

#### K. **Compensated Absences**

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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 all eligible classified, certified, and administrative employees within 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 as a component of deferred outflows of resources on the statement of net position.

#### **N. Bond Premiums and Discounts**

On the government-wide financial statements, bond premiums and discounts 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. Bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are received in the year the bonds are issued and bond discounts are expended in the year the bonds are issued.

## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### O. **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the School District’s Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the School District’s Board of Education.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### **Q. Net Position**

Net Position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### **R. 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.

#### **S. 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.

#### **T. 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.

#### **U. Budgetary Data**

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

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### **Tax Budget**

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

#### **Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

#### **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.

#### **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 included within the restricted, committed, or assigned fund balance classifications for subsequent expenditures of governmental funds.



## **KENSTON LOCAL SCHOOL DISTRICT**

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

#### 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, 2013, included the following individual fund deficit:

	<u>Deficit</u>
<b><u>Nonmajor Special Revenue Fund</u></b>	
Miscellaneous Federal Grants	\$ 3,308

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

### NOTE 4: **CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT**

#### A. **Changes in Accounting Principles**

GASB Statement Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the School District.

GASB Statement Number 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the School District.

GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the School District.

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the School District.

## KENSTON LOCAL SCHOOL DISTRICT

### NOTE 4: CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT (continued)

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the School District.

#### **B. Prior Period Adjustment**

In prior periods, the School District had reported an asset related to unamortized debt issuance costs in the Governmental Activities entity-wide financial statements. GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. As a result of the implementation of GASB Statement No. 65, the prior period adjustment had the following impact on the governmental activities' net position:

	<u>Governmental Activities</u>
Net Position - June 30, 2012	\$ 28,621,135
Prior Period Adjustment:	
Unamortized Debt Issuance Costs	<u>(420,843)</u>
Restated Net Position - June 30, 2012	<u><u>\$ 28,200,292</u></u>

## KENSTON LOCAL SCHOOL DISTRICT

### NOTE 5: FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the general fund, bond retirement fund, and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Materials and Supplies Inventories	\$ 91,067	\$ -	\$ -	\$ 91,067
<i>Total Nonspendable</i>	<u>91,067</u>	<u>-</u>	<u>-</u>	<u>91,067</u>
<i>Restricted for</i>				
Athletics	-	-	333,151	333,151
Information System Improvements	-	-	5,621	5,621
Race to the Top	-	-	53,955	53,955
Special Education	-	-	52,111	52,111
Disadvantaged Children	-	-	25,794	25,794
Teacher Development	-	-	7,043	7,043
Debt Service	-	4,735,689	-	4,735,689
Capital Improvements	-	-	13,255	13,255
Other Purposes	-	-	340	340
<i>Total Restricted</i>	<u>-</u>	<u>4,735,689</u>	<u>491,270</u>	<u>5,226,959</u>
<i>Committed to</i>				
Building Improvements	-	-	265,505	265,505
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>265,505</u>	<u>265,505</u>
<i>Assigned to</i>				
Fiscal Year 2014 Appropriations	6,161,840	-	-	6,161,840
Public School Support	117,708	-	-	117,708
Purchases on Order	1,631,406	-	-	1,631,406
<i>Total Assigned</i>	<u>7,910,954</u>	<u>-</u>	<u>-</u>	<u>7,910,954</u>
<i>Unassigned (Deficit)</i>	<u>3,114,981</u>	<u>-</u>	<u>(3,308)</u>	<u>3,111,673</u>
<b>Total Fund Balances</b>	<u><u>\$ 11,117,002</u></u>	<u><u>\$ 4,735,689</u></u>	<u><u>\$ 753,467</u></u>	<u><u>\$ 16,606,158</u></u>

## **KENSTON LOCAL SCHOOL DISTRICT**

### **NOTE 6: 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 part of restricted, committed, and assigned fund balances (GAAP) basis; and
- D. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget 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	\$ (1,562,834)
Net Adjustment for Revenue Accruals	827,559
Net Adjustments for Expenditure Accruals	275,074
Fund with Separate Legally Adopted Budget	(19,272)
Adjustment for Encumbrances	(2,006,819)
Budget Basis	<u>\$ (2,486,292)</u>

### **NOTE 7: 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.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### NOTE 7: **DEPOSITS AND INVESTMENTS** (continued)

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

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

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

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

#### **Cash on Hand**

At June 30, 2013, the School District had \$836 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "Equity in Pooled Cash, Cash Equivalents, and Investments".

#### **Deposits**

At June 30, 2013, the carrying amount of the School District's deposits was \$453,633, (including \$386,211 in non-negotiable certificates of deposits) and the bank balance was \$651,789. \$515,578 of the School District's bank balance was covered by Federal Depository Insurance and \$136,211 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.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 7: DEPOSITS AND INVESTMENTS (continued)**

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, 2013, fair value was \$4,290 lower than the School District's net cost for investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

#### **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 STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

#### **Custodial Credit Risk**

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

#### **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, commercial paper, STAR Ohio, and U.S. Government Agency notes represents less than 0.1 percent, 67.1 percent, 0.9 percent, 25.1 percent, and 6.8 percent, respectively, of the School District's total investments.

#### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2013, the School District had no exposure to foreign currency risk.

## **KENSTON LOCAL SCHOOL DISTRICT**

### **NOTE 7: DEPOSITS AND INVESTMENTS (continued)**

Cash and investments at year-end were as follows:

	Fair Value	Credit Rating *	Investment Maturities in Years	
			< 1	1 - 4
STAR Ohio	\$ 4,924,703	AAAm	\$ 4,924,703	\$ -
U.S. Agency Notes	1,328,243	AA+	425,331	902,912
Commercial Paper	169,750	A-1+	169,750	-
Repurchase Agreement	13,139,518	N/A	13,139,518	-
Money Market Mutual Fund	951	N/A	951	-
Total Investments	19,563,165		<u>\$ 18,660,253</u>	<u>\$ 902,912</u>
Carrying Amount of Deposits	453,633			
Petty Cash	836			
Total Cash and Investments	<u>\$ 20,017,634</u>			

\*Credit ratings were obtained from Standard & Poor's

### **NOTE 8: 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 and public utility tangible personal property located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, 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 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2012 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.

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, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

## KENSTON LOCAL SCHOOL DISTRICT

### NOTE 8: PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property and public utility property tangible personal property taxes which are measurable as of June 30, 2013, 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 inflows of resources.

The amount available as an advance at June 30, 2013, was \$3,200,307 in the general fund and \$396,806 in the bond retirement debt service fund. The amount available as an advance at June 30, 2012, was \$3,344,367 in the general fund and \$435,226 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 considered a deferred inflow of resources.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012		2013	
	Second Half Collections		First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 743,359,800	98.56%	\$ 741,858,640	98.44%
Public Utility	10,863,740	1.44%	11,777,350	1.56%
Total Assessed Value	<u>\$ 754,223,540</u>	<u>100.00%</u>	<u>\$ 753,635,990</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 86.69		\$ 86.48	

### NOTE 9: RECEIVABLES

Receivables at June 30, 2013, 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. Intergovernmental receivables consisted of the following:

<b>Governmental Activities:</b>	
IDEA Part B	\$ 53,862
Title I - Disadvantaged	29,208
Improving Teacher Quality	7,996
Miscellaneous Federal Grants	6,986
Bureau of Workers Compensation Refund	72,586
Total Governmental Activities	<u>170,638</u>
<b>Business-Type Activities</b>	
Bureau of Workers Compensation Refund	1,330
Total Government-Wide	<u>\$ 171,968</u>



## KENSTON LOCAL SCHOOL DISTRICT

### NOTE 10: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191
Construction in Progress	1,730,634	1,105,101	(425,000)	2,410,735
<b>Total Capital Assets, not being depreciated</b>	<b>2,937,825</b>	<b>1,105,101</b>	<b>(425,000)</b>	<b>3,617,926</b>
Capital Assets, being depreciated:				
Land Improvements	2,351,726	-	-	2,351,726
Building and Improvements	58,635,243	-	-	58,635,243
Furniture and Equipment	2,133,780	11,395	(9,210)	2,135,965
Vehicles	3,381,828	-	-	3,381,828
<b>Total Capital Assets, being depreciated</b>	<b>66,502,577</b>	<b>11,395</b>	<b>(9,210)</b>	<b>66,504,762</b>
Less Accumulated Depreciation:				
Land Improvements	(1,080,598)	(91,539)	-	(1,172,137)
Building and Improvements	(11,153,213)	(1,272,964)	-	(12,426,177)
Furniture and Equipment	(1,194,403)	(118,362)	3,237	(1,309,528)
Vehicles	(2,966,401)	(156,160)	-	(3,122,561)
<b>Total Accumulated Depreciation</b>	<b>(16,394,615)</b>	<b>(1,639,025)</b>	<b>3,237</b>	<b>(18,030,403)</b>
<b>Total Capital Assets, being depreciated, Net</b>	<b>50,107,962</b>	<b>(1,627,630)</b>	<b>(5,973)</b>	<b>48,474,359</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 53,045,787</b>	<b>\$ (522,529)</b>	<b>\$ (430,973)</b>	<b>\$ 52,092,285</b>
<b><u>Business-Type Activities</u></b>				
Furniture and Equipment	\$ 656,641	\$ -	\$ -	\$ 656,641
Less: Accumulated Depreciation	(295,047)	(29,080)	-	(324,127)
<b>Total Business-Type Activities Capital Assets, Net</b>	<b>\$ 361,594</b>	<b>\$ (29,080)</b>	<b>\$ -</b>	<b>\$ 332,514</b>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,239,517
Supporting Services:	
Pupils	1,043
Instructional Staff	318
Board of Education	440
Administration	8,707
Fiscal Services	1,047
Business	845
Operation and Maintenance of Plant	115,890
Pupil Transportation	157,891
Central	28,413
Operation of Non-Instructional Services	4,648
Extracurricular Activities	80,266
<b>Total Depreciation Expense</b>	<b>\$ 1,639,025</b>

## KENSTON LOCAL SCHOOL DISTRICT

### NOTE 11: RISK MANAGEMENT

#### A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2013, the School District contracted with the Ohio Casualty Group and Traveler's Insurance for various coverages, which are outlined below:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Casualty Group	Property, Inland Marine, and Flood & Earthquake	\$ 120,105,710
	Crime	105,000
	General Liability	1,000,000
	In aggregate:	2,000,000
	Fleet:	
	Combined Single Limit	1,000,000
	Uninsured Motorists Limit	1,000,000
	Comprehensive	Actual cash value
	Collision	Actual cash value
	Buses	Replacement cost
	Employee Benefit Liability	1,000,000
	In aggregate:	3,000,000
	Employer's (Stop Gap) Liability	1,000,000
	In aggregate:	2,000,000
	School Leaders Errors & Omissions (Professional) Liability	1,000,000
	In aggregate:	1,000,000
	Non-monetary Relief Defense Limit	100,000
	Sexual Misconduct & Molestation	1,000,000
	In aggregate:	1,000,000
	Innocent Party Defense Limit	300,000
	Data Compromise:	
	Response Expense (Annual Aggregate)	50,000
	Liability/Defense Expense (Annual Aggregate)	50,000
	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
	Non-monetary Relief Defense	100,000
	Umbrella	7,000,000
	Self-Insured Retention	10,000
Traveler's Insurance Co	Boiler and Machinery	50,000,000
	Limited Fiduciary Liability	1,000,000

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 11: **RISK MANAGEMENT** (continued)

#### **B. Workers' Compensation**

For fiscal year 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP. Each year the School District pays an enrollment fee to the Plan to cover costs of administering the program.

#### **C. Employee Insurance Benefits**

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District's self-insurance program has been administered by Medical Mutual of Ohio (MMO). Payments are made to MMO for the actual amount of claims processed, monthly stop-loss premiums, and administrative charges. Operating revenues of the internal service fund consist of payments from other funds and are based on self-insurance losses, stop-loss premiums, and other operating expenses. Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2012	\$ 570,362	\$ 4,243,157	\$ (4,244,432)	\$ 569,087
2013	569,087	4,466,876	(4,477,066)	558,897

### NOTE 12: **DEFINED BENEFIT PENSION PLANS**

#### **State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)**

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

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (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 member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.20 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.50 percent with an additional one-tenth of a percent added to the calculation for every year over 31 years (2.60 percent for 32 years, 2.70 percent for 33 years and so on) until 100.00 percent of the final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.50 percent instead of 2.20 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** - Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.50 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the members’ designated beneficiary is entitled to receive the members’ account balance.

**Combined Plan Benefits** - Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1.00 percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to members on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)**

Benefits are increased annually by 3.00 percent of the original base amount for DB Plan participants.

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

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

For fiscal year ended June 30, 2012 (the latest information available), members were required to contribute 10.00 percent of their annual covered salary and the District was required to contribute 14.00 percent. Member and employer contribution rates were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.00 percent for members and 14.00 percent for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14.00 percent contributed by the District, 13.00 percent was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,098,128, \$2,082,814, \$2,155,466, respectively; 84.01 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Member and employer contributions actually made for the Defined Contribution and Combined Plan participants will be provided upon written request.

### **School Employees Retirement System**

*Plan Description* - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employer/Audit Resources*.

*Funding Policy* - Plan members are required to contribute 10.00 percent of their annual covered salary and the District is required to contribute 14.00 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 (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14.00 percent employer contribution rate is allocated to the Health Care and Medicare B funds. The District's pension and death benefits contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were \$663,719, \$657,625, \$621,798, respectively; 59.51 percent has been contributed for fiscal year 2013 and 100 percent for fiscal year 2012 and 2011.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 13: POST-EMPLOYMENT BENEFITS**

#### **State Teachers Retirement System**

*Plan Description* – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combine Plan that is a hybrid of the Defined Plan and the Defined Contribution Plan.

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

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

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

*Funding Policy* - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14.00 percent employer contribution rate, 1.00 percent of covered payroll was allocated to post-employment health care for years ended June 30, 2012, 2011 and 2010 (the latest information available). The 14.00 percent employer contribution rate is the maximum rate established under Ohio law. For the fiscal years ended June 30, 2013, 2012, and 2011, the District's contributions to post-employment health care were \$161,394, \$160,216, \$165,805, respectively; 84.01 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

#### **School Employees Retirement System**

*Plan Description* – In addition to a cost-sharing multiple-employer defined benefit pension plan described in Note 13, SERS administers two postemployment benefit plans.

**Medicare Part B Plan** - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is 0.74 percent. For the fiscal years ended June 30, 2013, 2012, and 2011, the District's contributions to the Medicare Part B Plan were \$37,493, \$38,836, \$40,014, respectively; 59.51 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 13: POST-EMPLOYMENT BENEFITS (continued)**

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code § 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14.00 percent contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 0.16 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 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14.00 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2013, 2012 and 2011 were \$102,492, \$111,592, \$159,837, respectively; 59.51 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

### **NOTE 14: EMPLOYEE BENEFITS**

#### **A. Compensated Absences**

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

##### Vacation Leave

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

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

Administrative personnel accumulate 20 days vacation leave and the Superintendent and Treasurer accumulate 30 days and 27 days of vacation leave, respectively.

**KENSTON LOCAL SCHOOL DISTRICT**

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

*Sick Leave*

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 275 days. An employee is paid a severance benefit equal up to 32 percent of the value of their accumulated sick leave not to exceed 75.2 days depending on when the employee notifies the Board of his/her retirement. The severance benefit is 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 employees and administrators, \$25,000 for non-teaching employees working 6 or more hours per day, and \$10,000 for non-teaching employees working at least 4 hours but less than 6 hours per day.

NOTE 15: **INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**A. Interfund Receivables and Payables**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 48,000
Bond Retirement Fund	Nonmajor Governmental Fund	700,000
Totals		<u>\$ 748,000</u>

As of June 30, 2013, the general fund’s temporary funding from fiscal year 2012 remained outstanding in the amount of \$48,000 to one nonmajor governmental fund. Once funds are received from the granting source, the School District will repay this interfund loan. In addition, the bond retirement fund provided temporary funding in the amount of \$700,000 to a nonmajor governmental fund until funds are received from the granting source. These interfund loans will be repaid within one year.

**B. Interfund Transfers**

As of June 30, 2013, interfund transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Totals</u>
	<u>Nonmajor Governmental Funds</u>	<u>Enterprise - Food Service</u>	
General Fund	<u>\$ 102,770</u>	<u>\$ 6,038</u>	<u>\$ 108,808</u>

The general fund transfers to nonmajor governmental funds and the food service enterprise fund were made to provide additional resources for current operations. On the government-wide financial statements, the transfers between governmental funds of \$102,770 were eliminated since they were within the governmental activities.



