



**Auditor of State
Betty Montgomery**

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2003**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal Non-Cash Receipts	Federal Expenditures	Federal Non-Cash Expenditures
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through State Department of Education:</i>						
Special Education Cluster:						
Title VI-B	84.027	6B-SF-02 P	\$128,711	\$0	\$128,711	\$0
Title VI-B	84.027	6B-SF-03 P	248,350	0	248,350	0
Title VI-B - Autism Grant	84.027	6B-SX-02 P	46,840	0	61,245	0
Total VI-B, Handicapped Grant			<u>423,901</u>	<u>0</u>	<u>438,306</u>	<u>0</u>
Total Special Education Cluster			423,901	0	438,306	0
Title I	84.010	C1-S1-02	0	0	403	0
Title I	84.010	C1-S1-03	91,855	0	91,855	0
Total Title I			<u>91,855</u>	<u>0</u>	<u>92,258</u>	<u>0</u>
Title VI	84.298	C2-S1-01	0	0	5,552	0
Title VI	84.298	C2-S1-02	0	0	315	0
Title VI	84.298	C2-S1-03	16,780	0	16,780	0
Total Title VI Innovative Education Program Strategy			<u>16,780</u>	<u>0</u>	<u>22,647</u>	<u>0</u>
Eisenhower Math & Science	84.281	MS-S1-02	(167)	0	249	0
Total Eisenhower Math & Science			<u>(167)</u>	<u>0</u>	<u>249</u>	<u>0</u>
Drug Free Schools	84.186	DR-S1-02	0	0	5,440	0
Drug Free Schools	84.186	DR-S1-03	8,758	0	7,838	0
Total Drug Free Schools			<u>8,758</u>	<u>0</u>	<u>13,278</u>	<u>0</u>
School Renovation Grant	84.352	TR-S1-03	68,990	0	68,990	0
Total School Renovation Grant			<u>68,990</u>	<u>0</u>	<u>68,990</u>	<u>0</u>
Technology Literacy Challenge Funds	84.318	AT-S2-02	1,761	0	1,761	0
Technology Literacy Challenge Funds	84.318	AT-S3-03	5,662	0	5,662	0
Total Technology Literacy Challenge Funds			<u>7,423</u>	<u>0</u>	<u>7,423</u>	<u>0</u>
Innovative Education Program Strategies	84.298	TJ-S1-03	2,515	0	2,515	0
Total Innovative Education Program Strategies			<u>2,515</u>	<u>0</u>	<u>2,515</u>	<u>0</u>
Total U.S. Department of Education			620,055	0	645,666	0
U.S. Department of Agriculture						
<i>Passed Through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	0	36,119	0	34,807
National School Lunch Program	10.555	LL-P4-02	16,225	0	16,225	0
National School Lunch Program	10.555	LL-P4-03	51,452	0	51,452	0
Total Nutrition Cluster			<u>67,677</u>	<u>36,119</u>	<u>67,677</u>	<u>34,807</u>
Total - U.S. Department of Agriculture - Nutrition Cluster			67,677	36,119	67,677	34,807
Total Federal Financial Assistance			<u><u>\$687,732</u></u>	<u><u>\$36,119</u></u>	<u><u>\$713,343</u></u>	<u><u>\$34,807</u></u>

The accompanying notes are an integral part of the financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
FISCAL YEAR ENDED JUNE 30, 2003**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State and local grant monies. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

NOTE C – FEDERAL TRANSFERS

The Ohio Department of Education (ODE) transferred federal monies remaining from the 2002 Eisenhower grant to a new 2003 Innovative Education Program Strategies grant. This amount is shown as negative receipts for the 2002 Eisenhower grant and a positive receipt for the 2003 Innovative Education grant. This action by performed by ODE because the Eisenhower grant was discontinued by the U.S. Department of Education and replaced with the Innovative Education grant.



Auditor of State Betty Montgomery

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

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

We have audited the financial statements of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 12, 2003, wherein we noted the District adopted Governmental Accounting Standards Board Statements Nos. 34, 37, 38 and GASB Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 12, 2003.

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

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

Betty Montgomery
Auditor of State

December 12, 2003



Auditor of State Betty Montgomery

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

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

Compliance

We have audited the compliance of the Kenston Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

We have audited the basic financial statements of Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 12, 2003, wherein we noted the District adopted Government Accounting Standards Board Statements Nos. 34, 37, 38, and GASB Interpretation 6. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 12, 2003

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
JUNE 30, 2003**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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KENSTON LOCAL SCHOOL DISTRICT

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**KENSTON LOCAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2003**

**ISSUED BY: TREASURER'S OFFICE
LINDA HEIN, TREASURER**

INTRODUCTORY SECTION

KENSTON LOCAL SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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KENSTON LOCAL SCHOOL DISTRICT
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KENSTON

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Kenston Local Schools

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Robert A. Lee, Ph.D.
Superintendent

Daniel J. Keenan, Jr.
Assistant Superintendent

Linda M. Hein
Treasurer

December 12, 2003

Board of Education Members
Kenston Local School District

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

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

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, Government Finance Officer's Association (GFOA) Certificate of Achievement, List of Principal Officials, and an Organizational Chart of the School District.
2. The Financial Section, which begins with the Report of Independent Accountants and includes Management's Discussion and Analysis, the Basic Purpose Financial Statements and Notes that Combining Statements for nonmajor funds by fund type, and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends, and the fiscal capacity of the Kenston Local School District.

The School District

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

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

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

Reporting Entity

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

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

The School District is associated with five jointly governed organizations and one public entity risk pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools Council Association, the East Shore Regional Transportation System, and the Ohio School Boards Association Workers Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the combined financial statements.

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

Economic Condition and Outlook

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

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

The School District's superintendent participated in a year and a half study and development of a long range defensible zoning plan for Bainbridge Township. Strategies were created to maintain the rural nature of the community and maximize the non-residential development of currently zoned areas. The trustees of both Auburn and Bainbridge Townships meet with the School District's leadership to seek input in the development of long range plans. The trustees of both townships are regular participants in the School District's Business Advisory Council.

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

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

As a result of the passage of the School District's net 6.9 mill continuing operating levy in 1997 and conservative fiscal management by the Board and the Administration, the School District's five-year projections indicate that the natural budget cycle needs will require additional operating income in the beginning of fiscal year 2005. Thus, the School District does not project a need to request additional tax support from its voters until calendar year 2004.

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

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

which the Court found took the place of the unconstitutional emergency school loan assistance program. Further legislation was enacted which prompted yet another Supreme Court ruling. Note 22 details the latest ruling.

Major Initiatives

The School District has a comprehensive technology plan that focuses on the training of all staff members and expanding the use of technology into all curricular areas. Computer labs are present in every building and computer instruction is offered to all students, grades K-12. Additionally, the School District has been very proactive in accessing technology discounts from the Federal E-rate program. The School District is already receiving refunds from round five of the E-rate program.

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

Literacy and the state standards served as the focus for the Early Learning Center and Gardiner Elementary School, assessment for instruction for Timmons Elementary School, interdisciplinary units and teaming for the Middle School and teaching strategies and planning within the block schedule for the High School.

While the School District continues to offer a variety of staff development activities to its staff, a current evaluation and examination of programs for new teachers is taking place. Input and data from administrators and teachers hired in recent years is being evaluated and incorporated into a more comprehensive plan. The School District's Entry Year Program follows the Pathwise Domains guiding Best Practices in the classroom. All entry year teachers participating in the program in 2002-03 passed the Praxis III to progress toward Professional Licensure.

Future Projects

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

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

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

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

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

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

Fiscal Management Improvements

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

School District Graduates

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

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

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

Data Accountability and Report Card Legislation

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

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

Financial Condition

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District's finances for 2003 and the outlook for the future. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights - Internal Service Fund - The only internal service fund carried on the financial records of the School District is related to self-insurance. This fund accounts for the revenues and expenses related to the provision of dental and vision and medical benefits to School District employees. Effective fiscal year 1988, the School District implemented a medical self-insurance program. The internal service fund had net assets of \$484 at June 30, 2003, compared with net assets of \$118,873 at June 30, 2002, reflecting a net decrease in net assets of \$118,389. The balance at June 30, 2003 is sufficient to meet all medical, dental, and vision claims liabilities.

Financial Highlights - Fiduciary Funds - The trust fund carried on the financial records of the School District is a private purpose trust fund that has assets totaling \$137.

Cash Management. The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation, as well as investing available cash in instruments issued by the United States Treasury, Repurchase Agreements and the State Treasury Asset Reserve of Ohio (STAROhio). The total amount of interest earned was \$904,918 for the year ended June 30, 2003, which was credited directly to the general fund, capital projects fund, debt service, food service, and auxiliary services. The program is beneficial because of access to daily balances which enables the Board of Education to maintain the minimum balance in its accounts and invest its assets.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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

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

The School District has insurance contracts for fleet insurance, boiler and machinery, crime, property and inland marine coverage. The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program as described in Note 19.

Pension Plans. All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 13 to the general purpose financial statements for complete details.

Independent Audit

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2003. The opinion appears at the beginning of the financial section of this report.

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

Awards

GFOA Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the year ended June 30, 2002.

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

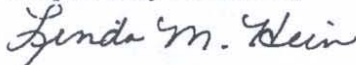
Acknowledgments

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


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

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

Respectfully submitted,



Linda M. Hein
Treasurer
Kenston Local School District



Robert A. Lee, Ph.D.
Superintendent

GFOA Certificate of Achievement for 2002

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, 2002

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



President

Executive Director

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL OFFICIALS
JUNE 30, 2003**

BOARD OF EDUCATION

Mr. Ralph Hastings	President
Mr. Jerry Moreno	Vice-President
Mr. William Timmons	Member
Ms. Joan Hamilton	Member
Mr. Robert Applebaum	Member

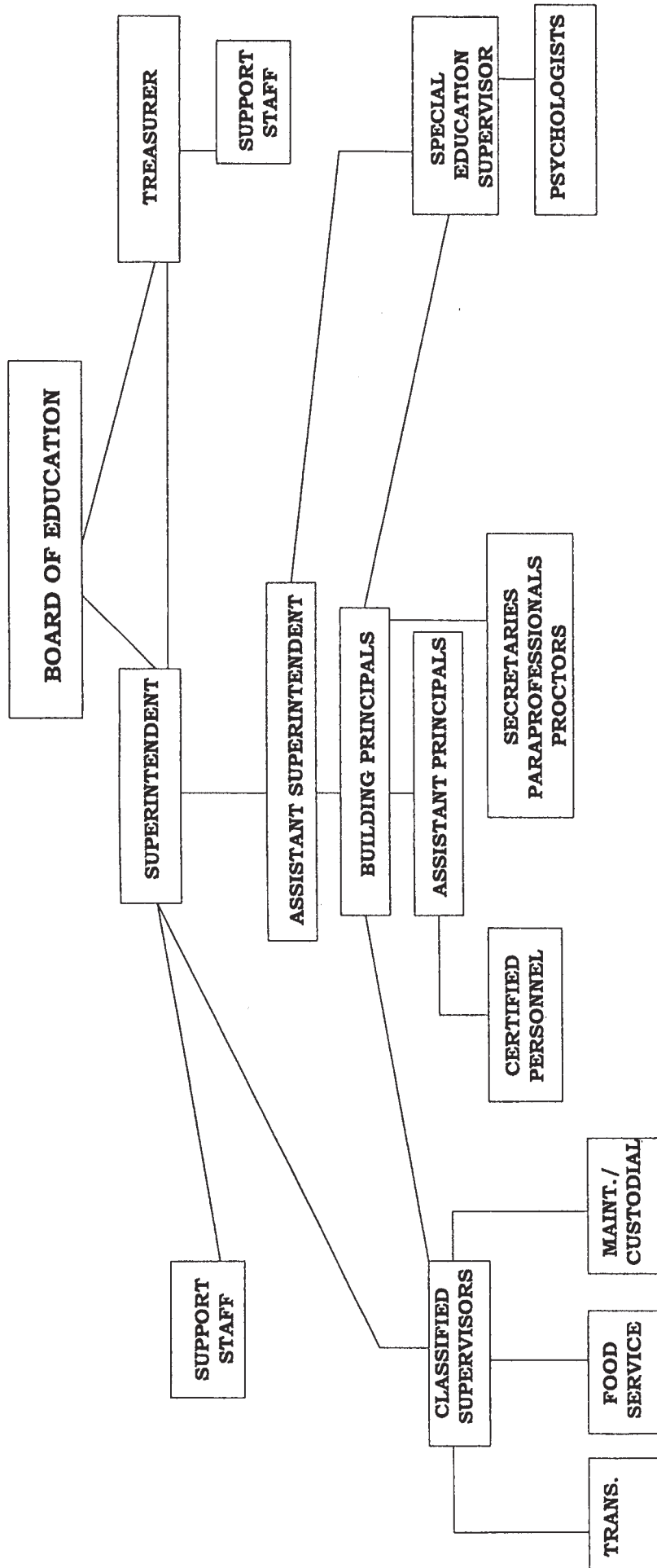
Treasurer

Ms. Linda M. Hein

Administration

Dr. Robert A. Lee	Superintendent
Mr. Daniel Keenan	Assistant Superintendent
Ms. Rita Pressman	Director, Special Education

KENSTON LOCAL SCHOOL DISTRICT



FINANCIAL SECTION

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenston Local School District, Geauga County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*. The District also implemented GASB Statement No. 37, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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



Betty Montgomery
Auditor of State

December 12, 2003

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2003
Unaudited

The discussion and analysis of the Kenston Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. 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 2003 are as follows:

- In total, net assets increased \$1,343,326. Net assets of governmental activities increased \$1,434,357, which represents a 15 percent increase from 2002. Net assets of business-type activities declined \$91,031 or 42 percent from 2002.
- General revenues accounted for \$27,754,932 in revenue or 90.8 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,789,823 or 9.2 percent of total revenues of \$30,544,755.
- Total assets of governmental activities increased by \$47,951,060 as taxes receivable increased by \$2,043,157 and cash and investments increased by \$45,016,497 due to the issuance of \$45,000,000 in bonds. An increase of \$83,864 in deferred charges were due to an early retirement of \$6,725,000 of debt.
- The School District had \$28,055,884 in expenses related to governmental activities; only \$1,741,054 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$27,749,187 were adequate to provide for these programs.
- Among major funds, the general fund had \$24,980,275 in revenues and \$25,242,350 in expenditures. The general fund's fund balance declined to \$3,510,450 from \$3,777,525. Debt service fund increased its fund balance to \$3,181,198 from \$1,776,606. Building improvement capital project fund increased its fund balance to \$44,946,655 from \$26,959.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2003
Unaudited

of the Kenston Local School District, the general fund is by far the most significant fund with the most activity. The building development fund is also significant due to construction of a new school complex and major renovations.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets* and *all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, debt service fund, and the building improvement capital projects fund.