## KENSTON LOCAL SCHOOL DISTRICT

### NOTE 16: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Restated Principal Outstanding June 30, 2012	Additions	Deductions	Principal Outstanding June 30, 2013	Due in One Year
<b>Governmental Activities</b>					
<u>General Long-Term Bonds</u>					
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	\$ 1,305,000	\$ -	\$ 1,305,000	\$ -	\$ -
\$6,610,000 School Improvement Refunding Bonds 2003 - 2.1-4.375% due 2017	3,225,000	-	3,225,000	-	-
\$115,000 Capital Appreciation Bonds - 15.136%, due 2013	115,000	-	-	115,000	115,000
\$27,210,000 School Improvement Refunding Bonds 2011 - 2.0 - 5.0%	27,210,000	-	325,000	26,885,000	1,560,000
\$1,150,000 Capital Appreciation Bonds - 6.455%, due 2021	1,150,000	-	-	1,150,000	-
\$7,885,000 School Improvement Refunding Bonds 2012 - 1.0 - 3.0%	7,885,000	-	170,000	7,715,000	140,000
\$725,000 Capital Appreciation Bonds - 8.458%, due 2027	725,000	-	-	725,000	-
\$2,680,000 School Improvement Refunding Bonds 2013 - 2.3%	-	2,680,000	-	2,680,000	35,000
<b>Total General Long-Term Bonds</b>	<u>41,615,000</u>	<u>2,680,000</u>	<u>5,025,000</u>	<u>39,270,000</u>	<u>1,850,000</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Capital Appreciation Bonds	399,497	214,499	-	613,996	-
Capital Lease	190,415	-	190,415	-	-
Unamortized Bond Premium	2,950,105	57,727	296,239	2,711,593	-
Unamortized Bond Discount	(98,502)	-	(6,297)	(92,205)	-
Compensated Absences	3,053,168	1,033,312	528,031	3,558,449	1,033,312
<b>Total Governmental Long-Term Liabilities</b>	<u>\$ 48,109,683</u>	<u>\$ 3,985,538</u>	<u>\$ 6,033,388</u>	<u>\$ 46,061,833</u>	<u>\$ 2,883,312</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 31,352	\$ 10,778	\$ -	\$ 42,130	\$ 10,245
<b>Total Business-Type Activities</b>	<u>\$ 31,352</u>	<u>\$ 10,778</u>	<u>\$ -</u>	<u>\$ 42,130</u>	<u>\$ 10,245</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.

During fiscal year 2013, the School District refunded \$2,680,000 of the 2003 school improvement refunding bonds. The net proceeds from the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the defeased bonds were removed from the School District's government-wide financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$210,698, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$155,002.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 16: LONG-TERM OBLIGATIONS (continued)**

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

On December 29, 2011, the District issued general obligation bonds for advance refunding a portion of the School Improvement Bonds, Series 2003, which were originally for school improvements.

This issue is comprised of both serial bonds, par value \$27,210,000, and capital appreciation bonds, par value \$1,150,000. The interest rates on the serial bonds range from 2.0 percent to 5.0 percent. The capital appreciation bonds mature on December 1, 2021 (approximate initial offering yield at maturity 3.14 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,160,000. A total of \$108,710 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Position at June 30, 2013.

On January 25, 2012, the District issued general obligation bonds for advance refunding a portion of the School Improvement Bonds, Series 2003, which were originally for school improvements.

This issue is comprised of both current interest serial and term bonds, par value \$7,885,000, and capital appreciation bonds, par value \$725,000. The interest rates on the current interest serial and term bonds range from 1.0 percent to 3.0 percent. The capital appreciation bonds mature on December 1, 2027 (approximate initial offering yield at maturity 3.92 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,695,000. A total of \$85,729 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Position at June 30, 2013.

The net proceeds from both of the fiscal year 2012 issuances of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The advance refundings met the requirements of an in-substance debt defeasance and the defeased bonds were removed from the School District's government-wide financial statements.

As a result of the advance refundings, the School District reduced its total debt service requirements by \$4,496,867, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,522,027.

Payments of principal and interest relating to the liabilities of the School Improvement 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 capital lease liabilities will be made from the general fund.

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 16: LONG-TERM OBLIGATIONS (continued)**

The School District's voted legal debt margin was \$33,292,928 with an unvoted debt margin of \$753,636 at June 30, 2013.

Principal and interest requirements to retire general obligation debt at June 30, 2013, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,850,000	\$ 1,689,724	\$ 3,539,724
2015	2,425,000	1,154,429	3,579,429
2016	2,715,000	1,055,621	3,770,621
2017	2,905,000	937,569	3,842,569
2018	3,105,000	844,259	3,949,259
2019-2023	10,035,000	4,226,881	14,261,881
2024-2028	10,765,000	3,472,141	14,237,141
2029-2030	5,470,000	165,300	5,635,300
Total	<u>\$ 39,270,000</u>	<u>\$ 13,545,924</u>	<u>\$ 52,815,924</u>

### **NOTE 17: INSURANCE PURCHASING POOL**

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

### **NOTE 18: JOINTLY GOVERNED ORGANIZATIONS**

#### **Auburn Career Center**

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **NOTE 18: JOINTLY GOVERNED ORGANIZATIONS (continued)**

#### **Lake Geauga Computer Association**

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$127,698 to LGCA during fiscal year 2013. 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 179 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 35 northern Ohio counties. The jointly governed organization was created by various entities for the purpose of saving money through volume purchases. Each entity supports the Council by paying an annual participation fee. Each district member's 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 2012, the School District paid \$229,038 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's prepaid natural gas program. The Council provides participating school districts the ability to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. There are currently 148 districts in the Program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

## **KENSTON LOCAL SCHOOL DISTRICT**

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### NOTE 19: **CONTINGENCIES**

#### A. **Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement 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.

#### B. **Litigation**

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

### NOTE 20: **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 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 amount for capital acquisition and improvements. Disclosure of this information is required by State statute.

	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2012	\$ -
Current Year Set-Aside Requirements	524,374
Qualifying Disbursements	(999,488)
Total	<u>\$ (475,114)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Reserve Balance as of June 30, 2013	<u>\$ -</u>

The capital acquisition and improvements set-aside had sufficient qualifying disbursements to reduce the set-aside amount below zero. This amount may not be used to reduce this set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

**KENSTON LOCAL SCHOOL DISTRICT**

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NOTE 21: **OTHER COMMITMENTS**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of June 30, 2013, the School District's commitments for encumbrances in the governmental funds were as follows:

	Encumbrances <u>Outstanding</u>
General	\$ 1,647,503
Nonmajor Governmental	<u>285,603</u>
Total	<u><u>\$ 1,933,106</u></u>

**KENSTON LOCAL SCHOOL DISTRICT**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**KENSTON LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**General Fund**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Total Revenues and Other Sources</b>	\$ 32,924,902	\$ 34,119,336	\$ 34,245,646	\$ 126,310
<b>Total Expenditures and Other Uses</b>	38,153,409	37,168,339	36,731,938	436,401
Net Change in Fund Balance	(5,228,507)	(3,049,003)	(2,486,292)	562,711
Fund Balance - Beginning of Year	10,182,335	10,182,335	10,182,335	-
Prior Year Encumbrances Appropriated	2,220,339	2,220,339	2,220,339	-
<b>Fund Balance - End of Year</b>	<b>\$ 7,174,167</b>	<b>\$ 9,353,671</b>	<b>\$ 9,916,382</b>	<b>\$ 562,711</b>

**Bond Retirement Fund**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Final			
<b>Total Revenues and Other Sources</b>	\$ 4,065,325		\$ 4,065,325	\$ -
<b>Total Expenditures and Other Uses</b>	4,454,364		4,454,364	-
Net Change in Fund Balance	(389,039)		(389,039)	-
Fund Balance - Beginning of Year	4,027,922		4,027,922	-
<b>Fund Balance - End of Year</b>	<b>\$ 3,638,883</b>		<b>\$ 3,638,883</b>	<b>\$ -</b>



## **KENSTON LOCAL SCHOOL DISTRICT**

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### **Nonmajor Special Revenue Funds**

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than expendable trusts, debt service, or major capital projects) that are restricted or committed to expenditure for specified 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. As a result of the School District's implementation of GASB Statement No. 54, this fund has been combined with the General Fund on the governmental fund financial statements. This fund has a separate legally adopted budget and has not been combined with the General Fund on the budgetary statement and schedules.

**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.

**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.

**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.

**Education Jobs** - This fund was established to provide compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary or secondary educational and related services.

**Race to the Top** - This fund was established to provide for either a new program or expansion of an existing program to support initiatives in the following areas: Standards and Assessments; Using Data to Improve Instruction; Great Teachers and Leaders; and Turning Around the Lowest-Achieving Schools.

**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**

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**Drug Free School Grant** – This fund is provided to offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources.

**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. The federal American Recovery and Reinvestment Act (ARRA) grants for the Wind Turbine Project and the Carol White “PEP” grant are also a part of this fund.

### **Nonmajor Capital Projects Funds**

Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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.



**Kenston Local School District**

“PEAK Feel Blue”

**KENSTON LOCAL SCHOOL DISTRICT****Combining Balance Sheet  
Nonmajor Governmental Funds****June 30, 2013**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 474,770	\$ 978,760	\$ 1,453,530
Intergovernmental Receivable	98,165	-	98,165
<b>Total Assets</b>	<b>\$ 572,935</b>	<b>\$ 978,760</b>	<b>\$ 1,551,695</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 38,283	\$ -	\$ 38,283
Accrued Wages and Benefits	2,377	-	2,377
Intergovernmental Payable	9,568	-	9,568
Interfund Payable	48,000	700,000	748,000
<b>Total Liabilities</b>	<b>98,228</b>	<b>700,000</b>	<b>798,228</b>
<b>Fund Balances:</b>			
Restricted	478,015	13,255	491,270
Committed	-	265,505	265,505
Unassigned (Deficit)	(3,308)	-	(3,308)
<b>Total Fund Balances</b>	<b>474,707</b>	<b>278,760</b>	<b>753,467</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 572,935</b>	<b>\$ 978,760</b>	<b>\$ 1,551,695</b>

**KENSTON LOCAL SCHOOL DISTRICT****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2013**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Intergovernmental	\$ 1,667,903	\$ -	\$ 1,667,903
Interest	-	29	29
Extracurricular Activities	521,091	-	521,091
Miscellaneous	77,697	-	77,697
<b>Total Revenues</b>	<u>2,266,691</u>	<u>29</u>	<u>2,266,720</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular	222,244	-	222,244
Special	304,354	-	304,354
Supporting Services:			
Pupils	184,648	-	184,648
Instructional Staff	148,512	-	148,512
Administration	225,709	-	225,709
Pupil Transportation	281	-	281
Extracurricular Activities	669,383	-	669,383
Capital Outlay	451,268	19,269	470,537
Debt Service:			
Interest and Fiscal Charges	-	6,000	6,000
<b>Total Expenditures</b>	<u>2,206,399</u>	<u>25,269</u>	<u>2,231,668</u>
Excess of Revenues Over (Under) Expenditures	<u>60,292</u>	<u>(25,240)</u>	<u>35,052</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of Capital Assets	-	425,000	425,000
Transfers In	102,770	-	102,770
<b>Total Other Financing Sources</b>	<u>102,770</u>	<u>425,000</u>	<u>527,770</u>
Net Change in Fund Balances	163,062	399,760	562,822
Fund Balances - Beginning of Year	311,645	(121,000)	190,645
<b>Fund Balances - End of Year</b>	<u>\$ 474,707</u>	<u>\$ 278,760</u>	<u>\$ 753,467</u>

**KENSTON LOCAL SCHOOL DISTRICT**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds****June 30, 2013**

	<b>Private Purpose Trust Scholar- ship</b>	<b>District Managed Student Activity</b>	<b>Prof. Develop- ment</b>
<b>ASSETS</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 168	\$ 370,400	\$ 156
Intergovernmental Receivable	-	34	-
<b>Total Assets</b>	<b>\$ 168</b>	<b>\$ 370,434</b>	<b>\$ 156</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 36,967	\$ -
Accrued Wages and Benefits	-	-	-
Intergovernmental Payable	-	316	-
Interfund Payable	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>37,283</b>	<b>-</b>
<b>Fund Balances:</b>			
Restricted	168	333,151	156
Unassigned (Deficit)	-	-	-
<b>Total Fund Balances</b>	<b>168</b>	<b>333,151</b>	<b>156</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 168</b>	<b>\$ 370,434</b>	<b>\$ 156</b>

**KENSTON LOCAL SCHOOL DISTRICT**

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<b>Management Information Systems</b>	<b>School Net Professional Development</b>	<b>Race to the Top</b>	<b>IDEA, Education of Handicapped Children</b>	<b>Title I, Disadvantaged Children/ Targeted Assistance</b>
\$ 8,955	\$ 16	\$ 53,984	\$ 1,994	\$ 61
79	-	-	53,862	29,208
<u>\$ 9,034</u>	<u>\$ 16</u>	<u>\$ 53,984</u>	<u>\$ 55,856</u>	<u>\$ 29,269</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,377	-	-	-	-
1,036	-	29	3,745	3,475
-	-	-	-	-
<u>3,413</u>	<u>-</u>	<u>29</u>	<u>3,745</u>	<u>3,475</u>
5,621	16	53,955	52,111	25,794
-	-	-	-	-
<u>5,621</u>	<u>16</u>	<u>53,955</u>	<u>52,111</u>	<u>25,794</u>
<u>\$ 9,034</u>	<u>\$ 16</u>	<u>\$ 53,984</u>	<u>\$ 55,856</u>	<u>\$ 29,269</u>

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT****Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)****June 30, 2013**

	<b>Improving Teacher Quality</b>	<b>Misc. Federal Grants</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ -	\$ 39,036	\$ 474,770
Intergovernmental Receivable	7,996	6,986	98,165
<b>Outflows of Resources</b>	<b>\$ 7,996</b>	<b>\$ 46,022</b>	<b>\$ 572,935</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 1,316	\$ 38,283
Accrued Wages and Benefits	-	-	2,377
Intergovernmental Payable	953	14	9,568
Interfund Payable	-	48,000	48,000
<b>Total Liabilities</b>	<b>953</b>	<b>49,330</b>	<b>98,228</b>
<b>Fund Balances:</b>			
Restricted	7,043	-	478,015
Unassigned (Deficit)	-	(3,308)	(3,308)
<b>Total Fund Balances</b>	<b>7,043</b>	<b>(3,308)</b>	<b>474,707</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,996</b>	<b>\$ 46,022</b>	<b>\$ 572,935</b>





# Kenston Local School District

“Play Blue”

**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, 2013**

	<b>Private Purpose Trust Scholar- ship</b>	<b>District Managed Student Activity</b>	<b>Prof. Develop- ment</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 34	\$ -
Extracurricular Activities	-	521,091	-
Miscellaneous	-	77,697	-
<b>Total Revenues</b>	<u>-</u>	<u>598,822</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular	-	2,945	-
Special	-	-	-
Supporting Services:			
Pupils	-	303	-
Instructional Staff	-	104	-
Administration	-	-	-
Pupil Transportation	-	-	-
Extracurricular Activities	-	669,383	-
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>672,735</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(73,913)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	82,770	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>82,770</u>	<u>-</u>
Net Change in Fund Balances	-	8,857	-
Fund Balances (Deficit) - Beginning of Year	168	324,294	156
<b>Fund Balances (Deficit) - End of Year</b>	<u>\$ 168</u>	<u>\$ 333,151</u>	<u>\$ 156</u>

**KENSTON LOCAL SCHOOL DISTRICT**

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<u>Management Information Systems</u>	<u>Data Comm.</u>	<u>School Net Professional Development</u>	<u>Misc. State Grants</u>	<u>Education Jobs</u>
\$ 79	\$ 9,000	\$ -	\$ 11,210	\$ 63,426
-	-	-	-	-
-	-	-	-	-
<u>79</u>	<u>9,000</u>	<u>-</u>	<u>11,210</u>	<u>63,426</u>
-	9,000	-	11,210	63,426
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11,839	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>11,839</u>	<u>9,000</u>	<u>-</u>	<u>11,210</u>	<u>63,426</u>
<u>(11,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
20,000	-	-	-	-
<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8,240	-	-	-	-
(2,619)	-	16	-	-
<u>\$ 5,621</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

For the Fiscal Year Ended June 30, 2013

	<b>Race to the Top</b>	<b>IDEA, Education of Handicapped Children</b>
	<u>          </u>	<u>          </u>
<b>REVENUES</b>		
Intergovernmental	\$ 51,102	\$ 544,602
Extracurricular Activities	-	-
Miscellaneous	-	-
<b>Total Revenues</b>	<u>51,102</u>	<u>544,602</u>
<b>EXPENDITURES</b>		
Current:		
Instruction:		
Regular	54,238	-
Special	-	103,305
Supporting Services:		
Pupils	-	184,345
Instructional Staff	27,539	-
Administration	5,076	205,794
Pupil Transportation	-	-
Extracurricular Activities	-	-
Capital Outlay	138,400	-
<b>Total Expenditures</b>	<u>225,253</u>	<u>493,444</u>
Excess of Revenues Over (Under) Expenditures	<u>(174,151)</u>	<u>51,158</u>
<b>OTHER FINANCING SOURCES</b>		
Transfers In	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(174,151)	51,158
Fund Balances (Deficit) - Beginning of Year	228,106	953
<b>Fund Balances (Deficit) - End of Year</b>	<u>\$ 53,955</u>	<u>\$ 52,111</u>

**KENSTON LOCAL SCHOOL DISTRICT**

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<b>Title I, Disadvantaged Children/ Targeted Assistance</b>	<b>Drug Free Schools Grant</b>	<b>Improving Teacher Quality</b>	<b>Misc. Federal Grants</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 237,889	\$ 49,954	\$ 65,008	\$ 635,599	\$ 1,667,903
-	-	-	-	521,091
-	-	-	-	77,697
<u>237,889</u>	<u>49,954</u>	<u>65,008</u>	<u>635,599</u>	<u>2,266,691</u>
-	-	52,838	28,587	222,244
201,049	-	-	-	304,354
-	-	-	-	184,648
11,106	49,655	5,104	55,004	148,512
3,000	-	-	-	225,709
281	-	-	-	281
-	-	-	-	669,383
-	-	-	312,868	451,268
<u>215,436</u>	<u>49,655</u>	<u>57,942</u>	<u>396,459</u>	<u>2,206,399</u>
<u>22,453</u>	<u>299</u>	<u>7,066</u>	<u>239,140</u>	<u>60,292</u>
-	-	-	-	102,770
-	-	-	-	102,770
<u>22,453</u>	<u>299</u>	<u>7,066</u>	<u>239,140</u>	<u>163,062</u>
3,341	(299)	(23)	(242,448)	311,645
<u>\$ 25,794</u>	<u>\$ -</u>	<u>\$ 7,043</u>	<u>\$ (3,308)</u>	<u>\$ 474,707</u>

**KENSTON LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Private Purpose Trust Scholarship Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ -	\$ -	\$ -
<b>Total Expenditures and Other Uses</b>	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	168	168	-
<b>Fund Balance - End of Year</b>	<u>\$ 168</u>	<u>\$ 168</u>	<u>\$ -</u>

**Public School Support Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 150,098	\$ 150,253	\$ 155
<b>Total Expenditures and Other Uses</b>	146,532	146,532	-
Net Change in Fund Balance	3,566	3,721	155
Fund Balance - Beginning of Year	85,898	85,898	-
Prior Year Encumbrances Appropriated	10,565	10,565	-
<b>Fund Balance - End of Year</b>	<u>\$ 100,029</u>	<u>\$ 100,184</u>	<u>\$ 155</u>

## KENSTON LOCAL SCHOOL DISTRICT

### **Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – For the Fiscal Year Ended June 30, 2013**

#### **District Managed Student Activity Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 685,073	\$ 684,658	\$ (415)
<b>Total Expenditures and Other Uses</b>	<u>760,668</u>	<u>760,668</u>	<u>-</u>
Net Change in Fund Balance	(75,595)	(76,010)	(415)
Fund Balance - Beginning of Year	237,685	237,685	-
Prior Year Encumbrances Appropriated	86,912	86,912	-
<b>Fund Balance - End of Year</b>	<u>\$ 249,002</u>	<u>\$ 248,587</u>	<u>\$ (415)</u>

#### **Professional Development Fund**

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

**KENSTON LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Management Information System Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 20,000	\$ 20,000	\$ -
<b>Total Expenditures and Other Uses</b>	<u>12,232</u>	<u>12,232</u>	<u>-</u>
Net Change in Fund Balance	7,768	7,768	-
Fund Balance - Beginning of Year	1,187	1,187	-
<b>Fund Balance - End of Year</b>	<u>\$ 8,955</u>	<u>\$ 8,955</u>	<u>\$ -</u>

**Data Communication Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 9,000	\$ 9,000	\$ -
<b>Total Expenditures and Other Uses</b>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
<b>Fund Balance - End of Year</b>	<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) –  
For the Fiscal Year Ended June 30, 2013**

**School Net Professional Development Fund**

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

**Miscellaneous State Grants Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 11,210	\$ 11,210	\$ -
<b>Total Expenditures and Other Uses</b>	<u>11,210</u>	<u>11,210</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
<b>Fund Balance - End of Year</b>	<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) –  
For the Fiscal Year Ended June 30, 2013**

**Education Jobs Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 63,426	\$ 63,426	\$ -
<b>Total Expenditures and Other Uses</b>	<u>63,426</u>	<u>63,426</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
<b>Fund Balance - End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Race to the Top Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 51,102	\$ 51,102	\$ -
<b>Total Expenditures and Other Uses</b>	<u>257,309</u>	<u>257,309</u>	<u>-</u>
Net Change in Fund Balance	(206,207)	(206,207)	-
Fund Balance - Beginning of Year	23,100	23,100	-
Prior Year Encumbrances Appropriated	205,045	205,045	-
<b>Fund Balance - End of Year</b>	<u><u>\$ 21,938</u></u>	<u><u>\$ 21,938</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) –  
For the Fiscal Year Ended June 30, 2013**

**IDEA – Education of Handicapped Children Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 490,740	\$ 490,740	\$ -
<b>Total Expenditures and Other Uses</b>	<u>490,740</u>	<u>490,740</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	1,994	1,994	-
<b>Fund Balance - End of Year</b>	<u><u>\$ 1,994</u></u>	<u><u>\$ 1,994</u></u>	<u><u>\$ -</u></u>

**Title I – Disadvantage Children/Targeted Assistance Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 208,681	\$ 208,681	\$ -
<b>Total Expenditures and Other Uses</b>	<u>211,999</u>	<u>211,999</u>	<u>-</u>
Net Change in Fund Balance	(3,318)	(3,318)	-
Fund Balance - Beginning of Year	569	569	-
Prior Year Encumbrances Appropriated	2,809	2,809	-
<b>Fund Balance - End of Year</b>	<u><u>\$ 60</u></u>	<u><u>\$ 60</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) –  
For the Fiscal Year Ended June 30, 2013**

**Drug Free School Grant Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 49,954	\$ 49,954	\$ -
<b>Total Expenditures and Other Uses</b>	<u>99,669</u>	<u>99,669</u>	<u>-</u>
Net Change in Fund Balance	(49,715)	(49,715)	-
Fund Balance - Beginning of Year	49,715	49,715	-
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Improving Teacher Quality**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 57,012	\$ 57,012	\$ -
<b>Total Expenditures and Other Uses</b>	<u>57,012</u>	<u>57,012</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**KENSTON LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Miscellaneous Federal Grants**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Total Revenues and Other Sources</b>	\$ 628,613	\$ 628,613	\$ -
<b>Total Expenditures and Other Uses</b>	<u>968,127</u>	<u>968,127</u>	<u>-</u>
Net Change in Fund Balance	(339,514)	(339,514)	-
Fund Balance - Beginning of Year	240,633	240,633	-
Prior Year Encumbrances Appropriated	113,702	113,702	-
<b>Fund Balance - End of Year</b>	<u>\$ 14,821</u>	<u>\$ 14,821</u>	<u>\$ -</u>

**KENSTON LOCAL SCHOOL DISTRICT**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds**

**June 30, 2013**

	<b>Permanent Improvement</b>	<b>Building</b>	<b>SchoolNet</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>ASSETS</b>				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 11,481	\$ 965,505	\$ 1,774	\$ 978,760
<b>Total Assets</b>	<u>\$ 11,481</u>	<u>\$ 965,505</u>	<u>\$ 1,774</u>	<u>\$ 978,760</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Interfund Payable	\$ -	\$ 700,000	\$ -	\$ 700,000
<b>Total Liabilities</b>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
<b>Fund Balances:</b>				
Restricted	11,481	-	1,774	13,255
Committed	-	265,505	-	265,505
<b>Total Fund Balances</b>	<u>11,481</u>	<u>265,505</u>	<u>1,774</u>	<u>278,760</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 11,481</u>	<u>\$ 965,505</u>	<u>\$ 1,774</u>	<u>\$ 978,760</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, 2013**

	<b>Permanent Improvement</b>	<b>Building</b>	<b>SchoolNet</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>				
Interest	\$ -	\$ 29	\$ -	\$ 29
<b>Total Revenues</b>	<u>-</u>	<u>29</u>	<u>-</u>	<u>29</u>
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	-	19,269	-	19,269
Debt Service:				
Interest and Fiscal Charges	-	6,000	-	6,000
<b>Total Expenditures</b>	<u>-</u>	<u>25,269</u>	<u>-</u>	<u>25,269</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(25,240)</u>	<u>-</u>	<u>(25,240)</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of Capital Assets	-	425,000	-	425,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>425,000</u>	<u>-</u>	<u>425,000</u>
Net Change in Fund Balances	-	399,760	-	399,760
Fund Balances - Beginning of Year	11,481	(134,255)	1,774	(121,000)
<b>Fund Balances - End of Year</b>	<u>\$ 11,481</u>	<u>\$ 265,505</u>	<u>\$ 1,774</u>	<u>\$ 278,760</u>

**KENSTON LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Permanent Improvement Fund**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Total Revenues and Other Sources</b>	\$ -	\$ -	\$ -
<b>Total Expenditures and Other Uses</b>	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	11,481	11,481	-
<b>Fund Balance - End of Year</b>	<u>\$ 11,481</u>	<u>\$ 11,481</u>	<u>\$ -</u>

**Building Fund**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Total Revenues and Other Sources</b>	\$ 1,125,030	\$ 1,125,029	\$ (1)
<b>Total Expenditures and Other Uses</b>	760,938	760,938	-
Net Change in Fund Balance	364,092	364,091	(1)
Fund Balance - Beginning of Year	298,822	298,822	-
Prior Year Encumbrances Appropriated	166,923	166,923	-
<b>Fund Balance - End of Year</b>	<u>\$ 829,837</u>	<u>\$ 829,836</u>	<u>\$ (1)</u>



**KENSTON LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**School Net Fund**

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **Nonmajor Enterprise Funds**

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

**Food 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 Position  
Nonmajor Enterprise Funds****June 30, 2013**

	<b>Food Services</b>	<b>Uniform School Supplies</b>	<b>Adult Education</b>	<b>Kinder - garten Fees</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 28,562	\$ 42,085	\$ 16,844	\$ 167,102	\$ 254,593
Inventory Held for Resale	-	10,518	-	-	10,518
Materials and Supplies Inventory	6,189	-	-	-	6,189
Accounts Receivable	-	-	1,561	-	1,561
Intergovernmental Receivable	1,004	-	326	-	1,330
<b>Total Current Assets</b>	<b>35,755</b>	<b>52,603</b>	<b>18,731</b>	<b>167,102</b>	<b>274,191</b>
<b>Noncurrent Assets:</b>					
Capital Assets:					
Depreciable Capital Assets, Net of Depreciation	332,514	-	-	-	332,514
<b>Total Assets</b>	<b>368,269</b>	<b>52,603</b>	<b>18,731</b>	<b>167,102</b>	<b>606,705</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	26,109	-	-	-	26,109
Accrued Wages and Benefits	54,559	-	3,770	-	58,329
Compensated Absences Payable	10,245	-	-	-	10,245
Intergovernmental Payable	21,825	-	5,970	-	27,795
<b>Total Current Liabilities</b>	<b>112,738</b>	<b>-</b>	<b>9,740</b>	<b>-</b>	<b>122,478</b>
<b>Noncurrent Liabilities:</b>					
Compensated Absences Payable	31,885	-	-	-	31,885
<b>Total Liabilities</b>	<b>144,623</b>	<b>-</b>	<b>9,740</b>	<b>-</b>	<b>154,363</b>
<b>NET POSITION</b>					
Investment in Capital Assets	332,514	-	-	-	332,514
Unrestricted (Deficit)	(108,868)	52,603	8,991	167,102	119,828
<b>Total Net Position</b>	<b>\$ 223,646</b>	<b>\$ 52,603</b>	<b>\$ 8,991</b>	<b>\$ 167,102</b>	<b>\$ 452,342</b>

**KENSTON LOCAL SCHOOL DISTRICT****Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2013**

	<b>Food Services</b>	<b>Uniform School Supplies</b>	<b>Adult Education</b>	<b>Kinder - garten Fees</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>					
Food Services	\$ 839,596	\$ -	\$ -	\$ -	\$ 839,596
Miscellaneous	-	-	140,715	328	141,043
Classroom Materials and Fees	-	145,649	-	-	145,649
Tuition	-	-	1,024	364,008	365,032
<b>Total Operating Revenues</b>	<b>839,596</b>	<b>145,649</b>	<b>141,739</b>	<b>364,336</b>	<b>1,491,320</b>
<b>OPERATING EXPENSES</b>					
Salaries	287,374	-	112,652	206,734	606,760
Fringe Benefits	122,985	-	32,673	55,600	211,258
Purchased Services	565,394	-	1,024	-	566,418
Materials and Supplies	69,888	142,267	-	1,000	213,155
Depreciation	29,080	-	-	-	29,080
Other	1,445	-	-	-	1,445
<b>Total Operating Expenses</b>	<b>1,076,166</b>	<b>142,267</b>	<b>146,349</b>	<b>263,334</b>	<b>1,628,116</b>
Operating Income (Loss)	(236,570)	3,382	(4,610)	101,002	(136,796)
<b>NONOPERATING REVENUES</b>					
Interest	127	-	-	-	127
Intergovernmental	160,693	-	-	-	160,693
Donated Commodities	39,645	-	-	-	39,645
<b>Total Nonoperating Revenues</b>	<b>200,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,465</b>
Transfers In	6,038	-	-	-	6,038
Change in Net Position	(30,067)	3,382	(4,610)	101,002	69,707
Net Position - Beginning of Year	253,713	49,221	13,601	66,100	382,635
<b>Net Position - End of Year</b>	<b>\$ 223,646</b>	<b>\$ 52,603</b>	<b>\$ 8,991</b>	<b>\$ 167,102</b>	<b>\$ 452,342</b>

# KENSTON LOCAL SCHOOL DISTRICT

## Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2013

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 838,592	\$ 145,649	\$ 140,484	\$ 364,008	\$ 1,488,733
Cash Received from Others	-	-	1,024	328	1,352
Cash Payments to Employees for Services	(278,066)	-	(113,196)	(206,734)	(597,996)
Cash Payments for Employee Benefits	(126,492)	-	(33,357)	(58,966)	(218,815)
Cash Payments for Goods and Services	(681,386)	(143,899)	(1,024)	(1,000)	(827,309)
Cash Payments for Other Expenses	(1,445)	-	-	-	(1,445)
Net Cash Provided by (Used in) Operating Activities	<u>(248,797)</u>	<u>1,750</u>	<u>(6,069)</u>	<u>97,636</u>	<u>(155,480)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating Grants Received	160,693	-	-	-	160,693
Transfers In	6,038	-	-	-	6,038
Net Cash Provided by Noncapital Financing Activities	<u>166,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,731</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	127	-	-	-	127
Net Cash Provided by Investing Activities	<u>127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(81,939)	1,750	(6,069)	97,636	11,378
Cash and Cash Equivalents - Beginning of Year	110,501	40,335	22,913	69,466	243,215
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 28,562</u>	<u>\$ 42,085</u>	<u>\$ 16,844</u>	<u>\$ 167,102</u>	<u>\$ 254,593</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (236,570)	\$ 3,382	\$ (4,610)	\$ 101,002	\$ (136,796)
Adjustments:					
Depreciation	29,080	-	-	-	29,080
Federal Donated Commodities	39,645	-	-	-	39,645
(Increase) Decrease in Assets:					
Accounts Receivable	-	-	95	-	95
Intergovernmental Receivable	(1,004)	-	(326)	-	(1,330)
Inventory Held for Resale	-	(1,632)	-	-	(1,632)
Materials and Supplies Inventory	3,486	-	-	-	3,486
Increase (Decrease) in Liabilities:					
Accounts Payable	(89,235)	-	-	-	(89,235)
Accrued Wages and Benefits	(1,470)	-	(544)	-	(2,014)
Compensated Absences Payable	10,778	-	-	-	10,778
Intergovernmental Payable	(3,507)	-	(684)	(3,366)	(7,557)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (248,797)</u>	<u>\$ 1,750</u>	<u>\$ (6,069)</u>	<u>\$ 97,636</u>	<u>\$ (155,480)</u>

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

During the year, the Food Services fund received donated commodities of \$39,645.