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

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2003 compared to 2002:

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$ 74,490,006	\$ 26,647,290	\$ 171,490	\$ 236,926	\$ 74,661,496	\$ 26,884,216
Capital Assets	14,519,097	14,353,398	70,380	77,947	14,589,477	14,431,345
Total Assets	89,009,103	41,000,688	241,870	314,873	89,250,973	41,315,561
Liabilities						
Long-Term Liabilities	55,168,807	11,073,977	13,924	16,786	55,182,731	11,090,763
Other Liabilities	22,446,559	19,967,331	101,887	80,997	22,548,446	20,048,328
Total Liabilities	77,615,366	31,041,308	115,811	97,783	77,731,177	31,139,091
Net Assets						
Invested in Capital Assets						
Net of Debt	6,456,097	5,461,898	70,380	77,947	6,526,477	5,539,845
Restricted	3,403,546	2,593,155	0	0	3,403,546	2,593,155
Unrestricted (Deficit)	1,534,094	1,904,327	55,679	139,143	1,589,773	2,043,470
Total Net Assets	\$11,393,737	\$ 9,959,380	\$ 126,059	\$ 217,090	\$11,519,796	\$10,176,470

Total assets increased \$47,935,412. Equity in pooled cash and cash equivalents increased \$44,976,277 due to a \$45,000,000 bond issuance for the purpose of constructing new school buildings and major improvements. Taxes receivable increased \$2,043,157; of this increase, \$1,649,506 is offset by an increase in deferred revenue. Taxes receivable and deferred revenue increased due to reevaluation of real property values.

The net assets of the School District's business-type activities decreased by \$91,031 or 42 percent. Management is reviewing and, where feasible, will increase fees. This action should insure that business-type activities remain self-supporting.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2003
Unaudited

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2 - Change in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	\$ 270,996	\$ 979,118	\$ 1,250,114
Operating Grants	1,157,840	69,651	1,227,491
Capital Grants	312,218	0	312,218
General Revenue:			
Property Taxes	20,077,830	0	20,077,830
Grants and Entitlements	6,772,184	0	6,772,184
Other	903,723	1,195	904,918
Transfer	(4,550)	4,550	0
Total Revenues	<u>29,490,241</u>	<u>1,054,514</u>	<u>30,544,755</u>
Program Expenses			
Instruction	14,849,554	0	14,849,554
Support Services:			
Pupil and Instructional Staff	2,714,421	0	2,714,421
Board of Education, Administration, Fiscal, and Business	3,056,240	0	3,056,240
Operation and Maintenance of Plant	3,109,194	0	3,109,194
Pupil Transportation	1,943,551	0	1,943,551
Central	23,029	0	23,029
Operation of Non-Instructional Services	129,766	0	129,766
Extracurricular Activities	1,032,012	0	1,032,012
Interest and Fiscal Charges	1,185,659	0	1,185,659
Other	12,458	0	12,458
Food Service	0	704,161	704,161
Adult and Community Education	0	125,216	125,216
Uniform School Supplies	0	133,242	133,242
Kindergarten Fees	0	182,926	182,926
Total Program Expenses	<u>28,055,884</u>	<u>1,145,545</u>	<u>29,201,429</u>
Increase (Decrease) in Net Assets	1,434,357	(91,031)	1,343,326
Net Assets Beginning of Year, as Restated	9,959,380	217,090	10,176,470
Net Assets, End of Year	<u>\$ 11,393,737</u>	<u>\$ 126,059</u>	<u>\$ 11,519,796</u>

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.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2003
Unaudited

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 68 percent of revenues for governmental activities for the District in fiscal year 2003.

Instruction comprises 53 percent of governmental program expenses. Interest expense and fiscal charges were 4.2 percent. Interest expense and fiscal charges were attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. 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. Comparisons to 2002 have not been made since they are not available.

Table 3 - Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Instruction	\$14,849,554	\$14,241,322
Support Services:		
Pupil and Instructional Staff	2,714,421	2,316,352
Board of Education, Administration, Fiscal, and Business	3,056,240	2,878,325
Operation and Maintenance of Plant	3,109,194	3,109,194
Pupil Transportation	1,943,551	1,846,436
Central	23,029	22,529
Operation of Non-Instructional Service	129,766	91,441
Extracurricular Activities	1,032,012	611,114
Interest and Fiscal Charges	1,185,659	1,185,659
Other	12,458	12,458
Total Expenses	<u>\$28,055,884</u>	<u>\$26,314,830</u>

The dependence upon tax revenues for governmental activities is apparent. Over 96 percent of instruction activities are supported through taxes and other general revenues, for all governmental activities general revenue support is 94 percent. The community, as a whole, is by far the primary support for the School District's students.

Business-Type Activities

Business-type activities include adult/community education, the food service operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,054,514 and expenses of \$1,145,545 for fiscal year 2003. As discussed earlier, management will review these programs to ascertain if it would be feasible to increase fees to ensure that net assets are not further reduced in fiscal year 2004. The School District is also taking steps to reduce expenses. Business activities receive no support from tax revenues.

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2003
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$29,593,968 and expenditures of \$28,497,143. The net change in fund balance for the year in the general fund experienced a decline of \$262,075 due to an increase in salaries. In the building improvement fund, the net change in fund balance for the year increased \$44,919,696 due to the issuance of a bond for \$45,000,000. The increase in the net change in fund balance for the debt service fund, in the amount of \$1,404,592, was due to the increase of revenue from property taxes.

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 2003, 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, budget basis revenue was \$25,091,298 above original budget estimates of \$24,030,407. Of this \$1,060,891 difference, most was due to conservative tax, intergovernmental, and tuition estimates.

Much of this conservative estimate was offset as the original appropriations of \$25,882,912 were increased to \$26,396,557. Salary costs proved to be higher than anticipated in the original budget. An administrative position was added due to the increased special education needs and 15 support positions were added primarily as aides for special education classroom and transportation services.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the School District had \$14,589,477 invested in land, buildings, improvements, vehicles, equipment, and construction in progress, \$14,519,097 in governmental activities. Table 4 shows fiscal 2003 balances compared to 2002:

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
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Unaudited

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 125,211	\$ 125,211	\$ 0	\$ 0	\$ 125,211	\$ 125,211
Construction in Progress	320,704	0	0	0	320,704	0
Land Improvements	171,606	209,159	0	0	171,606	209,159
Building and Improvements	11,429,739	11,656,447	0	0	11,429,739	11,656,447
Furniture and Equipment	1,184,314	1,243,826	70,380	77,947	1,254,694	1,321,773
Vehicles	1,287,523	1,118,755	0	0	1,287,523	1,118,755
	<u>\$14,519,097</u>	<u>\$14,353,398</u>	<u>\$ 70,380</u>	<u>\$ 77,947</u>	<u>\$14,589,477</u>	<u>\$14,431,345</u>

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

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

As of June 30, 2003, the School District has contractual commitments for construction of a new high school complex and major renovations of other school buildings. The balance outstanding on these contracts is \$4,362,236.

Debt

At June 30, 2003, the District had \$53,063,000 in bonds and notes outstanding, \$1,313,500 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at Year End

	Governmental Activities 2003	Governmental Activities 2002
1992 School Improvement Bonds	\$ 0	\$ 7,335,000
1986 General Obligation Bonds	1,230,000	1,435,000
GES Septic System	108,000	121,500
2003 School Improvement Bonds	45,000,000	0
2003 School Improvement Refunding Bonds	6,725,000	0
Total Long-Term Bonds	<u>\$53,063,000</u>	<u>\$ 8,891,500</u>

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

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
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The GES septic system bonds were issued to undertake improvements of the School District's septic system.

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

The 2003 school improvement refunding bonds were issued to advance refund term bonds at a lower interest rate than the refunded bonds. As a result of the advance refunding, the School District reduced its total debt service requirements by \$584,139, which resulted in an economic gain of \$481,030.

At June 30, 2003, the School District's overall voted legal debt margin was \$4,861,948 with an unvoted debt margin of \$608,264.

Current Issues

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

In March 2003, the Governor of the State announced reductions in K-1 funding to reduce an anticipated State budget deficit. The Ohio Department of Education reduced State funding to the School District by \$106,119. The School District's financial challenge is to continue to comply with State and Federal mandates while funding is reduced. The ultimate impact is on the School District residents, who contribute the majority of all funding to the School District.

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

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

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

KENSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2003
Unaudited

Contacting the School District's Financial Management

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

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2003

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 53,769,909	\$ 159,820	\$ 53,929,729
Accrued Interest Receivable	14,097	0	14,097
Accounts Receivable	17,565	480	18,045
Intergovernmental Receivable	64,546	0	64,546
Materials and Supplies Inventory	76,229	11,190	87,419
Taxes Receivable	20,463,796	0	20,463,796
Deferred Charges	83,864	0	83,864
Nondepreciable Capital Assets	445,915	0	445,915
Depreciable Capital Assets, Net	<u>14,073,182</u>	<u>70,380</u>	<u>14,143,562</u>
Total Assets	<u>89,009,103</u>	<u>241,870</u>	<u>89,250,973</u>
<u>Liabilities</u>			
Accounts Payable	346,278	4,239	350,517
Accrued Wages	2,231,556	73,529	2,305,085
Intergovernmental Payable	723,883	24,119	748,002
Deferred Revenue	18,233,106	0	18,233,106
Accrued Interest Payable	220,323	0	220,323
Claims Payable	491,040	0	491,040
Deferred Credits	200,373	0	200,373
Long-Term Liabilities:			
Due Within One Year	2,080,900	7,095	2,087,995
Due In More Than One Year	<u>53,087,907</u>	<u>6,829</u>	<u>53,094,736</u>
Total Liabilities	<u>77,615,366</u>	<u>115,811</u>	<u>77,731,177</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	6,456,097	70,380	6,526,477
Restricted for:			
Debt Service	2,865,975	0	2,865,975
Other Purposes	81,913	0	81,913
Set-Aside	455,658	0	455,658
Unrestricted (Deficit)	<u>1,534,094</u>	<u>55,679</u>	<u>1,589,773</u>
Total Net Assets	<u>\$ 11,393,737</u>	<u>\$ 126,059</u>	<u>\$ 11,519,796</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 12,137,344	\$ 173,908	\$ 246,041	\$ 47,827	\$ (11,669,568)	\$ 0	\$ (11,669,568)
Special	2,496,959	0	140,456	0	(2,356,503)	0	(2,356,503)
Vocational	174,036	0	0	0	(174,036)	0	(174,036)
Other	41,215	0	0	0	(41,215)	0	(41,215)
Support Services:							
Pupil	1,988,980	0	375,016	0	(1,613,964)	0	(1,613,964)
Instructional Staff	725,441	0	23,053	0	(702,388)	0	(702,388)
Board of Education	84,565	0	0	0	(84,565)	0	(84,565)
Administration	2,169,439	23,646	152,447	0	(1,993,346)	0	(1,993,346)
Fiscal	764,488	0	1,822	0	(762,666)	0	(762,666)
Business	37,748	0	0	0	(37,748)	0	(37,748)
Operation and Maintenance							
of Plant	3,109,194	0	0	0	(3,109,194)	0	(3,109,194)
Pupil Transportation	1,943,551	57,548	0	39,567	(1,846,436)	0	(1,846,436)
Central	23,029	0	500	0	(22,529)	0	(22,529)
Operation of Non-Instructional Services							
	129,766	15,894	22,431	0	(91,441)	0	(91,441)
Extracurricular Activities	1,032,012	0	196,074	224,824	(611,114)	0	(611,114)
Interest and Fiscal Charges	1,185,659	0	0	0	(1,185,659)	0	(1,185,659)
Other	12,458	0	0	0	(12,458)	0	(12,458)
Total Governmental Activities	28,055,884	270,996	1,157,840	312,218	(26,314,830)	0	(26,314,830)
Business-Type Activities							
Food Service	704,161	564,157	69,651	0	0	(70,353)	(70,353)
Uniform School Supplies	133,242	127,786	0	0	0	(5,456)	(5,456)
Kindergarten Fees	182,926	184,749	0	0	0	1,823	1,823
Special Rotary	125,216	102,426	0	0	0	(22,790)	(22,790)
Total Business-Type Activities	1,145,545	979,118	69,651	0	0	(96,776)	(96,776)
Totals	\$ 29,201,429	\$ 1,250,114	\$ 1,227,491	\$ 312,218	(26,314,830)	(96,776)	(26,411,606)
General Revenues and Transfers							
Property Taxes Levied for:							
General Purposes					17,564,521	0	17,564,521
Debt Service					2,513,309	0	2,513,309
Grants and Entitlements not Restricted to Specific Programs					6,772,184	0	6,772,184
Investment Earnings					903,723	1,195	904,918
Transfers					(4,550)	4,550	0
Total General Revenues and Transfers					27,749,187	5,745	27,754,932
Change in Net Assets					1,434,357	(91,031)	1,343,326
Net Assets Beginning of Year, as Restated					9,959,380	217,090	10,176,470
Net Assets End of Year					\$ 11,393,737	\$ 126,059	\$ 11,519,796

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2003**

	General	Building Improvement Capital Project	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 5,035,955	\$ 45,077,550	\$ 2,873,552	\$ 289,133	\$ 53,276,190
Receivables:					
Taxes	17,417,287	0	3,046,509	0	20,463,796
Accounts	17,565	0	0	0	17,565
Intergovernmental	64,546	0	0	0	64,546
Accrued Interest	14,097	0	0	0	14,097
Materials and Supplies Inventory	76,229	0	0	0	76,229
Total Assets	<u>\$ 22,625,679</u>	<u>\$ 45,077,550</u>	<u>\$ 5,920,061</u>	<u>\$ 289,133</u>	<u>\$ 73,912,423</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 193,636	\$ 130,895	\$ 0	\$ 19,552	\$ 344,083
Accrued Wages	2,230,570	0	0	986	2,231,556
Compensated Absences Payable	304,724	0	0	0	304,724
Intergovernmental Payable	463,160	0	0	3,744	466,904
Deferred Revenue	15,923,139	0	2,738,863	0	18,662,002
Total Liabilities	<u>19,115,229</u>	<u>130,895</u>	<u>2,738,863</u>	<u>24,282</u>	<u>22,009,269</u>
Fund Balances					
Reserved for:					
Taxes	1,494,148	0	307,646	0	1,801,794
Encumbrances	886,015	4,231,340	0	11,151	5,128,506
Budget Stabilization	455,658	0	0	0	455,658
Unreserved, Undesignated, Reported in:					
General Fund	674,629	0	0	0	674,629
Special Revenue Funds	0	0	0	216,092	216,092
Debt Service Funds	0	0	2,873,552	0	2,873,552
Capital Projects Funds	0	40,715,315	0	37,608	40,752,923
Total Fund Balances	<u>3,510,450</u>	<u>44,946,655</u>	<u>3,181,198</u>	<u>264,851</u>	<u>51,903,154</u>
Total Liabilities and Fund Balances	<u>\$ 22,625,679</u>	<u>\$ 45,077,550</u>	<u>\$ 5,920,061</u>	<u>\$ 289,133</u>	<u>\$ 73,912,423</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2003**

Total Governmental Fund Balances \$ 51,903,154

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

Capital Assets used in governmental activities are not functional
resources and therefore are not reported in the funds. 14,519,097

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

Property Tax	428,896	
Total		428,896

An internal service fund is used by management to charge the costs
of insurance to individual funds. The assets and liabilities of the
internal service fund are included in governmental activities in the
in the statement of net assets. 484

Bond premium on the refunding issuance in governmental activities
is deferred and to be amortized over the life of the new issuance. (200,373)

Loss on early retirement of bond in governmental activities is deferred
and to be amortized over the remaining life of the refunded bond. 83,864

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	(53,063,000)	
Compensated Absences	(1,801,083)	
Intergovernmental Payable	(256,979)	
Accrued Interest Payable	(220,323)	
Total		(55,341,385)

Net Assets of Governmental Activities \$ 11,393,737

KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General	Building Improvement Capital Project	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 17,637,649	\$ 0	\$ 2,535,824	\$ 0	\$ 20,173,473
Intergovernmental	6,678,951	0	292,374	747,627	7,718,952
Tuition and Fees	128,009	0	0	0	128,009
Transportation Fees	57,548	0	0	0	57,548
Earnings on Investments	383,471	240,400	279,796	56	903,723
Extracurricular Activities	0	0	0	453,361	453,361
Miscellaneous	94,577	0	0	64,325	158,902
Total Revenues	<u>24,980,205</u>	<u>240,400</u>	<u>3,107,994</u>	<u>1,265,369</u>	<u>29,593,968</u>
Expenditures					
Current:					
Instruction:					
Regular	11,460,145	0	0	181,545	11,641,690
Special	2,361,469	0	0	108,431	2,469,900
Vocational	172,060	0	0	0	172,060
Other	41,215	0	0	0	41,215
Support Services:					
Pupil	1,609,284	0	0	382,546	1,991,830
Instructional Staff	689,698	0	0	25,880	715,578
Board of Education	84,151	0	0	0	84,151
Administrative	1,997,147	0	0	160,886	2,158,033
Fiscal Services	750,985	0	0	1,824	752,809
Business	37,569	0	0	0	37,569
Operation and Maintenance of Plant	3,155,226	38,457	0	5,891	3,199,574
Pupil Transportation	2,044,124	0	0	720	2,044,844
Central	5,529	0	0	500	6,029
Operation of Non-Instructional Services:					
Community Services	85,030	0	0	31,492	116,522
Other	12,187	0	0	0	12,187
Extracurricular Activities	551,842	0	0	472,507	1,024,349
Capital Outlay	23,113	282,247	0	0	305,360
Debt Service:					
Principal Retirement	13,500	0	815,000	0	828,500
Interest and Fiscal Charges	6,541	0	888,402	0	894,943
Total Expenditures	<u>25,100,815</u>	<u>320,704</u>	<u>1,703,402</u>	<u>1,372,222</u>	<u>28,497,143</u>
Excess of Revenues Over (Under) Expenditures	<u>(120,610)</u>	<u>(80,304)</u>	<u>1,404,592</u>	<u>(106,853)</u>	<u>1,096,825</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	70	0	0	0	70
Proceeds from Sale of Bonds	0	45,000,000	0	0	45,000,000
Operating Transfers In	0	0	0	136,985	136,985
Proceeds of Refunded Debt	0	0	6,725,000	0	6,725,000
Payment of Refunded Debt-Escrow Agent	0	0	(6,725,000)	0	(6,725,000)
Operating Transfers Out	(141,535)	0	0	0	(141,535)
Total Other Financing Sources (Uses)	<u>(141,465)</u>	<u>45,000,000</u>	<u>0</u>	<u>136,985</u>	<u>44,995,520</u>
Net Change in Fund Balances	<u>(262,075)</u>	<u>44,919,696</u>	<u>1,404,592</u>	<u>30,132</u>	<u>46,092,345</u>
Fund Balances Beginning of Year (Restated)	<u>3,772,525</u>	<u>26,959</u>	<u>1,776,606</u>	<u>234,719</u>	<u>5,810,809</u>
Fund Balances End of Year	<u>\$ 3,510,450</u>	<u>\$ 44,946,655</u>	<u>\$ 3,181,198</u>	<u>\$ 264,851</u>	<u>\$ 51,903,154</u>

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, 2003**

Net Change in Fund Balances - Total Governmental Funds		\$ 46,092,345
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Additions	1,413,778	
Current Year Depreciation	<u>(1,179,940)</u>	
Total		233,838
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the difference.		
Gain (Loss) on Disposal of Capital Assets	<u>(68,139)</u>	
Total		(68,139)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.		
Taxes	<u>(95,643)</u>	
Total		(95,643)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		828,500
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditures is reported when due.		
		(174,207)
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.		
		(45,000,000)
Bond premium that increases liabilities in the statement of net assets are not reported in governmental funds.		
		(200,373)
Losses on early retirement of debt that increase long-term assets in the statement of net assets are not reported in governmental funds.		
		83,864
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Intergovernmental Payable	(10,274)	
Compensated Absences Payable	<u>(137,165)</u>	
Total		(147,439)
The internal service fund used by management to charge the costs of insurance to to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (Expense) of the internal service fund is allocated among the governmental activities		
		<u>(118,389)</u>
Change in Net Assets of Governmental Activities		<u>\$ 1,434,357</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$16,600,826	\$17,333,717	\$17,334,501	\$ 784
Intergovernmental	6,798,257	7,098,385	6,614,405	(483,980)
Earnings on Investments	365,441	381,574	381,574	0
Tuition and Fees	122,597	128,009	128,009	0
Transportation Fees	55,115	57,548	57,548	0
Miscellaneous	88,171	92,065	92,065	0
Total Revenues	<u>24,030,407</u>	<u>25,091,298</u>	<u>24,608,102</u>	<u>(483,196)</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	11,903,409	12,028,746	11,866,460	162,286
Special	2,493,945	2,622,625	2,622,625	0
Vocational Education	167,742	171,070	171,070	0
Other	40,413	41,215	41,215	0
Support Services:				
Pupils	1,617,278	1,649,368	1,649,368	0
Instructional Staff	712,004	766,925	766,925	0
Board of Education	90,220	98,129	98,129	0
Administration	1,976,158	2,015,369	2,015,369	0
Fiscal Services	761,090	776,191	776,191	0
Business	36,914	37,646	37,646	0
Operation and Maintenance of				
Plant Services	3,309,124	3,359,604	3,359,604	0
Pupil Transportation	2,059,683	2,100,551	2,100,551	0
Central Services	7,743	7,897	7,897	0
Operation of Non-Instructional Services:				
Community Services	111,920	114,141	114,141	0
Other	11,201	11,423	11,423	0
Extracurricular Activities:				
Academic-Subject Oriented	143,940	146,796	146,796	0
Sports-Oriented	396,714	404,586	404,586	0
Capital Outlay:				
Other Facility Acquisition and Construction	23,763	24,234	24,234	0
Debt Service:				
Principal Retirement	13,237	13,500	13,500	0
Interest and Fiscal Charges	6,414	6,541	6,541	0
Total Expenditures	<u>25,882,912</u>	<u>26,396,557</u>	<u>26,234,271</u>	<u>162,286</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,852,505)</u>	<u>(1,305,259)</u>	<u>(1,626,169)</u>	<u>(320,910)</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Assets	0	70	70	0
Advances In	0	0	35,000	35,000
Advances Out	(35,000)	(35,000)	(35,000)	0
Operating Transfers Out	<u>(138,180)</u>	<u>(141,535)</u>	<u>(141,535)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(173,180)</u>	<u>(176,465)</u>	<u>(141,465)</u>	<u>35,000</u>
Net Change in Fund Balance	(2,025,685)	(1,481,724)	(1,767,634)	(285,910)
Fund Balance at Beginning of Year	4,772,282	4,772,282	4,772,282	0
Prior Year Encumbrances Appropriated	<u>956,092</u>	<u>956,092</u>	<u>956,092</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,702,689</u>	<u>\$ 4,246,650</u>	<u>\$ 3,960,740</u>	<u>\$ (285,910)</u>

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2003**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<u>Assets</u>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 159,820	\$ 493,719
Receivables:		
Accounts	480	0
Materials and Supplies Inventory	<u>11,190</u>	<u>0</u>
Total Current Assets	171,490	493,719
Capital Assets (Net of Depreciation)	<u>70,380</u>	<u>0</u>
Total Assets	<u>241,870</u>	<u>493,719</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	4,239	2,195
Accrued Wages	73,529	0
Intergovernmental Payable	24,119	0
Claims Payable	0	491,040
Compensated Absences Payable	<u>7,095</u>	<u>0</u>
Total Current Liabilities	108,982	493,235
Long-Term Liabilities:		
Compensated Absences Payable	<u>6,829</u>	<u>0</u>
Total Liabilities	<u>115,811</u>	<u>493,235</u>
<u>Net Assets</u>		
Invested in Capital Assets	70,380	0
Unrestricted (Deficit)	<u>55,679</u>	<u>484</u>
Total Net Assets (Deficit)	<u>\$ 126,059</u>	<u>\$ 484</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
<u>Operating Revenues</u>		
Food Services	\$ 550,736	\$ 0
Tuition	184,749	0
Classroom Materials and Fees	205,857	0
Charges for Services	24,355	0
Miscellaneous	<u>13,421</u>	<u>2,072,939</u>
Total Operating Revenues	<u>979,118</u>	<u>2,072,939</u>
<u>Operating Expenses</u>		
Salaries and Wages	452,129	0
Fringe Benefits	116,475	0
Claims	0	2,191,328
Purchased Services	403,993	0
Supplies and Materials	160,522	0
Depreciation	11,222	0
Capital Outlay	387	0
Other Expenses	<u>817</u>	<u>0</u>
Total Operating Expenses	<u>1,145,545</u>	<u>2,191,328</u>
Operating Income (Loss)	<u>(166,427)</u>	<u>(118,389)</u>
<u>Non-Operating Revenues</u>		
Earnings on Investments	1,195	0
Operating Grants	39,090	0
Donated Commodities	<u>30,561</u>	<u>0</u>
Total Non-Operating Revenues	<u>70,846</u>	<u>0</u>
<u>Operating Transfers</u>		
Transfers In	<u>4,550</u>	<u>0</u>
Total Operating Transfers (Uses)	<u>4,550</u>	<u>0</u>
Changes in Net Assets	(91,031)	(118,389)
Net Assets (Deficit) Beginning of Year, Restated	<u>217,090</u>	<u>118,873</u>
Net Assets (Deficit) End of Year	<u>\$ 126,059</u>	<u>\$ 484</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, 2003**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 993,042	\$ 2,072,939
Cash Payments for Goods and Services	(560,668)	0
Cash Payments to Employees for Services	(432,325)	0
Cash Payments for Employee Benefits	(111,193)	0
Cash Payments for Other Operating Expenses	(817)	(2,041,031)
Net Cash Provided by (Used for) Operating Activities	<u>(111,961)</u>	<u>31,908</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Operating Grants Received	69,651	0
Net Cash Provided by Noncapital Financing Activities	<u>69,651</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Payments for Capital Acquisitions	(3,655)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,655)</u>	<u>0</u>
<u>Cash Flows from Operating Transfers</u>		
Operating Transfers In	4,550	0
Net Cash Provided by Operating Transfers	<u>4,550</u>	<u>0</u>
<u>Cash Flows Provided by Investing Activities</u>		
Earnings on Investments	1,195	0
Net Cash Provided by Investing Activities	<u>1,195</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(40,220)	31,908
Cash and Cash Equivalents Beginning of Year	200,040	461,811
Cash and Cash Equivalents End of Year	<u>\$ 159,820</u>	<u>\$ 493,719</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>		
Operating Income (Loss)	\$ (166,427)	\$ (118,389)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	11,222	0
Increase (Decrease) in Assets:		
Accounts Receivable	17,637	0
Materials and Supplies Inventory	7,579	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(3,362)	2,195
Accrued Salaries and Benefits Payable	22,743	0
Intergovernmental Payable	1,509	0
Employee Benefit Obligations Payable		
Claims Payable	(2,862)	148,102
Total Adjustments	<u>54,466</u>	<u>150,297</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (111,961)</u>	<u>\$ 31,908</u>