**KENSTON LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenses, and Changes in Fund Equity –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Food Services Fund**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Total Revenues and Other Sources</b>	\$ 1,005,323	\$ 1,005,449	\$ 126
<b>Total Expenses and Other Uses</b>	1,115,824	1,115,823	1
Net Change in Fund Equity	(110,501)	(110,374)	127
Fund Equity - Beginning of Year	73,787	73,787	-
Prior Year Encumbrances Appropriated	36,714	36,714	-
<b>Fund Equity - End of Year</b>	<b>\$ -</b>	<b>\$ 127</b>	<b>\$ 127</b>

**Uniform School Supplies Fund**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Total Revenues and Other Sources</b>	\$ 145,649	\$ 145,649	\$ -
<b>Total Expenses and Other Uses</b>	145,640	145,640	-
Net Change in Fund Equity	9	9	-
Fund Equity - Beginning of Year	38,852	38,852	-
Prior Year Encumbrances Appropriated	1,483	1,483	-
<b>Fund Equity - End of Year</b>	<b>\$ 40,344</b>	<b>\$ 40,344</b>	<b>\$ -</b>

**KENSTON LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenses, and Changes in Fund Equity –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Adult Education Fund**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Total Revenues and Other Sources</b>	\$ 141,508	\$ 141,508	\$ -
<b>Total Expenses and Other Uses</b>	147,577	147,577	-
Net Change in Fund Equity	(6,069)	(6,069)	-
Fund Equity - Beginning of Year	22,913	22,913	-
<b>Fund Equity - End of Year</b>	<b>\$ 16,844</b>	<b>\$ 16,844</b>	<b>\$ -</b>

**Kindergarten Fees Fund**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Total Revenues and Other Sources</b>	\$ 364,008	\$ 364,336	\$ 328
<b>Total Expenses and Other Uses</b>	266,700	266,700	-
Net Change in Fund Equity	97,308	97,636	328
Fund Equity - Beginning of Year	69,466	69,466	-
<b>Fund Equity - End of Year</b>	<b>\$ 166,774</b>	<b>\$ 167,102</b>	<b>\$ 328</b>

**KENSTON LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenses, and Changes in Fund Equity –  
Budget and Actual (Non-GAAP Budgetary Basis) –  
For the Fiscal Year Ended June 30, 2013**

**Employee Benefits Self-Insurance Fund**

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	Positive (Negative)
<b>Total Revenues and Other Sources</b>	\$ 4,852,729	\$ 4,852,729	\$ -
<b>Total Expenses and Other Uses</b>	4,478,956	4,478,737	219
Net Change in Fund Equity	373,773	373,992	219
Fund Equity - Beginning of Year	2,174,192	2,174,192	-
Prior Year Encumbrances Appropriated	4,437	4,437	-
<b>Fund Equity - End of Year</b>	<u>\$ 2,552,402</u>	<u>\$ 2,552,621</u>	<u>\$ 219</u>



## **KENSTON LOCAL SCHOOL DISTRICT**

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### **Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. 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**

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**Combining Statement of Changes in Assets and Liabilities  
Fiduciary Funds****For the Fiscal Year Ended June 30, 2013**

	<u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2013</u>
<b><u>Student Activities</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 57,362	\$ 55,031	\$ 64,954	\$ 47,439
<b>Liabilities</b>				
Due to Students	\$ 57,362	\$ 55,031	\$ 64,954	\$ 47,439
 <b><u>Unclaimed Funds</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 28,906	\$ 3,362	\$ -	\$ 32,268
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 28,906	\$ 3,362	\$ -	\$ 32,268
 <b><u>Total Agency Funds</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 86,268	\$ 58,393	\$ 64,954	\$ 79,707
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 28,906	\$ 3,362	\$ -	\$ 32,268
Due to Students	57,362	55,031	64,954	47,439
<b>Total Liabilities</b>	<u>\$ 86,268</u>	<u>\$ 58,393</u>	<u>\$ 64,954</u>	<u>\$ 79,707</u>

# Statistical Section



**Kenston Local School District**

“Renew Blue”

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## **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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial position and well-being have changed over time.	<b>S2 - S9</b>
<b>Revenue Capacity</b> 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.	<b>S10 - S16</b>
<b>Debt Capacity</b> 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.	<b>S17 - S20</b>
<b>Economic and Demographic Information</b> 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.	<b>S21 - S22</b>
<b>Operating Information</b> 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.	<b>S23 - S35</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

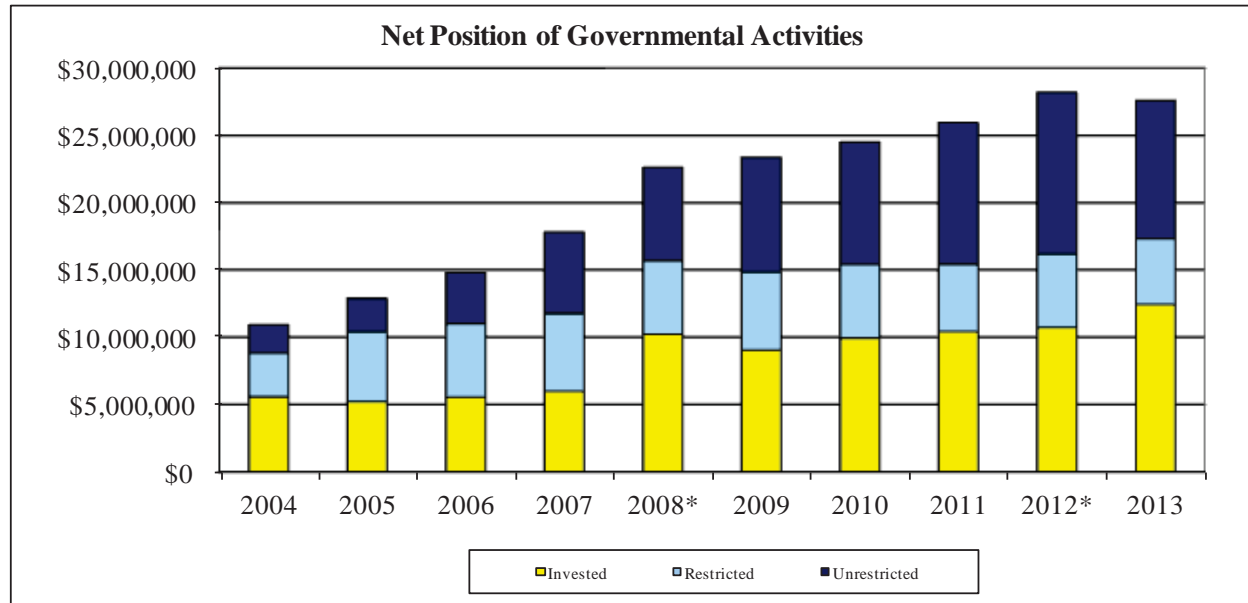
# KENSTON LOCAL SCHOOL DISTRICT

## Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	2004	2005	2006	2007	2008*	2009	2010	2011	2012*	2013
<b>Governmental Activities:</b>										
Net Investment in										
Capital Assets	\$5,563,378	\$5,214,949	\$5,555,035	\$5,984,643	\$10,225,103	\$9,050,518	\$9,932,221	\$10,433,900	\$10,730,358	\$12,447,702
Restricted for:										
Capital Projects	-	1,320,815	1,230,983	1,265,709	688,299	296,726	302,009	222,013	13,255	278,760
Debt Service	3,012,684	3,803,581	4,188,996	4,489,787	4,725,653	4,710,359	4,603,138	4,408,397	4,704,206	4,102,707
State Funded Programs	-	-	-	-	-	-	-	12,390	172	5,793
Federally Fund Programs	-	-	-	-	-	-	-	31,010	402,272	138,903
Student Activities	-	-	-	-	-	-	-	257,623	324,294	333,151
Special Revenues	116,083	41,515	36,082	9,780	47,462	780,684	567,528	-	-	-
Set Asides	103,108	-	-	-	-	1,005	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	50,168	168	168
Unrestricted	2,140,702	2,515,789	3,782,993	6,071,881	6,942,162	8,524,110	9,095,228	10,546,096	12,025,567	10,276,624
Total Governmental Activities										
Net Position	\$10,935,955	\$12,896,649	\$14,794,089	\$17,821,800	\$22,628,679	\$23,363,402	\$24,500,124	\$25,961,597	\$28,200,292	\$27,583,808
<b>Business-type Activities:</b>										
Net Investment in										
Capital Assets	\$57,742	\$49,529	\$42,181	\$35,018	\$65,384	\$456,055	\$419,840	\$390,757	\$361,594	\$332,514
Unrestricted	75,201	222,591	160,343	173,545	161,528	142,699	98,998	112,236	21,041	119,828
Total Business-type Activities										
Net Position	\$132,943	\$272,120	\$202,524	\$208,563	\$226,912	\$598,754	\$518,838	\$502,993	\$382,635	\$452,342
<b>Primary Government:</b>										
Net Investment in										
Capital Assets	\$5,621,120	\$5,264,478	\$5,597,216	\$6,019,661	\$10,290,487	\$9,506,573	\$10,352,061	\$10,824,657	\$11,512,795	\$12,780,216
Restricted	3,231,875	5,165,911	5,456,061	5,765,276	5,461,414	5,788,774	5,472,675	4,981,601	5,444,367	4,859,482
Unrestricted	2,215,903	2,738,380	3,943,336	6,245,426	7,103,690	8,666,809	9,194,226	10,658,332	12,046,608	10,396,452
Total Primary Government										
Net Position	\$11,068,898	\$13,168,769	\$14,996,613	\$18,030,363	\$22,855,591	\$23,962,156	\$25,018,962	\$26,464,590	\$29,003,770	\$28,036,150

\*Restated

Note: In previous years' presentation, the Restricted for State and Federally Funded Programs, Student Activities and Other Purposes were included with the Restricted for Special Revenues.



# KENSTON LOCAL SCHOOL DISTRICT

**Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<i>Governmental Activities:</i>										
Regular Instruction	\$12,660,016	\$13,299,834	\$14,287,966	\$14,628,745	\$14,907,708	\$15,322,825	\$15,953,102	\$16,493,789	\$16,625,219	\$16,375,043
Special Instruction	2,993,982	3,358,790	3,776,698	3,990,362	3,659,719	3,794,506	4,174,608	4,204,140	3,907,785	4,217,000
Vocational Instruction	87,691	128,652	147,135	122,097	146,910	136,398	146,682	161,233	149,673	137,649
Other Instruction	50,620	123,949	171,918	329,179	506,053	684,852	510,965	575,753	527,141	563,386
Pupils Support	2,000,613	1,996,694	2,218,401	2,147,048	2,596,868	2,308,905	2,491,893	2,539,465	2,383,930	2,433,085
Instructional Staff Support	893,193	939,039	1,129,760	1,160,109	1,189,819	987,278	1,104,241	1,272,173	1,334,882	1,204,051
Board of Education	59,496	84,658	110,039	123,440	50,567	50,661	55,185	42,834	77,522	45,287
Administration	2,548,908	2,463,540	2,743,520	2,810,452	2,824,830	2,815,879	2,794,093	2,725,919	2,752,700	2,834,396
Fiscal Services	866,883	879,831	1,045,476	1,022,597	1,073,828	1,032,471	990,759	1,032,472	1,071,883	1,086,914
Business	40,691	40,017	46,097	44,031	44,561	47,119	49,653	38,411	68,479	20,513
<i>Operation and Maintenance</i>										
Of Plant Services	3,251,788	3,053,972	3,360,914	3,964,286	4,132,633	3,834,204	3,642,583	3,938,563	3,951,623	3,983,705
Pupil Transportation	1,974,489	2,034,878	2,275,087	2,268,414	2,620,442	3,151,134	2,537,276	2,649,205	2,635,235	2,699,879
Central	117,910	4,439	10,362	6,844	7,958	35,406	35,527	32,085	35,565	500,334
<i>Operation of Non-Instructional Services</i>										
Services	84,727	91,506	86,262	150,143	128,536	165,424	148,235	143,730	153,554	184,551
Extracurricular Activities	1,342,710	1,170,417	1,220,162	1,413,965	1,378,224	1,434,594	1,459,442	1,526,057	1,551,945	1,460,454
Interest and Fiscal Charges	2,408,185	2,245,781	2,226,140	2,299,383	2,224,854	2,145,954	2,112,420	2,059,380	1,616,742	1,434,993
<i>Total Governmental Activities Expenses</i>	<u>31,381,902</u>	<u>31,915,997</u>	<u>34,855,937</u>	<u>36,481,095</u>	<u>37,493,510</u>	<u>37,947,610</u>	<u>38,206,664</u>	<u>39,435,209</u>	<u>38,843,878</u>	<u>39,181,240</u>
<i>Business-type Activities:</i>										
Food Service	752,938	705,672	859,639	857,404	988,847	1,069,601	1,126,629	1,154,868	1,183,761	1,076,166
Uniform School Supplies	134,610	138,654	146,748	143,971	168,163	159,479	156,670	145,880	166,103	142,267
Kindergarten Fees	196,069	180,156	283,357	231,375	293,868	314,216	308,319	317,659	346,097	263,334
Special Rotary	98,989	-	-	-	-	-	-	-	-	-
Adult Education	-	81,201	54,031	627	29	60,265	94,785	113,858	136,352	146,349
<i>Total Business-type Activities Expenses</i>	<u>1,182,606</u>	<u>1,105,683</u>	<u>1,343,775</u>	<u>1,233,377</u>	<u>1,450,907</u>	<u>1,603,561</u>	<u>1,686,403</u>	<u>1,732,265</u>	<u>1,832,313</u>	<u>1,628,116</u>
<i>Total Primary Government Expenses</i>	<u>32,564,508</u>	<u>33,021,680</u>	<u>36,199,712</u>	<u>37,714,472</u>	<u>38,944,417</u>	<u>39,551,171</u>	<u>39,893,067</u>	<u>41,167,474</u>	<u>40,676,191</u>	<u>40,809,356</u>

(continued)

# KENSTON LOCAL SCHOOL DISTRICT

**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Regular Instruction	204,482	150,907	134,620	199,494	343,627	85,488	60,694	109,572	117,888	21,610
Special Instruction	-	-	-	60,868	134,710	82,420	93,119	52,137	53,440	4,671
Pupils Support	-	3,017	3,000	3,183	-	-	-	-	-	-
Instructional Staff Support	-	800	710	8,511	4,659	6,040	1,133	3,599	-	-
Board of Education	-	-	-	120	-	-	-	-	-	-
Administration	13,408	25,106	13,214	8,677	-	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	-	4,329	-	-	-	-	-	-
Pupil Transportation	63,013	64,367	92,805	-	-	-	-	-	-	-
Operation of Non-Instructional										
Services	41,881	6,382	5,247	-	-	-	-	-	-	-
Extracurricular Activities	577,677	484,978	551,433	733,910	666,866	630,361	725,804	702,608	731,086	637,685
Other	32,556	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions:										
Regular Instruction	741,124	945,302	853,408	891,632	102,299	111,059	361,534	440,120	826,501	90,874
Special Instruction	11,200	290,946	213,943	337,846	632,413	561,970	1,046,486	499,874	388,997	424,357
Pupils Support	12,606	11,399	15,018	12,671	294,935	204,912	227,131	189,700	218,554	208,842
Instructional Staff Support	6,912	15,400	3,200	-	51,160	10,802	15,129	90,158	82,745	92,187
Administration	-	-	-	-	202,342	208,169	185,549	220,500	221,799	209,074
Operation and Maintenance										
Of Plant Services	-	-	-	-	-	-	4,898	-	-	-
Pupil Transportation	-	-	-	-	-	73,310	22,810	14,738	-	322
Operation of Non-Instructional										
Services	-	15,537	19,655	27,433	25,381	16,961	20,652	15,407	-	-
Extracurricular Activities	40,659	107,866	43,376	61,645	44,191	54,571	71,629	52,181	106,955	112,739
Interest and Fiscal Charges	638,581	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Regular Instruction	-	29,190	-	-	20,500	-	-	-	-	-
Pupils Support	20,376	-	-	-	-	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	-	-	-	170,000	175,500	336,475	467,050	635,568
Pupil Transportation	-	22,815	18,005	24,155	15,555	30,873	-	-	-	-
Extracurricular Activities	39,883	298	44,553	8,092	184,803	247,782	111,287	34,300	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	15,000	15,000	15,834
<i>Total Governmental Activities</i>										
<i>Program Revenues</i>	<u>2,444,358</u>	<u>2,174,310</u>	<u>2,012,187</u>	<u>2,382,566</u>	<u>2,723,441</u>	<u>2,494,718</u>	<u>3,123,355</u>	<u>2,776,369</u>	<u>3,230,015</u>	<u>2,453,763</u>

(continued)



# KENSTON LOCAL SCHOOL DISTRICT

**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Food Services	648,239	640,325	697,596	723,780	815,923	843,558	895,390	883,407	923,226	839,596
Uniform School Supplies	144,148	148,520	154,265	155,142	154,396	164,122	163,130	162,912	150,073	145,649
Kindergarten Fees	198,740	265,713	267,226	256,720	284,672	301,068	255,289	307,374	294,677	365,032
Special Rotary	113,661	-	-	-	-	-	-	-	-	-
Adult Education	-	88,997	53,407	15,176	398	-	-	-	-	-
<b>Operating Grants and Contributions:</b>										
Food Services	85,338	87,097	88,220	66,799	155,037	186,848	190,910	237,038	213,367	200,338
<b>Total Business-type Activities</b>										
<i>Program Revenues</i>	<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>	<u>1,504,719</u>	<u>1,590,731</u>	<u>1,581,343</u>	<u>1,550,615</u>
<b>Total Primary Government</b>										
<i>Program Revenues</i>	<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>	<u>4,628,074</u>	<u>4,367,100</u>	<u>4,035,106</u>	<u>4,004,378</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(28,937,544)	(29,741,687)	(32,843,750)	(34,098,529)	(34,770,069)	(35,452,892)	(35,083,309)	(36,658,840)	(36,727,477)	(36,727,477)
Business-type Activities	7,520	124,969	(83,061)	(15,760)	(40,481)	(107,965)	(181,684)	(141,534)	(46,773)	(77,501)
<b>Total Primary Government</b>										
<i>Net (Expense)/Revenue</i>	<u>(\$28,930,024)</u>	<u>(\$29,616,718)</u>	<u>(\$32,926,811)</u>	<u>(\$34,114,289)</u>	<u>(\$34,810,550)</u>	<u>(\$35,560,857)</u>	<u>(\$35,264,993)</u>	<u>(\$36,800,374)</u>	<u>(\$36,774,250)</u>	<u>(\$36,804,978)</u>
<b>General Revenues and</b>										
<b>Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
<b>Property Taxes Levied for:</b>										
General Purposes	\$19,127,964	\$19,621,846	\$23,144,769	\$23,687,775	\$23,795,613	\$23,172,927	\$22,563,573	\$24,215,991	\$25,194,039	\$23,927,071
Debt Service	3,149,913	4,188,559	3,245,570	3,432,225	3,264,943	3,240,031	2,968,176	2,973,053	3,170,271	2,944,792
Other Taxes	814	-	-	-	-	-	-	-	-	-
<b>Grants and Entitlements not</b>										
Restricted to Specific Programs	7,002,579	6,990,425	7,198,356	9,066,238	9,068,613	9,932,505	10,449,515	10,817,773	9,733,171	9,184,941
Investment Income	(246,305)	852,888	1,126,198	928,329	679,708	214,506	65,671	61,275	40,881	16,605
Loss on Sale of Capital Assets	(5,900)	-	-	-	-	-	-	-	-	-
All Other Revenues	6,336	48,663	26,297	11,673	49,368	39,432	173,096	52,221	135,039	43,622
Transfers	-	-	-	-	-	(411,786)	-	-	-	(6,038)
<b>Total Governmental Activities</b>	<u>29,035,401</u>	<u>31,702,381</u>	<u>34,741,190</u>	<u>37,126,240</u>	<u>36,858,245</u>	<u>36,187,615</u>	<u>36,220,031</u>	<u>38,120,313</u>	<u>38,273,401</u>	<u>36,110,993</u>
<b>Business-type Activities:</b>										
Investment Income	2,228	14,208	13,465	21,799	21,399	4,373	1,260	1,131	1,018	127
Loss on Sale of Capital Assets	(3,195)	-	-	-	-	-	-	-	-	-
All Other Revenues	-	-	-	-	-	63,648	100,508	124,558	129,594	141,043
Transfers	-	-	-	-	-	411,786	-	-	-	6,038
<b>Total Business-type Activities</b>	<u>(967)</u>	<u>14,208</u>	<u>13,465</u>	<u>21,799</u>	<u>21,399</u>	<u>479,807</u>	<u>101,768</u>	<u>125,689</u>	<u>130,612</u>	<u>147,208</u>
<b>Total Primary Government</b>	<u>29,034,434</u>	<u>31,716,589</u>	<u>34,754,655</u>	<u>37,148,039</u>	<u>36,879,644</u>	<u>36,667,422</u>	<u>36,321,799</u>	<u>38,246,002</u>	<u>38,404,013</u>	<u>36,258,201</u>
<b>Change in Net Position</b>										
Governmental Activities	97,857	1,960,694	1,897,440	3,027,711	2,088,176	734,723	1,136,722	1,461,473	1,545,924	(616,484)
Business-type Activities	6,553	139,177	(69,596)	6,039	(19,082)	371,842	(79,916)	(15,845)	83,839	69,707
<b>Total Primary Government</b>										
<i>Change in Net Position</i>	<u>\$104,410</u>	<u>\$2,099,871</u>	<u>\$1,827,844</u>	<u>\$3,033,750</u>	<u>\$2,069,094</u>	<u>\$1,106,565</u>	<u>\$1,056,806</u>	<u>\$1,445,628</u>	<u>\$1,629,763</u>	<u>(\$546,777)</u>

# KENSTON LOCAL SCHOOL DISTRICT

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

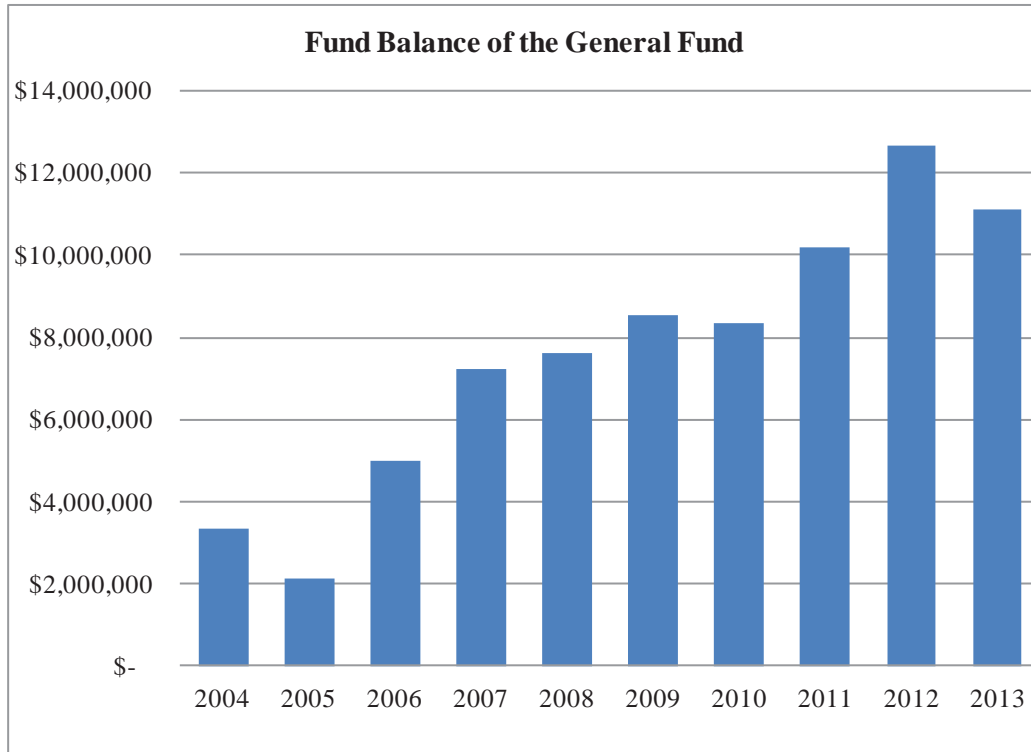
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
<i>Function</i>										
Regular Instruction	\$945,606	\$1,125,399	\$988,028	\$1,091,126	\$466,426	\$196,547	\$422,228	\$549,692	\$944,389	\$112,484
Special Instruction	11,200	290,946	213,943	398,714	767,123	644,390	1,139,605	552,011	442,437	429,028
Pupils Support	32,982	14,416	18,018	15,854	294,935	204,912	227,131	189,700	218,554	208,842
Instructional Staff Support	6,912	16,200	3,910	8,511	55,819	16,842	16,262	93,757	82,745	92,187
Board of Education	-	-	-	120	-	-	-	-	-	-
Administration	13,408	25,106	13,214	8,677	202,342	208,169	185,549	220,500	221,799	209,074
Operation and Maintenance of Plant Services	-	-	-	4,329	-	170,000	180,398	336,475	467,050	635,568
Pupil Transportation	63,013	87,182	110,810	24,155	15,555	104,183	22,810	14,738	-	322
Operation of Non-Instructional Services	41,881	21,919	24,902	27,433	25,381	16,961	20,652	15,407	-	-
Extracurricular Activities	658,219	593,142	639,362	803,647	895,860	932,714	908,720	789,089	838,041	750,424
Interest and Fiscal Charges	638,581	-	-	-	-	-	-	15,000	15,000	15,834
Other	32,556	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>2,444,358</b>	<b>2,174,310</b>	<b>2,012,187</b>	<b>2,382,566</b>	<b>2,723,441</b>	<b>2,494,718</b>	<b>3,123,355</b>	<b>2,776,369</b>	<b>3,230,015</b>	<b>2,453,763</b>
<b>Business-Type Activities</b>										
Food Service	733,577	727,422	785,816	790,579	970,960	1,030,406	1,086,300	1,120,445	1,136,593	1,039,934
Uniform School Supplies	144,148	148,520	154,265	155,142	154,396	164,122	163,130	162,912	150,073	145,649
Kindergarten Fees	198,740	265,713	267,226	256,720	284,672	301,068	255,289	307,374	294,677	365,032
Special Rotary	113,661	-	-	-	-	-	-	-	-	-
Adult Education	-	88,997	53,407	15,176	398	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>1,190,126</b>	<b>1,230,652</b>	<b>1,260,714</b>	<b>1,217,617</b>	<b>1,410,426</b>	<b>1,495,596</b>	<b>1,504,719</b>	<b>1,590,731</b>	<b>1,581,343</b>	<b>1,550,615</b>
<b>Total Primary Government</b>	<b>\$3,634,484</b>	<b>\$3,404,962</b>	<b>\$3,272,901</b>	<b>\$3,600,183</b>	<b>\$4,133,867</b>	<b>\$3,990,314</b>	<b>\$4,628,074</b>	<b>\$4,367,100</b>	<b>\$4,811,358</b>	<b>\$4,004,378</b>

# KENSTON LOCAL SCHOOL DISTRICT

**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,935	\$ 81,761	\$ 91,796	\$ 91,067
Assigned	-	-	-	-	-	-	1,328,475	3,679,132	8,626,626	7,910,954
Unassigned	-	-	-	-	-	-	6,928,325	6,410,492	3,961,414	3,114,981
Reserved	4,130,985	5,232,597	5,426,147	5,573,415	4,988,316	5,273,967	-	-	-	-
Unreserved	(771,874)	(3,087,765)	(445,358)	1,670,656	2,631,055	3,268,386	-	-	-	-
<b>Total General Fund</b>	<b>3,359,111</b>	<b>2,144,832</b>	<b>4,980,789</b>	<b>7,244,071</b>	<b>7,619,371</b>	<b>8,542,353</b>	<b>8,353,735</b>	<b>10,171,385</b>	<b>12,679,836</b>	<b>11,117,002</b>
<b>All Other Governmental Funds</b>										
Restricted	-	-	-	-	-	-	5,640,652	5,332,388	5,633,437	5,226,959
Committed	-	-	-	-	-	-	-	-	-	265,505
Unassigned (Deficit)	-	-	-	-	-	-	(5)	(535,701)	(379,644)	(3,308)
Reserved	3,179,713	22,067,919	6,693,986	1,401,785	942,538	1,270,347	-	-	-	-
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	225,226	218,665	254,859	281,669	426,880	403,011	-	-	-	-
Debt Service Fund	2,527,064	2,929,187	3,612,033	3,971,624	4,214,026	4,491,186	-	-	-	-
Capital Projects Funds	39,847,159	5,964,290	2,158,917	798,302	455,555	(97,773)	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>45,779,162</b>	<b>31,180,061</b>	<b>12,719,795</b>	<b>6,453,380</b>	<b>6,038,999</b>	<b>6,066,771</b>	<b>5,640,647</b>	<b>4,796,687</b>	<b>5,253,793</b>	<b>5,489,156</b>
<b>Total Governmental Funds</b>	<b>\$49,138,273</b>	<b>\$33,324,893</b>	<b>\$17,700,584</b>	<b>\$13,697,451</b>	<b>\$13,658,370</b>	<b>\$14,609,124</b>	<b>\$ 13,994,372</b>	<b>\$ 13,994,372</b>	<b>\$ 17,933,629</b>	<b>\$ 16,606,158</b>

Note: The School District implemented GASB Statement No. 54 in fiscal year 2011. As a result, the 2010 fund balances were restated.



# KENSTON LOCAL SCHOOL DISTRICT

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$22,327,480	\$22,629,841	\$27,559,206	\$27,882,085	\$26,530,740	\$26,882,644	\$25,332,808	\$27,159,405	\$27,895,350	\$27,392,647
Intergovernmental	7,809,374	8,321,490	8,312,743	9,462,613	10,382,154	11,306,090	12,552,381	12,307,241	12,056,422	11,016,060
Tuition and Fees	148,588	103,131	105,815	149,581	396,139	167,908	153,813	161,709	171,328	26,281
Transportation Fees	63,013	64,367	92,805	-	88,956	-	-	-	-	-
Earnings on Investments	392,277	852,888	1,126,396	967,124	679,819	214,506	65,671	61,275	40,881	16,605
Extracurricular Activities	648,218	533,063	603,536	745,064	673,163	609,348	726,937	700,616	720,946	637,226
Miscellaneous	130,573	188,557	121,742	179,003	300,955	386,988	244,835	189,309	267,134	172,654
<b>Total Revenues</b>	<b>31,519,523</b>	<b>32,693,337</b>	<b>37,922,243</b>	<b>39,386,557</b>	<b>39,051,926</b>	<b>39,567,484</b>	<b>39,076,445</b>	<b>40,579,555</b>	<b>41,152,061</b>	<b>39,261,473</b>
<b>Expenditures</b>										
Current:										
Instruction:										
Regular	12,581,978	13,239,574	13,732,730	14,210,548	14,432,049	14,519,913	15,085,933	15,124,003	14,894,818	15,066,301
Special	2,916,002	3,432,940	3,679,377	3,949,036	3,637,612	3,927,815	4,192,988	4,204,708	3,823,986	4,155,435
Vocational	103,612	127,387	145,506	120,164	145,083	140,538	148,356	159,802	143,895	134,025
Other	50,620	117,889	171,918	329,179	506,053	674,978	547,437	570,629	509,829	567,858
Support Services:										
Pupils	1,980,420	2,035,843	2,172,612	2,121,918	2,654,830	2,384,355	2,522,365	2,525,031	2,340,502	2,453,961
Instructional Staff	838,278	939,359	1,050,643	1,090,746	1,140,026	1,091,575	1,156,742	1,256,458	1,260,774	1,206,462
Board of Education	105,542	118,440	104,694	123,440	50,567	50,224	54,749	42,396	77,082	44,847
Administration	2,425,348	2,611,184	2,636,417	2,805,462	2,871,343	2,958,075	2,835,247	2,682,176	2,550,950	2,797,277
Fiscal Services	873,539	904,599	1,024,876	1,039,500	1,067,841	1,039,231	1,013,879	1,025,788	1,050,369	1,091,259
Business	77,596	43,211	43,965	43,407	44,496	46,372	48,639	38,024	67,323	19,016
Operation and Maintenance of Plant Services										
Pupil Transportation	3,172,725	3,114,284	3,179,229	3,839,342	4,004,541	3,697,411	3,882,822	3,586,035	3,413,159	3,542,643
Central	1,856,708	1,949,854	2,039,923	2,097,042	2,754,177	2,483,913	2,569,055	2,392,268	2,367,864	2,573,150
Operation of Non-Instructional Services	575,968	780,834	10,362	6,844	7,958	7,066	7,264	3,751	7,152	443,303
Extracurricular Activities	117,379	111,804	109,715	142,323	128,754	158,070	142,367	136,476	143,703	179,345
Capital Outlay	1,243,188	1,182,244	1,218,033	1,411,109	1,371,274	1,377,028	1,469,854	1,425,784	1,449,185	1,391,941
Debt Service:	1,505,619	14,613,583	19,004,040	6,694,236	827,136	675,558	918,308	920,514	863,774	1,434,109
Principal Retirement	1,313,500	923,500	993,500	1,168,500	1,253,500	1,353,500	1,358,500	1,510,259	1,657,826	2,535,415
Interest and Fiscal Charges	2,546,531	2,260,576	2,230,637	2,196,968	2,193,767	2,111,108	2,061,692	2,011,800	1,580,662	1,315,863
Issuance Costs	-	-	-	-	-	-	-	-	431,782	104,045
<b>Total Expenditures</b>	<b>34,284,553</b>	<b>48,507,105</b>	<b>53,548,177</b>	<b>43,389,764</b>	<b>39,091,007</b>	<b>38,696,730</b>	<b>40,016,197</b>	<b>39,615,902</b>	<b>38,634,635</b>	<b>41,056,255</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(2,765,030)</i>	<i>(15,813,768)</i>	<i>(15,625,934)</i>	<i>(4,003,207)</i>	<i>(39,081)</i>	<i>870,754</i>	<i>(939,752)</i>	<i>963,653</i>	<i>2,517,426</i>	<i>(1,794,782)</i>