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003**

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 137	\$ 52,163
<u>Liabilities</u>		
Due to Students	0	52,163
<u>Net Assets</u>		
Held in Trust for Scholarships	137	0
Total Net Assets	<u>\$ 137</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Private Purpose Trust <u>Scholarship</u>
Additions	\$ 0
Deductions	<u>0</u>
Change in Net Assets	0
Net Assets Beginning of Year	<u>137</u>
Net Assets End of Year	<u>\$ 137</u>

See accompanying notes to the basic financial statements.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Kenston Local School District (the “School District”) operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the School District’s 5 instructional support facilities staffed by 180 non-certificated employees and administrative employees, and 232 certificated full-time teaching personnel that provide services to 3,164 students and other community members.

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

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

Reporting Entity

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

Reporting Entity (Continued)

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Worker's Compensation Group Rating Plan. The organization is presented in Note 19 to the basic financial statements. The School District is also associated with five jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association and the East Shore Regional Transportation System. These organizations are presented in Note 20 to the basic financial statements.

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

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

A. **Basis of Presentation**

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

Government-wide Financial Statements

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

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

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

Government-wide Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenue, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

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

Fund Financial Statements (Continued)

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

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

B. **Fund Accounting**

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

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 asset and liabilities is reported as fund balance. The School District's major governmental funds are :

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

Building Improvement Fund - the construction fund is used to account for the receipts and expenditures related to all special bond funds in the School District.

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

B. Fund Accounting (Continued)

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

Proprietary Funds

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

Enterprise Fund

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

Internal Service Fund

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

Fiduciary Funds

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

D. Basis of Accounting

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

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

D. **Basis of Accounting** (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. Unused donated commodities are reported as deferred revenue.

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

E. **Cash and Cash Equivalents**

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

During fiscal year 2003, investments were limited to repurchase agreements, U.S. Treasury notes, certificates of deposit, and STAROhio. Except for STAROhio and U.S. Treasury notes with maturities of more than one year, investments are reported at cost since they are either non-negotiable certificates of deposit, or repurchase agreements with maturity of one year or less. STAROhio and U.S. Treasury notes are reported at fair value, which is based on guaranteed market price.

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 2003 amounted to \$383,471, which includes \$315,061 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.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

F. Restricted Assets

Assets are reported as restricted items when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for textbooks and instructional materials, plus capital and maintenance.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

I. Capital Assets

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

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

I. **Capital Assets** (Continued)

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

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset. Useful lives for infrastructure were estimated based on the School District's historical records of necessary improvements and replacements. 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 Buildings Improvements	20-50 years	N/A
Furniture and Equipment	5-20 years	12 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 receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. **Compensated Absences**

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

K. Compensated Absences (Continued)

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

M. Fund Balance Reserves and Designations

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories, property taxes, prepaids, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenue expenditures. The designation for budget stabilization represents revenues set aside that exceed statutorily required amounts.

N. Net Assets

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

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

O. Operating Revenues and Expenses

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

P. Interfund Activity

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

P. **Interfund Activity** (Continued)

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

Q. **Estimates**

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

R. **Budgetary Data**

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

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

Tax Budget

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

R. **Budgetary Data** (Continued)

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 2003.

Appropriations

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

R. **Budgetary Data** (Continued)

Encumbrances

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

Lapsing of Appropriations

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

NOTE 3: **CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

A. **Change in Accounting Principles**

For fiscal year 2003, the School District implemented Governmental Accounting Standards Board Statement (GASB) No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB No. 37, "Basic Financial Statements for State and Local Governments: Omnibus"; GASB No. 38, "Certain Financial Statement Note Disclosures"; GASB Statement No. 41, "Budgetary Comparison Schedules-Perspective Differences"; and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 3: **CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

A. Change in Accounting Principles

The government-wide financial statements split the School District's programs between governmental and business-type activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002 caused by the conversion to the accrual basis of accounting. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues, and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization, or program structure that the government uses for its legally adopted budget when significant budgetary perspectives differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The School District restated the fund liability of compensated absences that had not matured during fiscal year 2002.

B. Restatement of Fund Balance

The restatements for GASB Statement No. 34 and GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported.

The transition from governmental fund balance to net assets of the governmental activities is also presented.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (Continued)

B. Restatement of Fund Balance (Continued)

	<u>General</u>	<u>Building Improvement Capital Project</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Fund Balances June 30, 2002	\$ 4,013,201	\$ 26,959	\$ 1,776,606	\$ 234,719	\$ 6,051,485
GASB Interpretation No. 6 Adjustments:					
Retirement Payout Liability	(240,676)	0	0	0	(240,676)
Adjusted Fund Balances June 30, 2002	<u>\$ 3,772,525</u>	<u>\$ 26,959</u>	<u>\$ 1,776,606</u>	<u>\$ 234,719</u>	<u>5,810,809</u>
GASB 34 Adjustments:					
Long-Term (Deferred) Property Tax Receivable					524,539
Internal Services Fund					118,873
Capital Assets					14,353,398
Accrued Interest Payable					(46,116)
Long-Term Liabilities					(10,555,418)
Intergovernmental Payable					(246,705)
Governmental Activities Net Assets June 30, 2002					<u><u>\$ 9,959,380</u></u>

NOTE 4: RECLASSIFICATION OF SPECIAL ROTARY FUND

GASB Statement No. 34 describes an internal service fund as a fund that should be used only when the reporting government itself is the predominant participant in the fund, by financing of goods or services provided by one department or agency of a government fund to other departments or agencies on a cost-reimbursement basis. The School District's special rotary fund is used primarily for adult education and is not used to provide services for another department of a government fund. Therefore, the special rotary fund is to be reclassified to the enterprise fund since 76 percent of the revenue is from adult education fees.

At June 30, 2002, the special rotary internal service fund was reclassified as an enterprise fund, due to the fact that the majority of services were provided to outside users. This restatement had the following effect on fund equity as it was previously reported:

	<u>Business-Type Activities</u>	<u>Internal Service Fund</u>
Fund Equity June 30, 2002	\$ 230,347	\$ 105,616
Fund Reclassification	(13,257)	13,257
Adjusted Net Assets at June 30, 2002	<u><u>\$ 217,090</u></u>	<u><u>\$ 118,873</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 5: **FUND DEFICITS**

Fund balances at June 30, 2003 included the following individual fund deficits:

<u>Fund</u>	
Special Revenue:	
School Miscellaneous State Grant	\$ 51
Title I	522
Miscellaneous Federal Grants	17
Improving Teacher Quality	281
Enterprise Fund:	
Adult Education	36,047

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

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

NOTE 6: **BUDGETARY BASIS OF ACCOUNTING**

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

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

NOTE 6: **BUDGETARY BASIS OF ACCOUNTING** (Continued)

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

Net Change in Fund Balance - General Fund	
GAAP Basis	\$ (262,075)
Net Adjustments for Revenue Accruals	(372,103)
Net Adjustments for Expenditure Accruals	(58,242)
Adjustments for Encumbrances	<u>(1,075,214)</u>
Budget Basis	<u><u>\$(1,767,634)</u></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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

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

Cash on Hand

At fiscal year end, the School District had \$752 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

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

Deposits

At June 30, 2003, the carrying amount of the School District's deposits was \$480,302 and the bank balance was \$400,399. Of the bank balance, \$207,027 was covered by Federal Depository Insurance and \$193,372 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

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

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$ 0	\$ 45,108,336	\$ 45,108,336	\$ 45,108,336
Federal Home Loan Bank Note	311,223	0	311,223	311,223
Repurchase Agreement	<u>0</u>	<u>1,217,866</u>	<u>1,217,866</u>	<u>1,217,866</u>
	<u>\$ 311,223</u>	<u>\$ 46,326,202</u>	46,637,425	46,637,425
STAROhio (Uncategorized)			<u>6,863,550</u>	<u>6,863,550</u>
Totals			<u>\$ 53,500,975</u>	<u>\$53,500,975</u>

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 53,982,029	\$ 0
Petty Cash	(752)	0
Investments:		
U.S. Treasury Notes	(45,108,336)	45,108,336
Federal Home Loan Bank Note	(311,223)	311,223
Repurchase Agreement	(1,217,866)	1,217,866
STAROhio	<u>(6,863,550)</u>	<u>6,863,550</u>
GASB Statement No. 3	<u>\$ 480,302</u>	<u>\$ 53,500,975</u>

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, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(CONTINUED)

NOTE 8: **PROPERTY TAXES** (Continued)

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 24 percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$1,494,148 in the general fund and \$307,646 in the debt service fund. The amount available as an advance at June 30, 2002 was \$1,191,000 in the general fund and \$121,500 in the debt service fund.

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

NOTE 8: **PROPERTY TAXES** (Continued)

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>2002 Second Half Collections</u>		<u>2003 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 496,334,870	91.90%	\$ 562,355,940	92.45%
Public Utility	12,728,320	2.40%	11,826,340	1.94%
Tangible Personal Property	<u>31,008,490</u>	<u>5.70%</u>	<u>34,081,610</u>	<u>5.61%</u>
Total Assessed Value	<u>\$ 540,071,680</u>	<u>100.00%</u>	<u>\$ 608,263,890</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 77.30		\$ 79.80	

The School District passed a 4.30 operating levy in November 2002. The collection of tax revenue from this levy began in the second half of fiscal year 2003.

NOTE 9: **RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, accounts (student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. The School District had \$64,546 in intergovernmental receivables.

NOTE 10: **CONTRACTUAL COMMITMENTS**

As of June 30, 2003, Kenston Local School District had \$4,362,236 in contractual commitments for preliminary work to prepare for construction of a new high school complex and major renovations of existing school buildings.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 11: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003 was as follows:

	Balance at 6/30/02 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance at 6/30/03
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 125,211	\$ 0	\$ 0	\$ 125,211
Construction in Progress	<u>0</u>	<u>320,704</u>	<u>0</u>	<u>320,704</u>
<i>Total Capital Assets, not being depreciated</i>	<u>125,211</u>	<u>320,704</u>	<u>0</u>	<u>445,915</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	807,132	30,089	0	837,221
Buildings and Improvements	17,889,974	249,642	(6,950)	18,132,666
Furniture and Equipment	4,211,996	341,705	(142,237)	4,411,464
Vehicles	<u>2,345,880</u>	<u>471,638</u>	<u>(70,200)</u>	<u>2,747,318</u>
<i>Total Capital Assets, being depreciated</i>	<u>25,254,982</u>	<u>1,093,074</u>	<u>(219,387)</u>	<u>26,128,669</u>
Less Accumulated Depreciation:				
Land Improvements	(597,973)	(67,642)	0	(665,615)
Buildings and Improvements	(6,233,527)	(469,747)	347	(6,702,927)
Furniture and Equipment	(2,968,170)	(372,675)	113,695	(3,227,150)
Vehicles	<u>(1,227,125)</u>	<u>(269,876)</u>	<u>37,206</u>	<u>(1,459,795)</u>
Total Accumulated Depreciation	<u>(11,026,795)</u>	<u>(1,179,940)</u>	<u>151,248</u>	<u>(12,055,487)</u>
<i>Total Capital Assets being depreciated, net, Restated</i>	<u>14,228,187</u>	<u>(86,866)</u>	<u>(68,139)</u>	<u>14,073,182</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,353,398</u>	<u>\$ 233,838</u>	<u>\$ (68,139)</u>	<u>\$ 14,519,097</u>
Business-Type Activities				
Furniture and Equipment	\$ 475,443	\$ 3,655	\$ (3,284)	\$ 475,814
Less Accumulated Depreciation	<u>(397,496)</u>	<u>(11,222)</u>	<u>3,284</u>	<u>(405,434)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 77,947</u>	<u>\$ (7,567)</u>	<u>\$ 0</u>	<u>\$ 70,380</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 553,685
Special		9,232
Support Services:		
Pupil		8,560
Instructional Staff		23,491
Administration		20,843
Fiscal		6,614
Operation and Maintenance of Plant		269,189
Pupil Transportation		267,294
Operation of Non-Instructional Services		9,701
Extracurricular Activities		<u>11,331</u>
Total Depreciation Expense		<u>\$ 1,179,940</u>

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 12: 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 2003, the School District contracted with Midwestern Indemnity Insurance Company for fleet, property, and liability insurance, the Ohio School Council for boiler and machinery, Inland Marine for crime, Westfield Companies for commercial crime, and Nationwide Insurance Company for bonding of the Treasurer, the Board President, and the Superintendent.