(continued)

# KENSTON LOCAL SCHOOL DISTRICT

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other Financing Sources (Uses)</b>										
Sale of Assets	149	62	1,700	74	-	80,000	-	47	-	425,000
Inception of Capital Lease	-	-	-	-	-	-	275,000	-	-	-
Insurance Recovery	-	-	-	-	-	-	50,000	10,000	-	-
Refund of Prior Year Receipts	-	-	(75)	-	-	-	-	-	-	-
Proceeds from Refunded Debt	-	-	-	-	-	-	-	-	36,970,000	2,680,000
Discounts on Debt Issued	-	-	-	-	-	-	-	-	(100,953)	-
Premiums on Debt Issued	-	-	-	-	-	-	-	-	3,071,774	57,727
Payment of Refunded Debt - Escrow Agent	-	-	-	-	-	-	-	-	(39,492,690)	(2,689,378)
Transfers In	96,985	116,985	116,585	116,585	116,585	116,585	116,585	111,815	140,377	102,770
Transfers Out	(96,985)	(116,985)	(116,585)	(116,585)	(116,585)	(116,585)	(116,585)	(111,815)	(140,377)	(108,808)
<b>Total Other Financing Sources (Uses)</b>	<u>149</u>	<u>62</u>	<u>1,625</u>	<u>74</u>	<u>-</u>	<u>80,000</u>	<u>325,000</u>	<u>10,047</u>	<u>448,131</u>	<u>467,311</u>
<b>Net Change in Fund Balances</b>	<u>(\$2,764,881)</u>	<u>(\$15,813,706)</u>	<u>(\$15,624,309)</u>	<u>(\$4,003,133)</u>	<u>(\$39,081)</u>	<u>\$950,754</u>	<u>(\$614,752)</u>	<u>\$973,700</u>	<u>\$2,965,557</u>	<u>(\$1,327,471)</u>
Debt Service as a Percentage of Noncapital Expenditures	12.3%	9.7%	9.4%	9.2%	9.1%	9.0%	8.9%	9.0%	8.5%	9.6%

## 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 Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2004	\$ 521,959,440	\$ 69,886,540	\$1,690,988,514	\$ 12,554,160	\$ 14,266,091
2005	532,912,230	71,188,150	1,726,001,086	12,273,360	13,947,000
2006	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648
2007	617,028,640	81,566,250	1,995,985,400	11,409,340	12,965,159
2008	637,353,050	87,701,020	2,071,583,057	8,267,540	9,394,932
2009	652,124,910	90,014,790	2,120,399,143	8,940,080	10,159,182
2010	660,265,180	87,908,370	2,137,638,714	10,019,720	11,386,045
2011	661,664,930	109,615,330	2,203,657,886	10,243,870	11,640,761
2012	643,156,110	100,203,690	2,123,885,143	10,863,740	12,345,159
2013	648,353,410	93,505,230	2,119,596,114	11,777,350	13,383,352

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

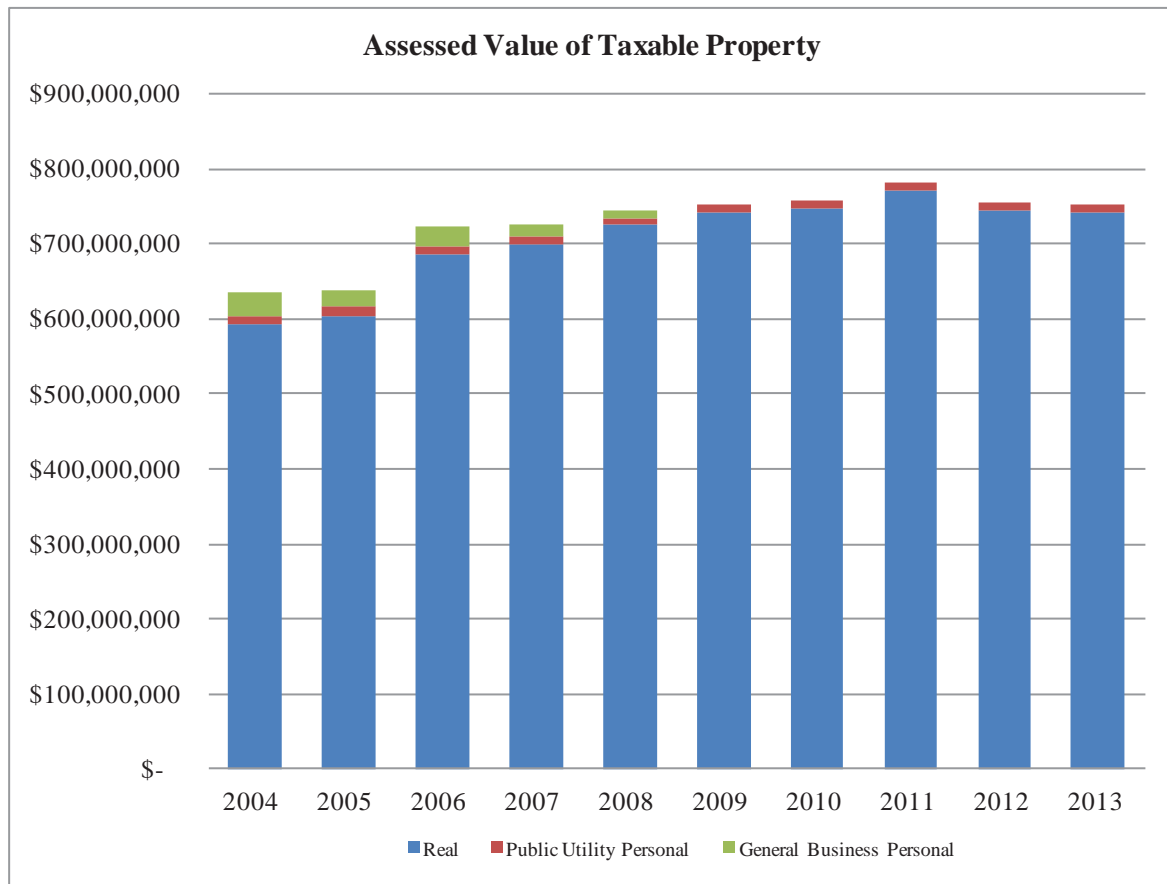
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value 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		
\$ 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%
-	-	751,079,780	2,130,558,325	86.99	35.25%
-	-	758,193,270	2,149,024,759	86.46	35.28%
-	-	781,524,130	2,215,298,647	86.27	35.28%
-	-	754,223,540	2,136,230,302	86.69	35.31%
-	-	753,635,990	2,132,979,466	86.48	35.33%



# KENSTON LOCAL SCHOOL DISTRICT

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

Tax Year/ Collection Year	Unvoted Levy	Voted Levies										Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service			
		1976	1977	1979	1982	1985	1987	1990	1992	1997	2002					2005	Included in Total Levy School	County	Total
		Current Expense	Current Expense	Current Expense	Current Expense	Bond	Current Expense	Current Expense	Bond	Current Expense	Bond	Current Expense	Bond	Current Expense	Bond	Current Expense	Bond	Current Expense	Bond
2003/2004	\$ 4.50	\$ 30.50	\$ 7.50	\$ 5.50	\$ 3.50	\$ 0.20	\$ 5.90	\$ 8.30	\$ 1.20	\$ 6.90	\$ 4.30	\$ -	\$ 78.30	\$ 15.10	\$ 44.87	\$ 138.27	\$ 5.70	\$ 0.30	\$ 6.00
2004/2005	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.20	6.90	4.30	-	78.30	15.10	44.87	138.27	5.70	0.30	6.00
2005/2006	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2006/2007	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2007/2008	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2008/2009	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2009/2010	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.80	6.90	3.67	9.39	86.46	15.10	45.32	146.88	4.47	-	4.47
2010/2011	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.71	6.90	3.57	9.39	86.27	15.10	44.65	146.02	4.28	-	4.28
2011/2012	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.78	6.90	3.92	9.39	86.69	15.10	46.50	148.29	4.70	-	4.70
2012/2013	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.79	6.90	3.70	9.39	86.48	15.10	46.50	148.08	4.49	-	4.49

**Source:** Office of the County Auditor, Geauga County, Ohio and the Ohio Department of Taxation

(1) Other levies include the Auburn Township, Bainbridge Township, Newbury Township, Auburn Joint Vocational School District and the Geauga County Library District



## KENSTON LOCAL SCHOOL DISTRICT

### Property Tax Levies and Collections (1) Last Ten Years

Collection Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2003	\$ 23,822,685	\$22,020,509	92.44%	\$ 614,572	\$22,635,081	95.01%
2004	23,578,971	22,513,540	95.48%	692,737	23,206,277	98.42%
2005	25,800,658	25,248,327	97.86%	1,611,689	26,860,016	104.11%
2006	27,249,464	27,412,330	100.60%	626,536	28,038,866	102.90%
2007	28,763,134	27,903,780	97.01%	762,171	28,665,951	99.66%
2008	30,278,906	29,880,497	98.68%	851,766	30,732,263	101.50%
2009	29,882,033	28,722,629	96.12%	951,047	29,673,676	99.30%
2010	29,996,303	29,169,087	97.24%	907,289	30,076,376	100.27%
2011	30,965,158	29,687,257	95.87%	749,496	30,436,753	98.29%
2012	31,154,942	30,174,915	96.85%	1,000,639	31,175,554	100.07%

**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) Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.
- (3) The County does not maintain delinquency information by tax year.

**Note:** The County is aware of the requirement to report delinquent tax collections by levy year rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

# KENSTON LOCAL SCHOOL DISTRICT

## Principal Taxpayers Real Property Tax 2013 and 2004

Name of Taxpayer	2013	
	Assessed Value	Percent of Real Property Assessed Value
South Franklin Circle	\$ 16,037,140	2.16%
Bainbridge Shopping Center II LLC.	12,732,600	1.72%
Cedar Fair Lp	4,057,180	0.55%
Tanglewood Square Delaware LLC.	2,579,050	0.35%
V&V Lakeshore Ltd.	2,424,030	0.33%
Target Corp	2,240,000	0.30%
HD Development of Maryland Inc.	2,170,010	0.29%
McFarlands Corners Ltd.	1,947,230	0.26%
Bainbridge Associates LTD.	1,800,520	0.24%
Key Trust Co.	1,509,820	0.20%
Totals	\$ 47,497,580	6.40%
Total Assessed Valuation	\$741,858,640	

Name of Taxpayer	2004	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Shopping Center	\$11,798,520	1.99%
Funtime, Inc.	10,053,580	1.70%
422 Company, Ltd.	2,658,220	0.45%
Tanglewood Square	2,528,160	0.43%
Capco Enterprises	1,855,640	0.31%
Bainbridge Associates, Ltd.	1,352,820	0.23%
Stock Equipment Co.	1,221,710	0.21%
University Hospitals	1,066,590	0.18%
Key Trust Co.	985,620	0.17%
Tanglewood Associates	976,200	0.16%
Totals	\$34,497,060	5.83%
Total Assessed Valuation	\$591,845,980	

(1) The amounts presented represent the assessed values upon which 2013 and 2004 collections were based.

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

**KENSTON LOCAL SCHOOL DISTRICT**

**Principal Taxpayers  
Tangible Personal Property Tax  
2013 and 2004**

Name of Taxpayer	2013 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Total	\$0	0.00%
Total Assessed Valuation	\$0	

Name of Taxpayer	2004	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Funtime, Inc.	\$13,579,370	42.31%
SPX Corporations	1,684,600	5.25%
Duramax, Inc.	1,552,450	4.84%
Mar Bal, Inc.	776,880	2.42%
Novean, Inc.	644,480	2.01%
Heinens, Inc.	506,600	1.58%
K Mart Corp.	479,910	1.50%
Etna Products	386,350	1.20%
HTV Industries, Inc.	364,870	1.14%
Speed Selector, Inc.	304,220	0.94%
Total	\$20,279,730	63.19%
Total Assessed Valuation	\$32,095,660	

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

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

# KENSTON LOCAL SCHOOL DISTRICT

## Principal Taxpayers Public Utility Personal Property Tax 2013 and 2004

2013		
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$9,446,030	80.21%
American Transmission Systems Inc.	\$708,900	6.02%
East Ohio Gas Co.	572,970	4.87%
Aqua Ohio Inc.	435,500	3.70%
Ohio Edison	353,820	3.00%
Orwell Natural Gas	220,440	1.87%
Cleveland Commercial RA	39,690	0.33%
Total	<u>\$11,777,350</u>	<u>100.00%</u>
Total Assessed Valuation	<u>\$11,777,350</u>	

2004		
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$6,190,170	49.31%
Western Reserve Telephone Co.	3,315,670	26.41%
American Transmission	864,590	6.89%
Voicestream Columbus, Inc.	561,870	4.48%
East Ohio Gas Co.	402,120	3.19%
Total	<u>\$11,334,420</u>	<u>90.28%</u>
Total Assessed Valuation	<u>\$12,554,160</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, 2012**

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct Debt of Kenston Local School District:			
General Obligation Bonds (Net)	\$ 40,258,579	100.00%	\$ 40,258,579
Total Direct Debt	<u>40,258,579</u>		<u>40,258,579</u>
Overlapping Debt:			
Geauga County	8,698,468	25.21%	\$2,192,884
Total Overlapping Debt	<u>8,698,468</u>		<u>2,192,884</u>
Total Direct and Overlapping Debt	<u>\$48,957,047</u>		<u>\$42,451,463</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 2012 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				
				General Bonded Debt Outstanding	(3) Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
2004	16,074	a	\$ 1,833,637,245	\$51,749,500	\$3,071,859	\$48,677,641	2.65%	\$3,028.35
2005	16,074	a	1,825,738,446	50,826,000	3,773,298	47,052,702	2.58%	2,927.26
2006	16,074	a	2,112,672,869	49,832,500	4,248,531	45,583,969	2.16%	2,835.88
2007	16,074	a	2,124,927,479	48,771,745	4,626,333	44,145,412	2.08%	2,746.39
2008	16,074	a	2,247,144,389	47,660,593	4,759,815	42,900,778	1.91%	2,668.95
2009	16,074	a	2,130,558,325	46,345,749	4,990,232	41,355,517	1.94%	2,572.82
2010	17,351	b	2,149,024,759	45,032,264	4,913,880	40,118,384	1.87%	2,312.17
2011	17,351	b	2,215,298,647	43,311,869	4,759,184	38,552,685	1.74%	2,221.93
2012	17,351	b	2,136,230,302	42,125,014	5,063,148	37,061,866	1.73%	2,136.01
2013	17,351	b	2,132,979,466	40,258,579	4,102,707	36,155,872	1.70%	2,083.79

**Sources:** (1) U.S. Bureau of Census, Census of Population  
(a) 2000 Federal Census  
(b) 2010 Federal Census  
(2) Office of the Auditor, Geauga County, Ohio  
(3) Resources available to pay principal is obtained from the District's Statement of Net Position for net position restricted for debt service.

# KENSTON LOCAL SCHOOL DISTRICT

**Computation of Legal Debt Margin  
Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tax Valuation	\$ 636,495,800	\$ 637,821,330	\$ 723,154,010	\$ 724,501,345	\$ 743,707,010	\$ 751,079,780	\$ 758,193,270	\$ 781,524,130	\$ 754,223,540	\$ 753,635,990
Debt Limit - 9% of Taxable Valuation (1)	57,284,622	57,403,920	65,083,861	65,205,121	66,933,631	67,597,180	68,237,394	70,337,172	67,880,119	67,827,239
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	51,749,500	50,826,000	49,832,500	48,664,000	47,410,500	46,057,000	44,698,500	43,210,000	41,615,000	39,270,000
Less Amount Available in Debt Service	(3,071,859)	(3,773,298)	(4,248,531)	(4,626,333)	(4,759,815)	(4,990,232)	(4,913,880)	(4,759,184)	(5,063,148)	(4,735,689)
Amount of Debt Subject to Limit	48,677,641	47,052,702	45,583,969	44,037,667	42,650,685	41,066,768	39,784,620	38,450,816	36,551,852	34,534,311
Legal Debt Margin	\$ 8,606,981	\$ 10,351,218	\$ 19,499,892	\$ 21,167,454	\$ 24,282,946	\$ 26,530,412	\$ 28,452,774	\$ 31,886,356	\$ 31,328,267	\$ 33,292,928
Legal Debt Margin as a Percentage of the Debt Limit	15.02%	18.03%	29.96%	32.46%	36.28%	39.25%	41.70%	45.33%	46.15%	49.08%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 636,496	\$ 637,821	\$ 723,154	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224	\$ 753,636
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-	-	-
Unvoted Legal Debt Margin	\$ 636,496	\$ 637,821	\$ 723,154	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224	\$ 753,636
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

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## Ratio of Outstanding Debt By Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (1)	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases				
2004	\$ 51,749,500	\$ -	\$ 51,749,500	2.82%	8.41%	\$ 3,219.45
2005	50,826,000	-	50,826,000	2.78%	8.26%	3,162.00
2006	49,832,500	-	49,832,500	2.36%	8.09%	3,100.19
2007	48,771,745	-	48,771,745	2.30%	7.92%	3,034.20
2008	47,660,593	-	47,660,593	2.12%	7.74%	2,965.07
2009	46,345,749	-	46,345,749	2.18%	7.53%	2,883.27
2010	45,032,264	275,000	45,307,264	2.11%	5.93%	2,611.22
2011	43,311,869	253,241	43,565,110	1.97%	5.71%	2,510.81
2012	42,125,014	190,415	42,315,429	1.98%	5.54%	2,438.79
2013	40,258,579	-	40,258,579	1.89%	5.27%	2,320.25

**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

Year	Bainbridge Township Population (1)	Auburn Township Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Geauga County Unemployment Rate (3)
2004	10,916 a	5,158 a	\$ 615,618,126	\$ 38,299 a	5.3%
2005	10,916 a	5,158 a	615,618,126	38,299 a	4.7%
2006	10,916 a	5,158 a	615,618,126	38,299 a	3.4%
2007	10,916 a	5,158 a	615,618,126	38,299 a	4.5%
2008	10,916 a	5,158 a	615,618,126	38,299 a	5.5%
2009	10,916 a	5,158 a	615,618,126	38,299 a	6.3%
2010	10,908 b	6,443 b	763,409,298	43,998 b	7.3%
2011	10,908 b	6,443 b	763,409,298	43,998 b	6.6%
2012	10,908 b	6,443 b	763,409,298	43,998 b	6.1%
2013	10,908 b	6,443 b	763,409,298	43,998 b	6.3%

- Sources:**
- 1) U.S. Census Bureau
    - a) 2000 Federal Census Bureau
    - b) 2010 Federal Census Bureau
  - 2) Computation of per capital personal income multiplied by population.
  - 3) Ohio Department of Job and Family Services - Ohio Labor Market Information as of June 30th of fiscal year

## KENSTON LOCAL SCHOOL DISTRICT

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

Employer	December 31, 2013			December 31, 2005		
	Number of Employees (2)	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Kenston Local School District	493	1	6.62%	450	1	6.04%
Johnsonite, Inc.	450	2	6.04%	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%
Stock Fairfield Corp	170	5	2.28%	-	0	0.00%
Park Place Technologies Inc.	145	6	1.95%	-	0	0.00%
Mar-Bal, Inc.	128	7	1.72%	93	8	1.25%
Township of Bainbridge	122	8	1.64%	-	0	0.00%
Medhurst Mason Contractors Inc.	115	9	1.54%	-	0	0.00%
Modern Logistics Inc.	105	10	1.41%	-	0	0.00%
Chagrin Valley Athletic Club	100		1.34%	100	7	1.34%
Kmart Corp.				75	10	1.01%
Giant Eagle Inc.				123	5	1.65%
DCI Management Group, Inc.				100	6	1.34%
D.E. Williams Electric, Inc.				90	9	1.21%
<b>Total</b>	<u>2,301</u>		<u>30.89%</u>	<u>1,724</u>		<u>23.14%</u>
 Total Employment within the School District (3)	 <u>7,451</u>			 <u>7,451</u>		

**Source:** (1) Information prior to 2005 is not available.

(2) Obtained from the Dun and Bradstreet's "Million Dollar Database" through the Cuyahoga County Library Search Engine

(3) Obtained from the 2000 and 2010 U.S. Census Bureau

# KENSTON LOCAL SCHOOL DISTRICT

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

	2006	2007	2008	2009	2010 (2)	2011	2012	2013
<b>Kenston High School</b>								
Constructed in	1956	2006	2006	2006	2006	2006	2006	2006
Total Building Square Footage	146,415	222,067	222,067	222,067	222,067	222,067	222,067	222,067
Enrollment Grades	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12
Student Capacity	855	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Regular Instruction Classrooms	40	73	73	73	73	73	73	73
Regular Instruction Teachers	53.50	62.54	63.66	57.00	68.01	66.82	(3)	70.00
Special Instruction Teachers	5.00	7.00	6.00	8.00	-	-	-	-
Vocational Instruction Teachers	2.00	2.00	2.00	2.00	-	-	-	-
<b>Kenston Middle School</b>								
Constructed in	1967	1956	1956	1956	1956	1956	1956	1956
Total Building Square Footage	90,356	146,415	146,415	146,415	146,415	146,415	146,415	146,415
Enrollment Grades	6-8	6-8	6-8	6-8	6-8	6-8	6-8	6-8
Student Capacity	616	855	855	855	855	855	855	855
Regular Instruction Classrooms	38.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Regular Instruction Teachers	42.69	47.00	47.50	44.00	51.93	50.93	(3)	47.00
Special Instruction Teachers	7.65	8.84	3.84	6.00	0.15	-	-	-
<b>Kenston Intermediate School</b>								
Constructed in	n/a	1967	1967	1967	1967	1967	1967	1967
Total Building Square Footage	n/a	90,356	90,356	90,356	90,356	90,356	90,356	90,356
Enrollment Grades	n/a	4-5	4-5	4-5	4-5	4-5	4-5	4-5
Student Capacity	n/a	616	616	616	616	616	616	616
Regular Instruction Classrooms	n/a	38	38	38	38	38	38	38
Regular Instruction Teachers	n/a	21.00	19.00	25.00	29.33	27.58	(3)	28.00
Special Instruction Teachers	n/a	4.66	5.48	3.00	-	-	-	-
Gifted Instruction Teachers	n/a	3.00	3.00	2.00	-	-	-	-
<b>Timmons Elementary School</b>								
Constructed in	1994	1994	1994	1994	1994	1994	1994	1994
Total Building Square Footage	90,893	90,893	90,893	90,893	90,893	90,893	90,893	92,100
Enrollment Grades	3-5	1-3	1-3	1-3	1-3	1-3	1-3	K-3
Student Capacity	700	700	700	700	700	700	700	900
Regular Instruction Classrooms	34	34	34	34	34	34	34	38
Regular Instruction Teachers	31.00	33.00	29.00	29.50	39.60	37.40	(3)	40.00
Special Instruction Teachers	5.08	1.19	1.94	3.00	-	-	-	-
Gifted Instruction Teachers	4.00	2.00	2.00	2.00	-	-	-	2.00

(continued)

# KENSTON LOCAL SCHOOL DISTRICT

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

	2006	2007	2008	2009	2010 (2)	2011	2012	2013
<b>Gardner Early Learning Center</b>								
Constructed in	1962	1962	1962	1962	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063	42,063	42,063	42,063	42,063
Enrollment Grades	1-2	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	(4)
Student Capacity	363	363	363	363	363	363	363	(4)
Regular Instruction Classrooms	24	24	24	24	24	24	24	(4)
Regular Instruction Teachers	20.00	8.00	8.00	9.00	10.44	9.94	(3)	(4)
Special Instruction Teachers	1.00	-	-	1.00	-	-	-	-
Gifted Instruction Teachers	1.00	-	-	-	-	-	-	-
<b>Early Learning Center</b>								
Constructed in	1942	-	-	-	-	-	-	-
Total Building Square Footage	40,335	-	-	-	-	-	-	-
Enrollment Grades	Pre-K - K	-	-	-	-	-	-	-
Student Capacity	320	-	-	-	-	-	-	-
Regular Instruction Classrooms	11.00	-	-	-	-	-	-	-
Regular Instruction Teachers	9.00	-	-	-	-	-	-	-
Special Instruction Teachers	1.00	-	-	-	-	-	-	-

**Source:** Information provided by the Kenston Local School District

- (1) Information prior to 2006 is not available.
- (2) During fiscal year 2010, the School District changed the report used to classify teachers.
- (3) During fiscal year 2012, the School District converted from EMIS to Infinite Campus software and the Local Report Cards are currently unavailable. As a result of these two factors, information pertaining to this table is unavailable for fiscal year 2012.
- (4) This building is currently not utilized by the School District.

## KENSTON LOCAL SCHOOL DISTRICT

### Cost Per Pupil Last Ten Fiscal Years

Fiscal Year	Student Enrollment		General Government (2)		Governmental Activities	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2004	3,134	-1.48%	\$ 30,424,522	\$ 9,708	\$ 31,381,902	\$ 10,013
2005	3,169	1.12%	45,323,029	14,302	31,915,997	10,071
2006	3,220	1.61%	50,324,040	15,629	34,855,937	10,825
2007	3,060	-4.97%	40,024,296	13,080	36,481,095	11,922
2008	3,122	2.03%	35,643,740	11,417	37,493,510	12,009
2009	3,140	0.58%	35,232,122	11,220	37,947,610	12,085
2010	3,116	-0.76%	36,596,005	11,745	38,206,664	12,261
2011	3,141	0.80%	36,093,843	11,491	39,435,209	12,555
2012 (3)	2,973	-5.35%	34,964,365	11,761	38,843,878	13,066
2013	3,096	4.14%	37,100,932	11,984	39,181,240	12,655

**Source:** Kenston Local School District Records

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

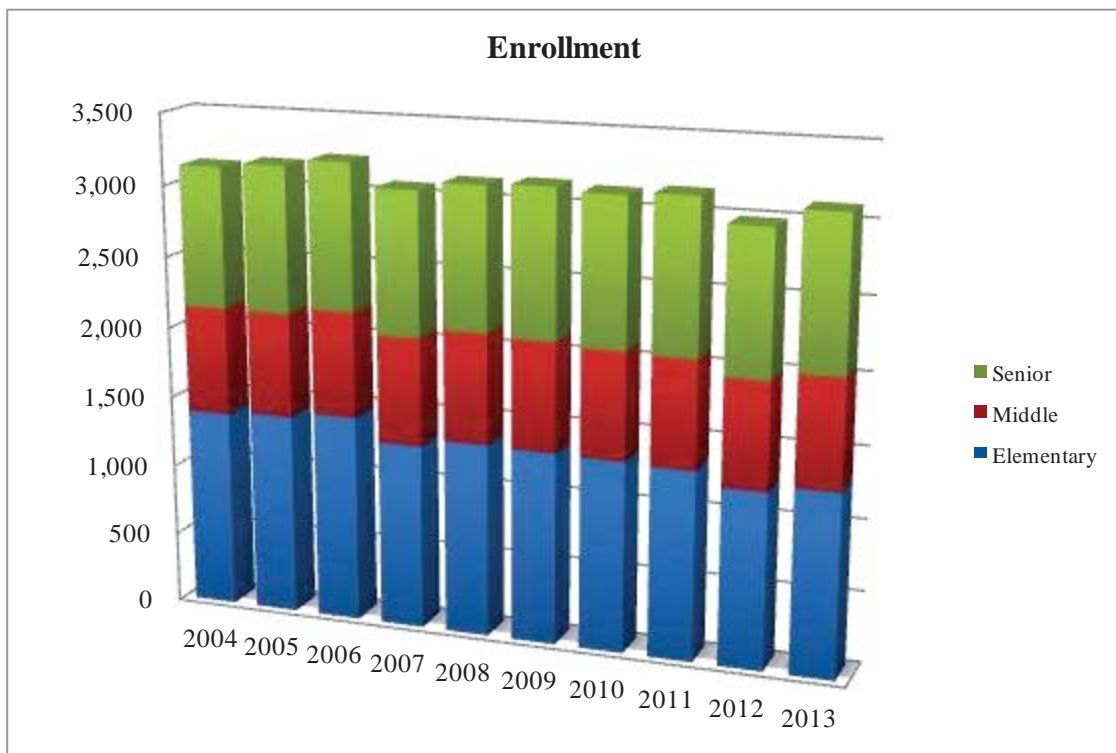
(2) Debt Service expenditures and other financing uses have been excluded

(3) The School District provided enrollment figures for 2012 using Average Daily Membership (ADM).  
Information from ODE was unavailable.

# KENSTON LOCAL SCHOOL DISTRICT

## Enrollment Statistics Last Ten Fiscal Years

Fiscal Year	Elementary Schools (1)	Middle School	Senior High School	Total
2004	1,392	756	986	3,134
2005	1,415	732	1,022	3,169
2006	1,456	740	1,024	3,220
2007	1,299	757	1,005	3,061
2008	1,357	772	993	3,122
2009	1,349	763	1,028	3,140
2010	1,340	747	1,029	3,116
2011	1,327	751	1,063	3,141
2012 (2)	1,233	744	996	2,973
2013	1,282	761	1,053	3,096



**Source:** Based upon EMIS information provided to the Ohio Department of Education

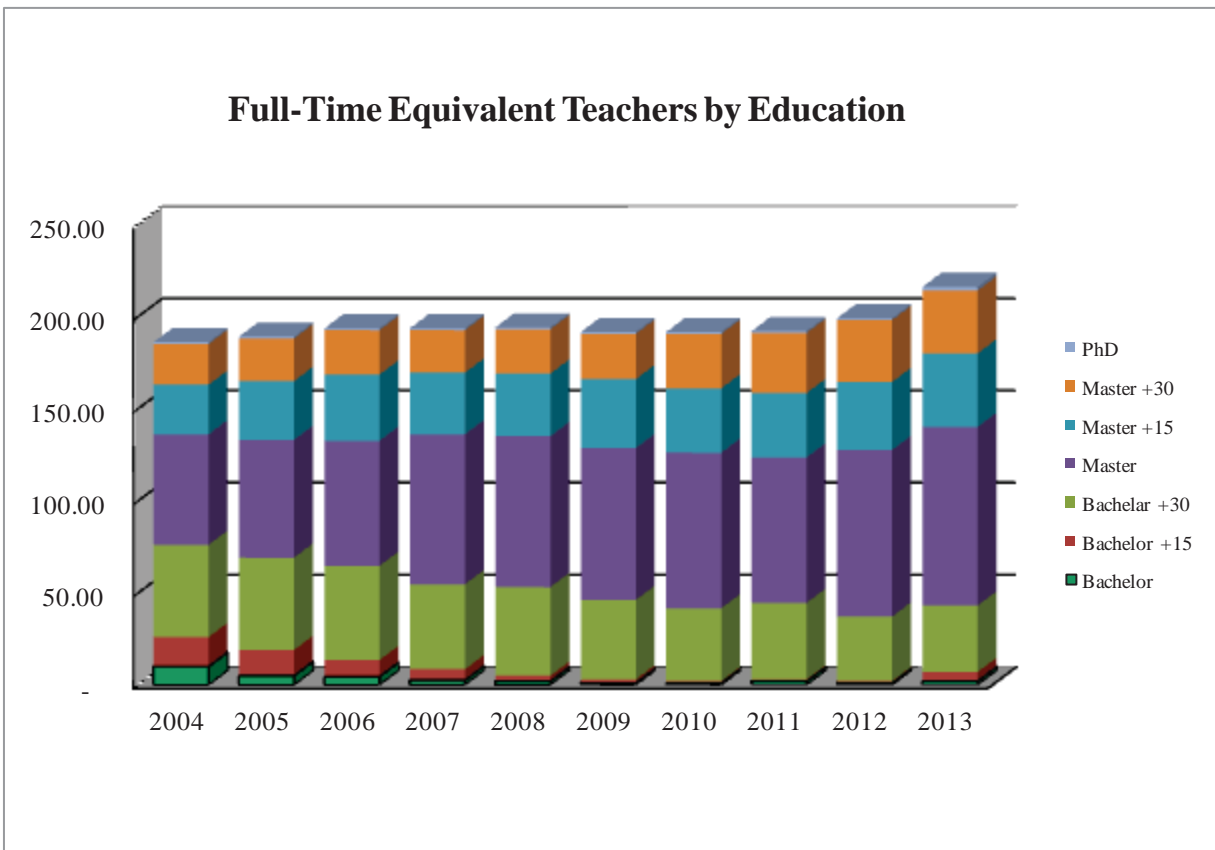
(1) Includes Pre-School Students

(2) The School District provided enrollment figures for 2013 and 2012. Information from ODE was unavailable.