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

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.

B. Workers' Compensation

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

NOTE 12: **RISK MANAGEMENT** (Continued)

B. Workers' Compensation (Continued)

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

C. Employee Insurance Benefits

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly payments are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$491,040 reported in the internal service fund at June 30, 2003 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses (GASB 30). Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning <u>of Year</u>	Current Year Claims	Claims <u>Payments</u>	Balance at <u>End of Year</u>
2001	\$ 172,102	\$ 1,661,496	\$ (1,595,788)	\$ 237,810
2002	\$ 237,810	\$ 1,629,295	\$ (1,524,167)	\$ 342,938
2003	\$ 342,938	\$ 1,752,506	\$ (1,604,404)	\$ 491,040

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 13: **DEFINED BENEFIT PENSION PLANS**

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$338,774, \$217,377, and \$147,530, respectively; 74 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 13: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. State Teachers Retirement System (Continued)

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

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

For the fiscal year ended June 30, 2003, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligation. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,716,596, \$1,665,568, and \$1,549,884, respectively; 74 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$5,640 made by the School District and \$4,996 made by the plan members.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 13: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, all members of the Board of Education have elected School Employees Retirement System. There are no employees or Board members who have elected social security.

NOTE 14: **POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$120,497 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve fund. At June 30, 2002 (the latest information available) the balance in the fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2003 fiscal year equaled \$241,745.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002 (latest information available), SERS had net assets available for payment of health care benefits of \$335.3 million. SERS has approximately 50,253 participants currently receiving health care benefits.

NOTE 15: **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 27 days vacation leave. As of June 30, 2003, the District recorded, as a fund liability, a vacation leave liability of \$176,916.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 15: **EMPLOYEE BENEFITS** (Continued)

A. **Compensated Absences** (Continued)

Sick Leave

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

Employees meet the eligibility requirements for retirement with either: **a)** twenty-five years of service and age 55 or over, **b)** five years of service and age 60 or over, or **c)** any age with thirty years of service. As of June 30, 2003, the School District recorded \$1,690,291 as a liability for sick pay-related severance benefits.

B. **Life Insurance**

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

C. **Severance Retirement**

The School District's Board of Education adopted an early retirement incentive program effective June 26, 2001 through June 25, 2002. Participation was open to employees who were at least 55 years old and had at least 10 consecutive years of service with the Board. Participation was limited to a maximum of five percent of those certified employees who were members of the State Teachers Retirement System as of July 1, 2001. A certified employee who was eligible to participate in the plan during the period June 26, 2001 through June 25, 2002 must have been currently employed by the Board, had attained the age of at least 50, notified the Board in writing between March 15 and April 15, 2001 of their intention to retire no later than June 25, 2002, agreed to retire and did in fact retire within 90 days after receipt of notice from STRS that service credit had been purchased by the Board, and retired no later than June 25, 2002.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

NOTE 15: **EMPLOYEE BENEFITS** (Continued)

C. **Severance Retirement** (Continued)

The Board purchased, on behalf of an employee, one year of service credit from STRS. Any teacher who retired by August 1, 2002 would receive a severance pay incentive of 1-1/4 times, equal to his/her severance pay and would be payable July 5, 2003. To qualify for the added severance, written notification of retirement effective July 1 or August 1, 2002 would have submitted to the Board by March 16, 2002. If this notification was not submitted, the incentive would be forfeited. There were no employees who retired in fiscal year 2003.

As of June 30, 2003, the School District recorded \$246,600 as compensated absences fund liability for retirement payouts.

NOTE 16: **INTERFUND TRANSFER**

As of June 30, 2003, interfund transfers were as follows:

<u>Transfer To</u>	<u>Transfer from General Fund</u>
Nonmajor Governmental Funds:	
District Managed Activity	\$ 96,985
Management Information System	40,000
Business-type Funds:	
Uniform School Supplies	<u>4,550</u>
Total Transfers	<u>\$ 141,535</u>

The general fund transfers to nonmajor governmental funds, business-type fund, and the fiduciary fund were made to provide additional resources for current operations.

NOTE 17: **SHORT-TERM DEBT**

Changes in short-term debt during the year are as follows:

	<u>June 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2003</u>
School Improvement Bonds	<u>\$ 0</u>	<u>\$45,000,000</u>	<u>\$45,000,000</u>	<u>\$ 0</u>

The School District issued \$45,000,000 in bond anticipation notes during the year for the purposes of school improvements. The notes were retired by issuance of a long-term school improvement bond in the amount of \$45,000,000. (See Note 18).

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 18: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding 06/30/02	Additions	Deductions	Refunded	Principal Outstanding 06/30/03	Amounts Due in One Year
<u>Governmental Activities</u>						
School Improvement Bonds						
1992 - 4.9% to 6.5%	\$ 7,335,000	\$ 0	\$ 610,000	\$ 6,725,000	\$ 0	\$ 0
General Obligation Bonds						
1986 - 7.125%	1,435,000		205,000	0	1,230,000	205,000
GES Septic System - 5.7%	121,500	0	13,500	0	108,000	13,500
School Improvement Bonds						
2003 - 2%	0	45,000,000	0	0	45,000,000	820,000
School Improvement Refunding Bonds						
2003 - 2%	0	6,725,000	0	0	6,725,000	275,000
Total Long-Term Bonds	<u>8,891,500</u>	<u>51,725,000</u>	<u>828,500</u>	<u>6,725,000</u>	<u>53,063,000</u>	<u>1,313,500</u>
<u>Other General Long-Term Obligations</u>						
Compensated Absences	1,910,623	195,184	0	0	2,105,807	767,400
Total Governmental Long-Term Liabilities	<u>\$10,802,123</u>	<u>\$51,920,184</u>	<u>\$ 828,500</u>	<u>\$ 6,725,000</u>	<u>\$55,168,807</u>	<u>\$ 2,080,900</u>
<u>Business-Type Activities</u>						
Compensated Absences	\$ 16,786	\$ 0	\$ 2,862	\$ 0	\$ 13,924	\$ 7,095
Total Business-Type Activities	<u>\$ 16,786</u>	<u>\$ 0</u>	<u>\$ 2,862</u>	<u>\$ 0</u>	<u>\$ 13,924</u>	<u>\$ 7,095</u>

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

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

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 will be used to retire the School District's \$31,000,000 School Improvement Notes, series 2002, issued on December 18, 2002, and maturing on May 31, 2003, and its \$14,000,000 School Improvement Notes, series 2003, issued on January 16, 2003, and also maturing on May 21, 2003.

KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)

NOTE 18: **LONG-TERM OBLIGATIONS** (Continued)

Debt Refunding

On November 1, 2002, the School District issued general obligation bonds of \$6,725,000 with an interest rate ranging from 1.80 percent to 4.375 percent to advance refund term bonds with an interest rate ranging from 4.9 percent to 6.5 percent. The bonds mature December 1, 2017. The general obligation bonds were issued at a discount and, after paying issuance costs of \$116,509 the net proceeds were \$6,820,932. The advance refunding met the requirements of an in-substance debt defeasance and the term 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 \$584,139, which resulted in an economic gain of \$481,030.

All bonds outstanding are general obligations of the School District to which the full faith and credit of the School District is pledged for repayment.

If debt proceeds are retained by the School District beyond the scheduled deadlines, the School District is required to pay the federal government a portion of the interest earnings. For the 2003 general obligation bonds, the School District has not met the expenditure deadlines. The arbitrage liability of \$83,085 is an estimate as of June 30, 2003, with respect to the bonds. The due date of the first rebate payment with respect to the bonds is January 9, 2004. The accrued liability will increase or decrease depending on whether remaining bond proceeds are invested at a yield that is higher or lower than the bond yield.

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

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

The School District's voted legal debt margin was \$4,861,948 with an unvoted debt margin of \$608,264 at June 30, 2003.

Principal and interest requirements to retire general obligation debt at June 30, 2003 are as follows:

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 18: **LONG-TERM OBLIGATIONS** (Continued)

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,313,500	\$ 2,459,426	\$ 3,772,926
2005	923,500	2,260,534	3,184,034
2006	993,500	2,230,500	3,224,000
2007	1,168,500	2,196,929	3,365,429
2008	1,253,500	2,152,879	3,406,379
2009-2013	7,645,500	9,980,177	17,625,677
2014-2018	11,520,000	8,642,791	20,162,791
2019-2023	9,860,000	5,558,900	15,418,900
2024-2028	12,520,000	2,836,675	15,356,675
2029-2030	5,865,000	266,738	6,131,738
	<u>\$ 53,063,000</u>	<u>\$ 38,585,549</u>	<u>\$ 91,648,549</u>

NOTE 19: **PUBLIC ENTITY RISK POOL**

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

NOTE 20: **JOINTLY GOVERNED ORGANIZATIONS**

Auburn Career Center

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

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 20: **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 \$102,179 to LGCA during fiscal year 2003. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8140 Auburn Road, Painesville, Ohio 44077.

Auburn-Bainbridge Recreation Board

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

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2003, the School District paid \$184,542 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 20: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

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

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

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

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

East Shore Regional Transportation System

East Shore Regional Transportation System (ESRTS) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen (16) member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. The School District contributed \$1,278 to ESRTS during fiscal year 2003. ESRTA is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

**KENSTON LOCAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(CONTINUED)**

NOTE 21: **CONTINGENCIES**

A. **Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

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 22: **STATE SCHOOL FUNDING DECISION**

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

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

NOTE 23: **SET-ASIDE REQUIREMENTS**

Set-Aside Calculations

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. At June 30, 2003, only the unspent portion of certain workers' compensation funds continue to be a set-aside.

**KENSTON LOCAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (CONTINUED)**

NOTE 23: **SET-ASIDE REQUIREMENTS** (Continued)

Set-Aside Calculations (Continued)

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks Instructional Reserve
Set-Aside Reserve Balance as of June 30, 2002	\$ 455,658	\$ 0	\$ (623,996)
Current Year Set-Aside Requirements	0	451,714	451,714
Qualifying Disbursements	0	(644,082)	(774,943)
Total	<u>\$ 455,658</u>	<u>\$ (192,368)</u>	<u>\$ (947,225)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ 455,658</u>	<u>\$ 0</u>	<u>\$ (947,225)</u>
Set-Aside Reserve Balance as of June 30, 2003	<u>\$ 455,658</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

NOTE 24: **SUBSEQUENT EVENTS**

After the School District's 2003 fiscal year, the School District's Board exchanged its Early Learning Center for approximately 62 acres of land owned by Bainbridge Township. The construction of a new High School complex will be constructed on this property.

The Early Learning Center and the 62 acres of land have an appraisal value of \$920,000 and \$900,000, respectively.

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds
(Continued)

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.

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

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

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

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

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

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

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

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

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS

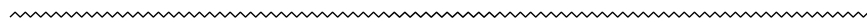
Nonmajor Capital Projects Funds

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

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

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

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



Nonmajor Enterprise Funds

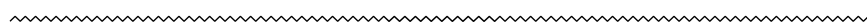
Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services is primarily or solely to the general public be financed or recovered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

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

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.

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

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



**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 251,525	\$ 37,608	\$ 289,133
Total Assets	\$ 251,525	\$ 37,608	\$ 289,133
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 19,552	\$ 0	\$ 19,552
Accrued Wages	986	0	986
Intergovernmental Payable	3,744	0	3,744
Total Liabilities	24,282	0	24,282
<u>Fund Balances</u>			
Reserved for:			
Encumbrances	11,151	0	11,151
Special Revenue Funds	216,092	0	216,092
Capital Projects Funds	0	37,608	37,608
Total Fund Balance	227,243	37,608	264,851
Total Liabilities and Fund Balances	\$ 251,525	\$ 37,608	\$ 289,133

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 699,800	\$ 47,827	\$ 747,627
Earnings on Investments	56	0	56
Extracurricular Activities	453,361	0	453,361
Miscellaneous	<u>64,325</u>	<u>0</u>	<u>64,325</u>
Total Revenues	<u>1,217,542</u>	<u>47,827</u>	<u>1,265,369</u>
Expenditures			
Current:			
Instruction:			
Regular	111,614	69,931	181,545
Special	108,431	0	108,431
Support Services:			
Pupil	382,546	0	382,546
Instructional Staff	25,880	0	25,880
Administrative	160,886	0	160,886
Fiscal Services	1,824	0	1,824
Operation and Maintenance of Plant	5,891	0	5,891
Pupil Transportation	720	0	720
Central	500	0	500
Operation of Non-Instructional Services:			
Community Service	31,492	0	31,492
Extracurricular Activities	<u>472,507</u>	<u>0</u>	<u>472,507</u>
Total Expenditures	<u>1,302,291</u>	<u>69,931</u>	<u>1,372,222</u>
Excess of Revenues Over (Under) Expenditures	<u>(84,749)</u>	<u>(22,104)</u>	<u>(106,853)</u>
Other Financing Sources (Uses)			
Advances In	35,000	0	35,000
Advances Out	(35,000)	0	(35,000)
Operating Transfers In	<u>136,985</u>	<u>0</u>	<u>136,985</u>
Total Other Financing Sources (Uses)	<u>136,985</u>	<u>0</u>	<u>136,985</u>
Net Change in Fund Balance	52,236	(22,104)	30,132
Fund Balance (Deficit) Beginning of Year	<u>175,007</u>	<u>59,712</u>	<u>234,719</u>
Fund Balance (Deficit) End of Year	<u>\$ 227,243</u>	<u>\$ 37,608</u>	<u>\$ 264,851</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003**