# 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		
2004	10.00	16.00	50.00	60.00	27.00	22.00	1.00	186.00
2005	5.00	14.00	50.00	64.00	32.00	23.00	1.00	189.00
2006	4.50	9.00	51.00	68.00	36.00	24.00	1.00	193.50
2007	2.50	6.00	46.00	81.50	33.50	23.00	1.00	193.50
2008	2.00	3.00	48.00	82.00	34.00	24.00	1.00	194.00
2009	1.00	2.00	43.00	82.50	37.50	24.50	1.00	191.50
2010	1.00	1.00	39.50	84.50	35.00	29.50	1.00	191.50
2011	2.00	1.00	41.50	79.00	35.00	32.50	1.00	192.00
2012	1.00	1.00	35.00	90.50	37.00	33.50	1.00	199.00
2013	2.00	5.00	36.00	97.00	40.00	34.00	2.00	216.00



Source: Kenston Local School District Payroll Department

**KENSTON LOCAL SCHOOL DISTRICT**

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

<u>Fiscal Year</u>	<u>Kenston Average</u>	<u>State Average</u>
2004	19.1	18.5
2005	17.9	18.5
2006	17.7	18.6
2007	18.4	19.6
2008	18.1	18.6
2009	N/A	N/A
2010	N/A	N/A
2011	N/A	N/A
2012	N/A	N/A
2013	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**

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### **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>
2004	96.1%	94.5%	96.5%	84.3%
2005	96.1%	94.3%	96.6%	85.9%
2006	96.1%	94.1%	97.5%	86.2%
2007	96.3%	94.1%	95.9%	86.1%
2008	96.4%	94.2%	99.2%	86.9%
2009	96.5%	94.3%	97.7%	84.6%
2010	96.6%	94.3%	98.7%	83.0%
2011	96.5%	94.5%	99.1%	84.3%
2012	>95%	94.5%	99.6%	84.4%
2013	>95%	94.2%	95.9%	81.3%

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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>
2004	102	229	45%	537	538	508	541	542	518
2005	116	231	50%	536	539	508	551	543	520
2006	105	211	50%	531	535	503	539	544	518
2007	130	263	49%	525	536	502	571	542	515
2008	184	262	70%	520	534	502	541	544	515
2009	171	241	71%	524	537	501	540	546	515
2010	141	224	63%	530	538	501	540	548	516
2011	181	261	69%	541	539	497	551	545	514
2012	183	260	70%	525	543	496	534	552	514
2013	162	257	63%	540	548	496	549	556	514

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

## **KENSTON LOCAL SCHOOL DISTRICT**

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### **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>
2004	87	229	38%	22.8	21.4	20.9
2005	140	231	61%	23.3	21.4	20.9
2006	81	211	38%	22.8	21.5	21.1
2007	175	265	66%	23.1	21.5	21.2
2008	179	262	68%	22.5	21.7	21.1
2009	181	241	75%	23.4	21.7	21.1
2010	168	224	75%	23.5	21.8	20.5
2011	211	261	81%	24.4	21.8	21.1
2012	225	260	87%	23.9	21.8	21.1
2013	196	257	76%	23.7	21.8	20.9

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

# KENSTON LOCAL SCHOOL DISTRICT

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

Function/Program	2005	2006	2007	2008	2009	2010 (2)	2011 (2)	2012 (3)	2013 (3)
<b>Regular Instruction</b>									
Elementary Classroom Teachers	59.00	60.00	62.00	56.00	57.00	79.37	74.92	N/A	N/A
Middle School Classroom Teachers	40.69	42.69	47.00	47.50	37.50	51.93	50.93	N/A	N/A
High School Classroom Teachers	55.16	53.50	62.54	63.66	46.50	68.01	66.82	N/A	N/A
Districtwide Classroom Teachers	4.00	2.00	2.00	2.00	0.00	2.75	1.75	N/A	N/A
Specials - Art, Music, Health and Physical Ed.	15.65	15.66	14.86	14.86	25.50	0.00	0.00	N/A	N/A
<b>Special Instruction</b>									
Elementary Classroom Teachers	5.72	6.08	5.85	7.42	7.00	0.00	0.00	N/A	N/A
Gifted Education Teachers	5.00	5.00	5.00	5.00	4.00	0.00	0.00	N/A	N/A
Middle School Classroom Teachers	4.83	7.65	8.84	3.84	6.00	0.15	0.00	N/A	N/A
High School Classroom Teachers	4.00	5.00	7.00	6.00	8.00	0.00	0.15	N/A	N/A
<b>Vocational Instruction</b>									
High School Classroom Teachers	2.00	2.00	2.00	2.00	2.00	0.00	0.00	N/A	N/A
<b>Other Instruction</b>									
Elementary Tutors	12.48	11.18	12.30	10.64	9.12	8.55	7.94	N/A	N/A
Middle School Tutors	3.51	2.88	3.32	2.66	1.50	0.71	0.71	N/A	N/A
High School Tutors	3.00	2.00	3.00	2.00	1.00	2.00	3.00	N/A	N/A
Districtwide Tutors	2.80	0.80	1.09	1.59	3.00	0.74	0.74	N/A	N/A
<b>Pupil Support Services</b>									
Guidance Counselors	7.00	7.00	7.00	7.00	7.00	7.25	5.00	N/A	N/A
Speech and Language Pathologists	3.54	3.83	3.82	3.82	3.80	14.10	14.31	N/A	N/A
Nurse	1.00	1.00	1.00	1.00	1.00	4.92	4.92	N/A	N/A
Non-Teaching Support Staff Elementary	9.88	6.31	7.50	8.74	8.75	5.45	9.75	N/A	N/A
Non-Teaching Support Staff Middle School	3.15	3.89	4.19	2.80	1.76	1.76	3.76	N/A	N/A
Non-Teaching Support Staff High School	5.20	4.60	4.99	7.30	6.90	4.61	3.82	N/A	N/A
Non-Teaching Support Staff Districtwide	3.58	5.83	1.45	2.77	3.43	3.10	3.80	N/A	N/A
<b>Instructional Support Services</b>									
Librarian	1.00	1.00	1.00	1.00	1.00	5.21	5.36	N/A	N/A
Technology	1.00	1.00	1.00	1.00	1.00	0.00			
Non-Teaching Support Staff Elementary-Aides	12.48	14.45	12.55	15.05	15.85	5.00	6.00	N/A	N/A
Non-Teaching Support Staff Middle School	2.80	4.70	2.90	3.47	3.73	1.50	0.50	N/A	N/A
Non-Teaching Support Staff High School	4.70	3.75	2.65	3.65	2.44	1.50	1.50	N/A	N/A
Non-Teaching Support Staff Central	3.15	1.80	2.95	3.95	3.95	3.00	2.00	N/A	N/A

(continued)

# KENSTON LOCAL SCHOOL DISTRICT

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

Function/Program	2005	2006	2007	2008	2009	2010 (2)	2011 (2)	2012 (3)	2013 (3)
Administrators, Supervisors and Support Staff									
Elementary	9.70	10.25	10.25	10.85	6.88	12.88	14.64	N/A	N/A
Middle School	4.80	4.80	4.80	4.80	5.57	6.88	5.88	N/A	N/A
High School	10.65	10.70	10.70	11.70	10.56	11.01	10.51	N/A	N/A
Central Office	9.88	10.69	11.20	11.20	11.20	12.25	14.19	N/A	N/A
Other	-	-	-	-	2.81	2.00	3.00	N/A	N/A
Business									
Districtwide	2.00	2.00	2.00	2.00	2.00	2.00	5.00	N/A	N/A
Fiscal									
Treasurer's Office	5.00	5.00	5.00	5.00	5.00	5.00	1.00	N/A	N/A
Operation and Maintenance of Plant Services									
Custodial Department	24.00	24.28	30.13	30.13	28.51	29.51	30.24	N/A	N/A
Maintenance Department	4.00	4.00	5.00	5.00	5.00	5.00	5.00	N/A	N/A
Pupil Transportation									
Bus Drivers	28.02	26.18	28.59	28.30	27.55	24.24	26.49	N/A	N/A
Bus Aides	1.10	2.35	2.65	1.80	1.98	1.98	1.98	N/A	N/A
Mechanics	3.00	3.00	3.00	3.00	3.00	3.00	3.00	N/A	N/A
Transportation Support Staff	2.00	2.00	2.00	2.00	2.44	2.44	0.00	N/A	N/A
Central									
Community Relations	0.50	0.50	0.50	0.50	0.50	0.50	0.00	N/A	N/A
Food Service Program									
Elementary Cooks	6.00	4.48	5.94	4.03	5.12	5.12	4.68	N/A	N/A
Middle School Cooks	3.13	4.58	3.60	3.60	4.51	4.51	4.51	N/A	N/A
High School Cooks	5.15	5.15	4.36	5.73	5.69	5.69	5.69	N/A	N/A
Totals:	<u>395.25</u>	<u>395.56</u>	<u>419.52</u>	<u>416.36</u>	<u>397.05</u>	<u>405.62</u>	<u>403.49</u>	<u>-</u>	<u>-</u>

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

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

(3) During fiscal year 2012, the School District converted from EMIS to Infinite Campus software and the Local Report Cards are currently unavailable. As a result of these two factors, information pertaining to this table is unavailable for fiscal years 2012 and 2013.

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

(1) Information prior to 2005 is not available.

# KENSTON LOCAL SCHOOL DISTRICT

## Capital Assets (Net of Depreciation) Last Ten Fiscal Years

	2004	2005	2006	2007	2008*	2009	2010	2011	2012	2013
<b>Capital Assets:</b>										
Land	\$ 125,211	\$ 125,211	\$ 704,063	\$ 704,063	\$ 1,237,691	\$ 1,237,691	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
Land Improvements	331,261	266,317	230,017	202,973	804,690	804,690	760,363	1,373,765	1,271,128	1,179,589
Building and Improvements	10,763,236	10,268,462	9,853,883	9,474,445	51,395,350	51,395,350	50,051,982	48,760,169	47,482,030	46,209,066
Furniture and Equipment	766,539	673,164	523,008	388,050	999,346	999,346	939,914	858,673	939,377	826,437
Vehicles	1,146,631	932,795	761,564	573,173	775,970	775,970	836,001	612,568	415,427	259,267
Construction in Progress	2,546,374	18,181,846	35,784,636	43,305,939	-	-	1,213,969	1,186,644	1,730,634	2,410,735
<b>Total Capital Assets</b>	<b>\$15,679,252</b>	<b>\$30,447,795</b>	<b>\$47,857,171</b>	<b>\$54,648,643</b>	<b>\$55,213,047</b>	<b>\$55,213,047</b>	<b>\$55,009,420</b>	<b>\$53,999,010</b>	<b>\$53,045,787</b>	<b>\$52,092,285</b>

\*Restated

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

**KENSTON LOCAL SCHOOL DISTRICT**

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

School Year	Students	Students Applicable for Free	Percentage of Applicable Students for the Free	Students Applicable for Reduced Lunch	Percentage of Applicable Students for the Reduced Lunch Program	Total Students Applicable for the Free and Reduced Lunch Program	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs
		Lunch	Lunch Program	Lunch	Lunch Program	Lunch Program	Lunch Programs
2006	3,557	157	4.41%	66	1.86%	223	6.27%
2007	3,162	158	5.00%	76	2.40%	234	7.40%
2008	3,447	192	5.57%	84	2.44%	276	8.01%
2009	2,920	201	6.88%	92	3.15%	293	10.03%
2010	3,168	251	7.92%	94	2.97%	345	10.89%
2011	3,191	287	8.99%	108	3.38%	395	12.38%
2012	3,214	291	9.05%	110	3.42%	401	12.48%
2013	3,143	316	10.05%	110	3.50%	426	13.55%

**Source:** "Lunch MR Report for October" obtained from the Ohio Department of Education

(1) Information prior to 2006 is not available.



**Kenston Local School District**

“Soar Blue”



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

**AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2013**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Education  
Kenston Local School District  
Chagrin Falls, Ohio

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Kenston Local School District, Ohio's basic financial statements and have issued our report thereon dated November 22, 2013, wherein we noted that the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its June 30, 2012 net position of governmental activities due to unamortized debt issuance costs.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Kenston Local School District, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Kenston Local School District, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kenston Local School District, Ohio's internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of This Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kenston Local School District, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**James G. Zupka,**  
**CPA, President**  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2013.12.13 09:56:02 -05'00'

November 22, 2013

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Kenston Local School District  
Chagrin Falls, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the Kenston Local School District, Geauga County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Kenston Local School District, Ohio's major federal programs for the year ended June 30, 2013. The Kenston Local School District, Ohio's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Kenston Local School District, Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Kenston Local School District, Ohio'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Kenston Local School District, Ohio's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Kenston Local School District, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Kenston Local School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Kenston Local School District, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kenston Local School District, Ohio's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Kenston Local School District, Ohio's basic financial statements. We issued our report thereon dated November 22, 2013, which contained unmodified opinions on those financial statements. Our opinion also explained that the Kenston Local School District, Ohio, adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its June 30, 2012 net position of governmental activities due to unamortized debt issuance costs. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**James G. Zupka**,  
**CPA, President**

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
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James G. Zupka, CPA, Inc.  
Certified Public Accountants

November 22, 2013

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster						
National School Lunch Program	10.555	n/a	\$ 157,477	\$ 39,645	\$ 157,477	\$ 39,645
<i>Total Child Nutrition Cluster</i>			<u>157,477</u>	<u>39,645</u>	<u>157,477</u>	<u>39,665</u>
<b>Total U.S. Department of Agriculture</b>			<u>157,477</u>	<u>39,645</u>	<u>157,477</u>	<u>39,645</u>
<b>U.S. Department of Education</b>						
<b>Direct Award</b>						
Fund for the Improvement of Education - PEP Grant	84.215	n/a	<u>87,338</u>	<u>0</u>	<u>89,769</u>	<u>0</u>
<b>Passed through Ohio Department of Education</b>						
<i>Special Education Cluster:</i>						
Grants to States, IDEA, Part B, Special Education	84.027	2012	53,006	0	53,006	0
Grants to States, IDEA, Part B, Special Education	84.027	2013	<u>437,734</u>	<u>0</u>	<u>437,734</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>490,740</u>	<u>0</u>	<u>490,740</u>	<u>0</u>
Title I - Grants to Local Educational Agencies	84.010	2012	40,097	0	43,414	
Title I - Grants to Local Educational Agencies	84.010	2013	<u>168,584</u>	<u>0</u>	<u>168,584</u>	<u>0</u>
<i>Total CFDA #84.010</i>			<u>208,681</u>	<u>0</u>	<u>211,998</u>	<u>0</u>
Title II-A - Improving Teacher Quality State Grants	84.367	2012	3,495	0	3,495	0
Title II-A - Improving Teacher Quality State Grants	84.367	2013	<u>53,517</u>	<u>0</u>	<u>53,517</u>	<u>0</u>
<i>Total CFDA #84.367</i>			<u>57,012</u>	<u>0</u>	<u>57,012</u>	<u>0</u>
Safe and Drug Free Schools	84.186	2012	<u>49,954</u>	<u>0</u>	<u>49,669</u>	<u>0</u>
Education Jobs	84.410	2012	<u>63,426</u>	<u>0</u>	<u>63,426</u>	<u>0</u>
ARRA - State Fiscal Stabilization Fund - Race to the Top, Recovery Act	84.395A	2012	4,608	0	190,181	0
ARRA - - State Fiscal Stabilization Fund - Race to the Top, Recovery Act	84.395A	2013	<u>46,494</u>	<u>0</u>	<u>35,081</u>	<u>0</u>
<i>Total CFDA 84.395A</i>			<u>51,102</u>	<u>0</u>	<u>225,262</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>1,008,253</u>	<u>0</u>	<u>1,187,876</u>	<u>0</u>
<b>U.S. Department of Energy</b>						
<b>Pass Through the Ohio Department of Development</b>						
ARRA - State Energy Program	81.041	n/a	<u>541,275</u>	<u>0</u>	<u>312,868</u>	<u>0</u>
<b>Total U.S. Department of Energy</b>			<u>541,275</u>	<u>0</u>	<u>312,868</u>	<u>0</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,707,005</u>	<u>\$ 39,643</u>	<u>\$ 1,658,221</u>	<u>\$ 39,645</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.



**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2013**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards summarizes 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.

**NOTE 2: FOOD DISTRIBUTION**

Non-monetary 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, 2013, the District had commodities in inventory recorded in the Food Service Fund.

**NOTE 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.

**KENSTON LOCAL SCHOOL DISTRICT  
 GEAUGA COUNTY, OHIO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 & §.505  
 JUNE 30, 2013**

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**1. SUMMARY OF AUDITOR’S RESULTS**

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Program’s Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510(a)?	No
2013(vii)	Major Programs (list):  Special Education Cluster - Grants to States, IDEA, Part B, Special Education - CFDA #84.027 ARRA - State Energy Program - CFDA #81.041	
2013(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2013(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**KENSTON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

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There were no audit findings or management letter recommendations as of June 30, 2012.

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# Dave Yost • Auditor of State

**KENSTON LOCAL SCHOOL DISTRICT**

**GEAUGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 23, 2014**