	Public School Support	District Managed Student Activity	Auxiliary Services	Professional Development	Management Information Systems	School Net Professional Development
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 70,817	\$ 92,828	\$ 13,743	\$ 156	\$ 31,316	\$ 4,481
Total Assets	<u>\$ 70,817</u>	<u>\$ 92,828</u>	<u>\$ 13,743</u>	<u>\$ 156</u>	<u>\$ 31,316</u>	<u>\$ 4,481</u>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 1,391	\$ 17,364	\$ 0	\$ 0	\$ 77	\$ 0
Accrued Wages and Benefits	0	0	0	0	986	0
Intergovernmental Payable	17	41	0	0	216	273
Total Liabilities	<u>1,408</u>	<u>17,405</u>	<u>0</u>	<u>0</u>	<u>1,279</u>	<u>273</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	1,529	8,672	500	0	123	0
Unreserved, Undesignated (Deficit)	67,880	66,751	13,243	156	29,914	4,208
Total Fund Balances (Deficits)	<u>69,409</u>	<u>75,423</u>	<u>13,743</u>	<u>156</u>	<u>30,037</u>	<u>4,208</u>
Total Liabilities and Fund Balances	<u>\$ 70,817</u>	<u>\$ 92,828</u>	<u>\$ 13,743</u>	<u>\$ 156</u>	<u>\$ 31,316</u>	<u>\$ 4,481</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2003**

	<u>Ohio Reads Grants</u>	<u>Summer School Intervention</u>	<u>School Miscellaneous State Grant</u>	<u>IDEA - Education of Handicapped Children</u>	<u>Title I</u>	<u>Title V</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 9,500	\$ 0	\$ 0	\$ 1,994	\$ 60	\$ 6,666
Total Assets	<u>\$ 9,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,994</u>	<u>\$ 60</u>	<u>\$ 6,666</u>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0	0	0
Intergovernmental Payable	<u>1,269</u>	<u>0</u>	<u>51</u>	<u>839</u>	<u>582</u>	<u>75</u>
Total Liabilities	<u>1,269</u>	<u>0</u>	<u>51</u>	<u>839</u>	<u>582</u>	<u>75</u>
<u>Fund Balance</u>						
Reserved for Encumbrances	0	0	0	53	0	0
Unreserved, Undesignated (Deficit)	<u>8,231</u>	<u>0</u>	<u>(51)</u>	<u>1,102</u>	<u>(522)</u>	<u>6,591</u>
Total Fund Balances (Deficits)	<u>8,231</u>	<u>0</u>	<u>(51)</u>	<u>1,155</u>	<u>(522)</u>	<u>6,591</u>
Total Liabilities and Fund Balances	<u>\$ 9,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,994</u>	<u>\$ 60</u>	<u>\$ 6,666</u>

<u>Drug Free School</u>	<u>Tele-communication Act</u>	<u>Miscellaneous Federal Grants</u>	<u>Eisenhower Professional Development</u>	<u>Disadvantaged Pupil Aid Program</u>	<u>Data Communication</u>	<u>Improving Teacher Quality</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 920	\$ 4,928	\$ 0	\$ 21	\$ 20	\$ 14,000	\$ 75	\$ 251,525
<u>\$ 920</u>	<u>\$ 4,928</u>	<u>\$ 0</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 14,000</u>	<u>\$ 75</u>	<u>\$ 251,525</u>
\$ 0	\$ 720	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,552
0	0	0	0	0	0	0	986
8	0	17	0	0	0	356	3,744
<u>8</u>	<u>720</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>356</u>	<u>24,282</u>
274	0	0	0	0	0	0	11,151
638	4,208	(17)	21	20	14,000	(281)	216,092
<u>912</u>	<u>4,208</u>	<u>(17)</u>	<u>21</u>	<u>20</u>	<u>14,000</u>	<u>(281)</u>	<u>227,243</u>
<u>\$ 920</u>	<u>\$ 4,928</u>	<u>\$ 0</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 14,000</u>	<u>\$ 75</u>	<u>\$ 251,525</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003

	Public School Support	District Managed Student Activity	Auxiliary Services	Professional Development	Management Information Systems	School Net Professional Development
Revenues						
Intergovernmental	\$ 0	\$ 0	\$ 22,431	\$ 0	\$ 11,764	\$ 8,050
Earnings on Investments	0	0	56	0	0	0
Extracurricular Activities	254,644	198,717	0	0	0	0
Miscellaneous	38,218	26,107	0	0	0	0
Total Revenues	<u>292,862</u>	<u>224,824</u>	<u>22,487</u>	<u>0</u>	<u>11,764</u>	<u>8,050</u>
Expenditures						
Current:						
Instruction:						
Regular	10,561	0	0	0	0	7,819
Special	6,391	0	0	0	0	0
Support Services:						
Pupils	80,820	0	0	0	0	0
Instructional Staff	750	0	0	12	0	0
Administrative	0	0	0	0	21,055	0
Fiscal	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central Services	0	0	0	0	0	0
Operation of Non-Instructional Services:						
Community Services	0	0	31,253	0	0	0
Extracurricular Activities	178,226	293,065	0	0	0	0
Total Expenditures	<u>276,748</u>	<u>293,065</u>	<u>31,253</u>	<u>12</u>	<u>21,055</u>	<u>7,819</u>
Excess of Revenues Over (Under) Expenditures	<u>16,114</u>	<u>(68,241)</u>	<u>(8,766)</u>	<u>(12)</u>	<u>(9,291)</u>	<u>231</u>
Other Financing Sources (Uses)						
Operating Transfers In	0	96,985	0	0	40,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>96,985</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>0</u>
Net Change in Fund Balance	16,114	28,744	(8,766)	(12)	30,709	231
Fund Balances (Deficit)						
Beginning of Year	<u>53,295</u>	<u>46,679</u>	<u>22,509</u>	<u>168</u>	<u>(672)</u>	<u>3,977</u>
Fund Balances (Deficit) End of Year	<u>\$ 69,409</u>	<u>\$ 75,423</u>	<u>\$ 13,743</u>	<u>\$ 156</u>	<u>\$ 30,037</u>	<u>\$ 4,208</u>

Ohio Reads Grants	Summer School Intervention	School Miscellaneous State Grant	IDEA - Education of Handicapped Children	Title I	Title V	Drug Free School	Tele-communication Act
\$ 9,500	\$ 0	\$ 14,000	\$ 423,901	\$ 91,855	\$ 16,780	\$ 8,758	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>9,500</u>	<u>0</u>	<u>14,000</u>	<u>423,901</u>	<u>91,855</u>	<u>16,780</u>	<u>8,758</u>	<u>0</u>
4,589	0	1,032	0	1,088	16,535	0	0
0	0	0	127	88,959	5,514	0	0
0	0	0	300,549	0	0	1,177	0
0	0	12,519	0	0	0	11,427	0
1,060	0	0	136,646	2,125	0	0	0
0	0	0	1,824	0	0	0	5,891
0	0	0	0	0	0	0	720
0	0	0	0	0	0	0	0
0	0	500	0	0	0	239	0
0	0	0	0	0	0	0	0
0	0	0	0	0	636	0	0
<u>5,649</u>	<u>0</u>	<u>14,051</u>	<u>439,146</u>	<u>92,172</u>	<u>22,685</u>	<u>12,843</u>	<u>6,611</u>
<u>3,851</u>	<u>0</u>	<u>(51)</u>	<u>(15,245)</u>	<u>(317)</u>	<u>(5,905)</u>	<u>(4,085)</u>	<u>(6,611)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
3,851	0	(51)	(15,245)	(317)	(5,905)	(4,085)	(6,611)
<u>4,380</u>	<u>0</u>	<u>0</u>	<u>16,400</u>	<u>(205)</u>	<u>12,496</u>	<u>4,997</u>	<u>10,819</u>
<u>\$ 8,231</u>	<u>\$ 0</u>	<u>\$ (51)</u>	<u>\$ 1,155</u>	<u>\$ (522)</u>	<u>\$ 6,591</u>	<u>\$ 912</u>	<u>\$ 4,208</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2003

	Miscellaneous Federal Grants	Eisenhower Professional Development	Disadvantaged Pupil Aid Program	Data Communication	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
Revenues						
Intergovernmental	\$ 9,938	\$ 1,034	\$ 0	\$ 14,000	\$ 67,789	\$ 699,800
Earnings on Investments	0	0	0	0	0	56
Extracurricular Activities	0	0	0	0	0	453,361
Miscellaneous	0	0	0	0	0	64,325
Total Revenues	<u>9,938</u>	<u>1,034</u>	<u>0</u>	<u>14,000</u>	<u>67,789</u>	<u>1,217,542</u>
Expenditures						
Current:						
Instruction:						
Regular	2,457	0	0	0	67,533	111,614
Special	7,440	0	0	0	0	108,431
Support Services:						
Pupils	0	0	0	0	0	382,546
Instructional Staff	0	1,172	0	0	0	25,880
Administrative	0	0	0	0	0	160,886
Fiscal	0	0	0	0	0	1,824
Operation and Maintenance of Plant	0	0	0	0	0	5,891
Pupil Transportation	0	0	0	0	0	720
Central Services	0	0	0	0	0	500
Operation of Non-Instructional Services:						
Community Services	0	0	0	0	0	31,492
Extracurricular Activities	58	229	0	0	293	472,507
Total Expenditures	<u>9,955</u>	<u>1,401</u>	<u>0</u>	<u>0</u>	<u>67,826</u>	<u>1,302,291</u>
Excess of Revenues Over (Under) Expenditures	<u>(17)</u>	<u>(367)</u>	<u>0</u>	<u>14,000</u>	<u>(37)</u>	<u>(84,749)</u>
Other Financing Sources (Uses)						
Operating Transfers In	0	0	0	0	0	136,985
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>136,985</u>
Net Change in Fund Balance	(17)	(367)	0	14,000	(37)	52,236
Fund Balances (Deficit)						
Beginning of Year	0	388	20	0	(244)	175,007
Fund Balances (Deficit) End of Year	<u>\$ (17)</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 14,000</u>	<u>\$ (281)</u>	<u>\$ 227,243</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2003**

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Interactive Video Distance Learning</u>	<u>Total Nonmajor Capital Project Funds</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 21,224	\$ 7,684	\$ 8,700	\$ 37,608
Total Assets	<u>\$ 21,224</u>	<u>\$ 7,684</u>	<u>\$ 8,700</u>	<u>\$ 37,608</u>
<u>Liabilities and Fund Balances</u>				
<u>Total Liabilities</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fund Balance</u>				
Unreserved, Undesignated (Deficit)	21,224	7,684	8,700	37,608
Total Fund Balance (Deficit)	<u>21,224</u>	<u>7,684</u>	<u>8,700</u>	<u>37,608</u>
Total Liabilities and Fund Balance	<u>\$ 21,224</u>	<u>\$ 7,684</u>	<u>\$ 8,700</u>	<u>\$ 37,608</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES -
 NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2003**

	Permanent Improvement	School Net Plus	Interactive Video Distance Learning	Total Nonmajor Capital Project Funds
Revenues				
Intergovernmental	\$ 0	\$ 47,827	\$ 0	\$ 47,827
Total Revenues	<u>0</u>	<u>47,827</u>	<u>0</u>	<u>47,827</u>
Expenditures				
Instruction:				
Regular	<u>0</u>	<u>48,370</u>	<u>21,561</u>	<u>69,931</u>
Total Expenditures	<u>0</u>	<u>48,370</u>	<u>21,561</u>	<u>69,931</u>
Net Change in Fund Balance	0	(543)	(21,561)	(22,104)
Fund Balance Beginning of Year, Restated	<u>21,224</u>	<u>8,227</u>	<u>30,261</u>	<u>59,712</u>
Fund Balances (Deficit) End of Year	<u>\$ 21,224</u>	<u>\$ 7,684</u>	<u>\$ 8,700</u>	<u>\$ 37,608</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2003

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>Assets</u>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 60,655	\$ 12,258	\$ 84,650	\$ 2,257	\$ 159,820
Receivables:					
Accounts	0	480	0	0	480
Materials and Supplies Inventory	<u>11,190</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,190</u>
Total Current Assets	71,845	12,738	84,650	2,257	171,490
Capital Assets (Net of Depreciation)	<u>70,380</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70,380</u>
Total Assets	<u>142,225</u>	<u>12,738</u>	<u>84,650</u>	<u>2,257</u>	<u>241,870</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	4,130	109	0	0	4,239
Accrued Wages	42,946	0	0	30,583	73,529
Intergovernmental Payable	15,196	0	1,202	7,721	24,119
Claims Payable	0	0	0	0	0
Compensated Absences Payable	<u>7,095</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,095</u>
Total Current Liabilities	69,367	109	1,202	38,304	108,982
Long-Term Liabilities:					
Compensated Absences Payable	<u>6,829</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,829</u>
Total Liabilities	<u>76,196</u>	<u>109</u>	<u>1,202</u>	<u>38,304</u>	<u>115,811</u>
<u>Net Assets</u>					
Invested in Capital Assets	(70,380)	0	0	0	(70,380)
Unrestricted (Deficit)	<u>136,409</u>	<u>12,629</u>	<u>83,448</u>	<u>(36,047)</u>	<u>196,439</u>
Total Net Assets (Deficit)	<u>\$ 66,029</u>	<u>\$ 12,629</u>	<u>\$ 83,448</u>	<u>\$ (36,047)</u>	<u>\$ 126,059</u>

KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<u>Operating Revenues</u>					
Food Services	\$ 550,736	\$ 0	\$ 0	\$ 0	\$ 550,736
Extracurricular Activities	0	0	184,749	0	184,749
Classroom Materials and Fees	0	127,786	0	78,071	205,857
Charges for Services	0	0	0	24,355	24,355
Miscellaneous	13,421	0	0	0	13,421
Total Operating Revenues	<u>564,157</u>	<u>127,786</u>	<u>184,749</u>	<u>102,426</u>	<u>979,118</u>
<u>Operating Expenses</u>					
Salaries and Wages	211,638	0	158,384	82,107	452,129
Fringe Benefits	74,285	0	23,542	18,648	116,475
Claims	0	0	0	0	0
Purchased Services	382,084	0	0	21,909	403,993
Supplies and Materials	23,728	133,242	1,000	2,552	160,522
Depreciation	11,222	0	0	0	11,222
Capital Outlay	387	0	0	0	387
Other Expenses	817	0	0	0	817
Total Operating Expenses	<u>704,161</u>	<u>133,242</u>	<u>182,926</u>	<u>125,216</u>	<u>1,145,545</u>
Operating Income (Loss)	<u>(140,004)</u>	<u>(5,456)</u>	<u>1,823</u>	<u>(22,790)</u>	<u>(166,427)</u>
<u>Non-Operating Revenues</u>					
Earnings on Investments	832	0	363	0	1,195
Operating Grants	39,090	0	0	0	39,090
Donated Commodities	30,561	0	0	0	30,561
Total Non-Operating Revenues	<u>70,483</u>	<u>0</u>	<u>363</u>	<u>0</u>	<u>70,846</u>
<u>Operating Transfers</u>					
Transfers In	0	4,550	0	0	4,550
Total Operating Transfers (Uses)	<u>0</u>	<u>4,550</u>	<u>0</u>	<u>0</u>	<u>4,550</u>
Changes in Net Assets	(69,521)	(906)	2,186	(22,790)	(91,031)
Net Assets (Deficit) Beginning of Year, Restated	135,550	13,535	81,262	(13,257)	217,090
Net Assets (Deficit) End of Year	<u>\$ 66,029</u>	<u>\$ 12,629</u>	<u>\$ 83,448</u>	<u>\$ (36,047)</u>	<u>\$ 126,059</u>

**KENSTON LOCAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Food Services	Uniform School Supplies	Kindergarten Fees	Adult Education	Total Nonmajor Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$ 578,205	\$ 127,662	\$ 184,749	\$ 102,426	\$ 993,042
Cash Payments for Goods and Services	(401,385)	(133,839)	(1,000)	(24,444)	(560,668)
Cash Payments to Employees for Services	(211,905)	0	(158,042)	(62,378)	(432,325)
Cash Payments for Employee Benefits	(73,330)	0	(23,542)	(14,321)	(111,193)
Cash Payments for Other Operating Expenses	(817)	0	0	0	(817)
Net Cash Provided by (Used for) Operating Activities	<u>(109,232)</u>	<u>(6,177)</u>	<u>2,165</u>	<u>1,283</u>	<u>(111,961)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Operating Grants Received	69,651	0	0	0	69,651
Net Cash Provided by Noncapital Financing Activities	<u>69,651</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,651</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Payments for Capital Acquisitions	(3,655)	0	0	0	(3,655)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,655)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,655)</u>
<u>Cash Flows from Operating Transfers</u>					
Operating Transfers In	0	4,550	0	0	4,550
Net Cash Provided by Operating Transfers	<u>0</u>	<u>4,550</u>	<u>0</u>	<u>0</u>	<u>4,550</u>
<u>Cash Flows Provided by Investing Activities</u>					
Earnings on Investments	832	0	363	0	1,195
Net Cash Provided by Investing Activities	<u>832</u>	<u>0</u>	<u>363</u>	<u>0</u>	<u>1,195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,404)	(1,627)	2,528	1,283	(40,220)
Cash and Cash Equivalents Beginning of Year	103,059	13,885	82,122	974	200,040
Cash and Cash Equivalents End of Year	<u>\$ 60,655</u>	<u>\$ 12,258</u>	<u>\$ 84,650</u>	<u>\$ 2,257</u>	<u>\$ 159,820</u>
<u>Reconciliation of Operating Income (Loss to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income (Loss)	\$ (140,004)	\$ (5,456)	\$ 1,823	\$ (22,790)	\$ (166,427)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	11,222	0	0	0	11,222
Increase (Decrease) in Assets:					
Accounts Receivable	14,048	(124)	0	3,713	17,637
Materials and Supplies Inventory	7,579	0	0	0	7,579
Increase (Decrease) in Liabilities:					
Accounts Payable	(2,765)	(597)	0	0	(3,362)
Accrued Salaries and Benefits Payable	2,625	0	0	20,118	22,743
Intergovernmental Payable	925	0	342	242	1,509
Employee Benefit Obligations Payable	(2,862)	0	0	0	(2,862)
Total Adjustments	<u>30,772</u>	<u>(721)</u>	<u>342</u>	<u>24,073</u>	<u>54,466</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (109,232)</u>	<u>\$ (6,177)</u>	<u>\$ 2,165</u>	<u>\$ 1,283</u>	<u>\$ (111,961)</u>

**KENSTON LOCAL SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Balance</u> <u>06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/03</u>
<i>Student Activities</i>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 47,544	\$ 114,484	\$ 109,865	\$ 52,163
Total Assets	<u>\$ 47,544</u>	<u>\$ 114,484</u>	<u>\$ 109,865</u>	<u>\$ 52,163</u>
<u>Liabilities</u>				
Accounts Payable	\$ 279	\$ 0	\$ 279	\$ 0
Due to Students	<u>47,265</u>	<u>5,027</u>	<u>129</u>	<u>52,163</u>
Total Liabilities	<u>\$ 47,544</u>	<u>\$ 5,027</u>	<u>\$ 408</u>	<u>\$ 52,163</u>

**INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES -
BUDGET (NON-GAAP BASIS) AND ACTUAL**

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$16,600,826	\$17,333,717	\$17,334,501	\$ 784
Intergovernmental	6,798,257	7,098,385	6,614,405	(483,980)
Earnings on Investments	365,441	381,574	381,574	0
Tuition and Fees	122,597	128,009	128,009	0
Transportation Fees	55,115	57,548	57,548	0
Miscellaneous	88,171	92,065	92,065	0
Total Revenues	<u>24,030,407</u>	<u>25,091,298</u>	<u>24,608,102</u>	<u>(483,196)</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	8,574,577	8,664,863	8,664,863	0
Fringe Benefits	2,242,784	2,266,399	2,266,399	0
Purchased Services	353,806	357,531	357,531	0
Supplies and Materials	500,024	505,289	343,003	162,286
Capital Outlay - New	212,311	214,547	214,547	0
Capital Outlay - Replacement	18,522	18,717	18,717	0
Other	1,385	1,400	1,400	0
Total Regular Instruction	<u>11,903,409</u>	<u>12,028,746</u>	<u>11,866,460</u>	<u>162,286</u>
Special Instruction:				
Salaries and Wages	1,497,332	1,574,589	1,574,589	0
Fringe Benefits	318,733	335,179	335,179	0
Purchased Services	666,610	701,005	701,005	0
Supplies and Materials	5,638	5,929	5,929	0
Capital Outlay - New	5,632	5,923	5,923	0
Total Special Instruction	<u>2,493,945</u>	<u>2,622,625</u>	<u>2,622,625</u>	<u>0</u>
Vocational Education:				
Salaries and Wages	103,407	105,459	105,459	0
Fringe Benefits	22,696	23,146	23,146	0
Purchased Services	41,559	42,384	42,384	0
Supplies and Materials	80	81	81	0
Total Vocational Education	<u>167,742</u>	<u>171,070</u>	<u>171,070</u>	<u>0</u>
Other:				
Purchased Services	40,413	41,215	41,215	0
Total Other Instruction	<u>40,413</u>	<u>41,215</u>	<u>41,215</u>	<u>0</u>
Total Instruction	<u>14,605,509</u>	<u>14,863,656</u>	<u>14,701,370</u>	<u>162,286</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Support Services:				
Pupils:				
Salaries and Wages	914,475	932,620	932,620	0
Fringe Benefits	196,811	200,716	200,716	0
Purchased Services	286,610	292,297	292,297	0
Supplies and Materials	15,881	16,196	16,196	0
Capital Outlay - New	1,920	1,958	1,958	0
Capital Outlay - Replacement	4,608	4,699	4,699	0
Other	<u>196,973</u>	<u>200,882</u>	<u>200,882</u>	<u>0</u>
Total Pupils	<u>1,617,278</u>	<u>1,649,368</u>	<u>1,649,368</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	360,403	388,203	388,203	0
Fringe Benefits	143,032	154,065	154,065	0
Purchased Services	52,942	57,026	57,026	0
Supplies and Materials	96,829	104,298	104,298	0
Capital Outlay - New	54,755	58,979	58,979	0
Capital Outlay - Replacement	1,806	1,943	1,943	0
Other	<u>2,237</u>	<u>2,411</u>	<u>2,411</u>	<u>0</u>
Total Instructional Staff	<u>712,004</u>	<u>766,925</u>	<u>766,925</u>	<u>0</u>
Board of Education:				
Salaries and Wages	8,753	9,520	9,520	0
Fringe Benefits	1,869	2,033	2,033	0
Purchased Services	73,314	79,741	79,741	0
Supplies and Materials	817	889	889	0
Other	<u>5,467</u>	<u>5,946</u>	<u>5,946</u>	<u>0</u>
Total Board of Education	<u>90,220</u>	<u>98,129</u>	<u>98,129</u>	<u>0</u>
Administration:				
Salaries and Wages	1,238,633	1,263,210	1,263,210	0
Fringe Benefits	563,610	574,793	574,793	0
Purchased Services	36,116	36,833	36,833	0
Supplies and Materials	32,050	32,686	32,686	0
Capital Outlay - New	36,272	36,992	36,992	0
Capital Outlay - Replacement	34,652	35,340	35,340	0
Other	<u>34,825</u>	<u>35,515</u>	<u>35,515</u>	<u>0</u>
Total Administration	<u>1,976,158</u>	<u>2,015,369</u>	<u>2,015,369</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Fiscal Services:				
Salaries and Wages	248,170	253,094	253,094	0
Fringe Benefits	112,267	114,495	114,495	0
Purchased Services	16,400	16,725	16,725	0
Supplies and Materials	9,937	10,134	10,134	0
Capital Outlay - New	12,943	13,200	13,200	0
Capital Outlay - Replacement	352	359	359	0
Other	361,021	368,184	368,184	0
Total Fiscal Services	<u>761,090</u>	<u>776,191</u>	<u>776,191</u>	<u>0</u>
Business:				
Salaries and Wages	30,490	31,095	31,095	0
Fringe Benefits	5,988	6,107	6,107	0
Purchased Services	436	444	444	0
Total Business	<u>36,914</u>	<u>37,646</u>	<u>37,646</u>	<u>0</u>
Operation and Maintenance of Plant Services:				
Salaries and Wages	1,099,574	1,116,348	1,116,348	0
Fringe Benefits	368,299	373,917	373,917	0
Purchased Services	1,595,211	1,619,546	1,619,546	0
Supplies and Materials	135,842	137,914	137,914	0
Capital Outlay - New	15,544	15,781	15,781	0
Capital- Replacement	93,202	94,623	94,623	0
Dues and Fees	1,452	1,475	1,475	0
Total Operation and Maintenance of Plant Services	<u>3,309,124</u>	<u>3,359,604</u>	<u>3,359,604</u>	<u>0</u>
Pupil Transportation:				
Salaries and Wages	916,491	934,676	934,676	0
Fringe Benefits	359,539	366,673	366,673	0
Purchased Services	145,021	147,899	147,899	0
Supplies and Materials	252,963	257,982	257,982	0
Capital Outlay - New	902	920	920	0
Capital Outlay - Replacement	384,767	392,401	392,401	0
Total Pupil Transportation	<u>2,059,683</u>	<u>2,100,551</u>	<u>2,100,551</u>	<u>0</u>
Central Services:				
Purchased Services	5,096	5,197	5,197	0
Other	2,647	2,700	2,700	0
Total Central Services	<u>7,743</u>	<u>7,897</u>	<u>7,897</u>	<u>0</u>
Total Support Services	<u>10,570,214</u>	<u>10,811,680</u>	<u>10,811,680</u>	<u>0</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	31,890	32,523	32,523	0
Fringe Benefits	9,445	9,632	9,632	0
Purchased Services	40,138	40,935	40,935	0
Supplies and Materials	23,867	24,341	24,341	0
Capital Outlay	<u>6,580</u>	<u>6,710</u>	<u>6,710</u>	<u>0</u>
Total Community Services	<u>111,920</u>	<u>114,141</u>	<u>114,141</u>	<u>0</u>
Other:				
Salaries and Wages	9,571	9,761	9,761	0
Fringe Benefits	<u>1,630</u>	<u>1,662</u>	<u>1,662</u>	<u>0</u>
Total Other	<u>11,201</u>	<u>11,423</u>	<u>11,423</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>123,121</u>	<u>125,564</u>	<u>125,564</u>	<u>0</u>
Extracurricular Activities:				
Academic-Subject Oriented:				
Salaries and Wages	125,752	128,247	128,247	0
Fringe Benefits	<u>18,188</u>	<u>18,549</u>	<u>18,549</u>	<u>0</u>
Total Academic-Subject Oriented	<u>143,940</u>	<u>146,796</u>	<u>146,796</u>	<u>0</u>
Sports Oriented:				
Salaries and Wages	343,354	350,167	350,167	0
Fringe Benefits	49,106	50,080	50,080	0
Purchased Services	<u>4,254</u>	<u>4,339</u>	<u>4,339</u>	<u>0</u>
Total Sports-Oriented	<u>396,714</u>	<u>404,586</u>	<u>404,586</u>	<u>0</u>
Total Extracurricular Activities	<u>540,654</u>	<u>551,382</u>	<u>551,382</u>	<u>0</u>
Capital Outlay:				
Other Facility Acquisition and Construction:				
Purchased Services	22,917	23,371	23,371	0
Supplies and Materials	<u>846</u>	<u>863</u>	<u>863</u>	<u>0</u>
Total Other Facility Acquisition and Construction	<u>23,763</u>	<u>24,234</u>	<u>24,234</u>	<u>0</u>
Total Capital Outlay	<u>23,763</u>	<u>24,234</u>	<u>24,234</u>	<u>0</u>
Debt Service:				
Principal Retirement	13,237	13,500	13,500	0
Interest and Fiscal Charges	<u>6,414</u>	<u>6,541</u>	<u>6,541</u>	<u>0</u>
Total Debt Service	<u>19,651</u>	<u>20,041</u>	<u>20,041</u>	<u>0</u>
Total Expenditures	<u>25,882,912</u>	<u>26,396,557</u>	<u>26,234,271</u>	<u>162,286</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,852,505)</u>	<u>(1,305,259)</u>	<u>(1,626,169)</u>	<u>(320,910)</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Assets	0	70	70	0
Advances In	0	0	35,000	35,000
Advances Out	(35,000)	(35,000)	(35,000)	
Operating Transfers Out	<u>(138,180)</u>	<u>(141,535)</u>	<u>(141,535)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(173,180)</u>	<u>(176,465)</u>	<u>(141,465)</u>	<u>35,000</u>
Net Change in Fund Balance	(2,025,685)	(1,481,724)	(1,767,634)	(285,910)
Fund Balance at Beginning of Year	4,772,282	4,772,282	4,772,282	0
Prior Year Encumbrances Appropriated	<u>956,092</u>	<u>956,092</u>	<u>956,092</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,702,689</u>	<u>\$ 4,246,650</u>	<u>\$ 3,960,740</u>	<u>\$ (285,910)</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$ 1,520,100	\$ 2,349,678	\$ 2,349,678	\$ 5
Intergovernmental	189,000	292,369	292,374	0
Earnings on Investments	<u>0</u>	<u>0</u>	<u>279,796</u>	<u>279,796</u>
Total Revenues	<u>1,709,100</u>	<u>2,642,047</u>	<u>2,921,848</u>	<u>279,801</u>
<u>Expenditures</u>				
Fiscal Services:				
Other Expense	<u>2,616</u>	<u>89,314</u>	<u>89,314</u>	<u>0</u>
Total Fiscal Services	<u>2,616</u>	<u>89,314</u>	<u>89,314</u>	<u>0</u>
Debt Service:				
Principal Retirement	1,342,075	45,815,000	45,815,000	0
Interest and Fiscal Charges	<u>23,408</u>	<u>799,089</u>	<u>799,089</u>	<u>0</u>
Total Debt Service	<u>1,365,483</u>	<u>46,614,089</u>	<u>46,614,089</u>	<u>0</u>
Total Expenditures	<u>1,368,099</u>	<u>46,703,403</u>	<u>46,703,403</u>	<u>0</u>
Excess Of Revenue Over (Under) Expenditures	<u>341,001</u>	<u>(44,061,356)</u>	<u>(43,781,555)</u>	<u>279,801</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Bonds	<u>0</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>0</u>
Net Change in Fund Balances	341,001	938,644	1,218,445	279,801
Fund Balance - Beginning of Year	1,655,106	1,655,106	1,655,106	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 1,996,107</u>	<u>\$2,593,750</u>	<u>\$ 2,873,551</u>	<u>\$ 279,801</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
BUILDING IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Earnings on Investments	\$ 5,000	\$ 4,557	\$ 4,421	\$ (136)
Total Revenues	<u>5,000</u>	<u>4,557</u>	<u>4,421</u>	<u>(136)</u>
Expenditures				
Operation and Maintenance of Plant Services:				
Purchased Services	16,436	2,340,974	2,340,974	0
Total Operation and Maintenance of Plant Services	<u>16,436</u>	<u>2,340,974</u>	<u>2,340,974</u>	<u>0</u>
Support Services:				
Central:				
Supplies and Materials	1,404	200,000	200,000	0
Total Central	<u>1,404</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total Support Services	<u>1,404</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Site Acquisition Services:				
Purchased Services	274	39,036	39,036	0
Total Site Acquisition Services	<u>274</u>	<u>39,036</u>	<u>39,036</u>	<u>0</u>
Architecture and Engineering Services:				
Purchased Services	13,291	1,893,134	1,893,134	0
Total Architecture and Engineering Services	<u>13,291</u>	<u>1,893,134</u>	<u>1,893,134</u>	<u>0</u>
Educational Specifications Development Services:				
Purchased Services	551	78,500	78,500	0
Total Educational Specifications Development Services	<u>551</u>	<u>78,500</u>	<u>78,500</u>	<u>0</u>
Other Facilities Acquisition and Construction Services:				
Purchased Services	3	400	400	0
Total Other Facilities Acquisition and Construction Services	<u>3</u>	<u>400</u>	<u>400</u>	<u>0</u>
Total Expenditures	<u>31,959</u>	<u>4,552,044</u>	<u>4,552,044</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(26,959)</u>	<u>(4,547,487)</u>	<u>(4,547,623)</u>	<u>(136)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Notes	0	45,000,000	45,000,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>0</u>
Net Changes in Fund Balances	(26,959)	40,452,513	40,452,377	(136)
Fund Balance at Beginning of Year	26,959	26,959	26,959	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$40,479,472</u>	<u>\$40,479,336</u>	<u>\$ (136)</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Earnings on Investments	\$ 4,961	\$ 0	\$ 0	\$ 0
Total Revenues	<u>4,961</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>				
Capital Outlay:				
Building Improvement Services	<u>26,185</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Outlay	<u>26,185</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>26,185</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(21,224)	0	0	0
Fund Balance at Beginning of Year	21,223	21,223	21,223	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (1)</u></u>	<u><u>\$ 21,223</u></u>	<u><u>\$ 21,223</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 SCHOOL NET PLUS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 50,000	\$ 47,827	\$ 47,827	\$ 0
Total Revenues	<u>50,000</u>	<u>47,827</u>	<u>47,827</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Fringe	288	239	239	0
Purchased Services	4,815	4,000	4,000	0
Supplies and Materials	1,806	1,500	1,500	0
Capital Outlay - New	51,317	42,630	42,630	0
Total Regular Instruction	<u>58,226</u>	<u>48,369</u>	<u>48,369</u>	<u>0</u>
Total Instruction	<u>58,226</u>	<u>48,369</u>	<u>48,369</u>	<u>0</u>
Total Expenditures	<u>58,226</u>	<u>48,369</u>	<u>48,369</u>	<u>0</u>
Net Change in Fund Balances	(8,226)	(542)	(542)	0
Fund Balance at Beginning of Year	8,226	8,226	8,226	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 7,684</u>	<u>\$ 7,684</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL -
INTERACTIVE VIDEO DISTANCE LEARNING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 20,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Purchased Services	47,893	20,545	20,545	0
Capital Outlay - New	<u>2,368</u>	<u>1,016</u>	<u>1,106</u>	<u>0</u>
Total Regular Instruction	<u>50,261</u>	<u>21,561</u>	<u>21,561</u>	<u>0</u>
Total Instruction	<u>50,261</u>	<u>21,561</u>	<u>21,561</u>	<u>0</u>
Total Expenditures	<u>50,261</u>	<u>21,561</u>	<u>21,561</u>	<u>0</u>
Net Change in Fund Balances	(30,261)	(21,561)	(21,561)	0
Fund Balance at Beginning of Year	30,261	30,261	30,261	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 8,700</u>	<u>\$ 8,700</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Extracurricular Activities	\$ 236,541	\$ 254,644	\$ 254,644	\$ 0
Contributions and Donations	31,813	34,248	34,248	0
Miscellaneous	3,688	3,970	3,970	0
Total Revenues	<u>272,042</u>	<u>292,862</u>	<u>292,862</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular Instruction:				
Supplies and Materials	501	502	502	0
Equipment	10,037	10,060	10,060	0
Total Regular Instruction	<u>10,538</u>	<u>10,562</u>	<u>10,562</u>	<u>0</u>
Special Instruction:				
Purchased Services	4,989	5,000	5,000	0
Total Special Instruction	<u>4,989</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Instruction	<u>15,527</u>	<u>15,562</u>	<u>15,562</u>	<u>0</u>
Support Services:				
Pupils:				
Salaries and Wages	399	400	400	0
Fringe Benefits	62	62	62	0
Purchased Services	40,257	40,348	40,348	0
Supplies and Materials	40,686	40,778	40,778	0
Capital Outlay	507	508	508	0
Other	2,809	2,815	2,815	0
Total Pupils	<u>84,720</u>	<u>84,911</u>	<u>84,911</u>	<u>0</u>
Instructional Staff:				
Supplies and Materials	748	750	750	0
Total Instructional Staff	<u>748</u>	<u>750</u>	<u>750</u>	<u>0</u>
Total Support Services	<u>85,468</u>	<u>85,661</u>	<u>85,661</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Salaries and Wages	1,844	1,848	1,848	0
Fringe Benefits	307	308	308	0
Purchased Services	165,877	166,251	166,251	0
Supplies and Materials	10,069	10,092	10,092	0
Total Co-Curricular Activities	<u>178,097</u>	<u>178,499</u>	<u>178,499</u>	<u>0</u>
Total Extracurricular Activities	<u>178,097</u>	<u>178,499</u>	<u>178,499</u>	<u>0</u>
Total Expenditures	<u>279,092</u>	<u>279,722</u>	<u>279,722</u>	<u>0</u>
Net Change in Fund Balances	(7,050)	13,140	13,140	0
Fund Balance at Beginning of Year	50,765	50,765	50,765	0
Prior Year Encumbrances Appropriated	3,992	3,992	3,992	0
Fund Balance at End of Year	<u>\$ 47,707</u>	<u>\$ 67,897</u>	<u>\$ 67,897</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DISTRICT MANAGED STUDENT ACTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Extracurricular Activities	\$ 164,755	\$ 198,717	\$ 198,717	\$ 0
Donations and Contributions	21,533	25,972	25,972	0
Miscellaneous	112	135	135	0
Total Revenues	<u>186,400</u>	<u>224,824</u>	<u>224,824</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Extracurricular Activities:				
Academic-Subject Oriented Services:				
Purchased Services	2,103	2,083	2,083	0
Supplies and Materials	5,702	5,648	5,648	0
Capital Outlay	2,356	2,334	2,334	0
Other	275	273	273	0
Total Academic-Subject Oriented Services	<u>10,436</u>	<u>10,338</u>	<u>10,338</u>	<u>0</u>
Sport-Oriented Activities:				
Salaries and Wages	5,406	5,356	5,356	0
Fringe Benefits	816	808	808	0
Purchased Services	103,015	102,059	102,059	0
Supplies and Materials	132,177	130,949	130,949	0
Capital Outlay	3,902	3,866	3,866	0
Other	51,960	51,478	51,478	0
Total Sport-Oriented Activities	<u>297,276</u>	<u>294,516</u>	<u>294,516</u>	<u>0</u>
Co-Curricular Activities:				
Purchased Services	71	71	71	0
Supplies and Materials	100	100	100	0
Total Co-Curricular Activities	<u>171</u>	<u>171</u>	<u>171</u>	<u>0</u>
Total Extracurricular Activities	<u>307,883</u>	<u>305,025</u>	<u>305,025</u>	<u>0</u>
Total Expenditures	<u>307,883</u>	<u>305,025</u>	<u>305,025</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(121,483)</u>	<u>(80,201)</u>	<u>(80,201)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	95,000	96,985	96,985	0
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>96,985</u>	<u>96,985</u>	<u>0</u>
Net Change in Fund Balances	(26,483)	16,784	16,784	0
Fund Balance at Beginning of Year	31,661	31,661	31,661	0
Prior Year Encumbrances Appropriated	17,883	17,883	17,883	0
Fund Balance at End of Year	<u>\$ 23,061</u>	<u>\$ 66,328</u>	<u>\$ 66,328</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 31,641	\$ 22,431	\$ 22,431	\$ 0
Earnings on Investments	<u>56</u>	<u>56</u>	<u>56</u>	<u>0</u>
Total Revenues	<u>31,697</u>	<u>22,487</u>	<u>22,487</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	28,158	23,374	23,374	0
Supplies and Materials	23,116	19,188	19,188	0
Capital Outlay	<u>2,931</u>	<u>2,433</u>	<u>2,433</u>	<u>0</u>
Total Community Services	<u>54,205</u>	<u>44,995</u>	<u>44,995</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>54,205</u>	<u>44,995</u>	<u>44,995</u>	<u>0</u>
Total Expenditures	<u>54,205</u>	<u>44,995</u>	<u>44,995</u>	<u>0</u>
Net Change in Fund Balances	(22,508)	(22,508)	(22,508)	0
Fund Balance at Beginning of Year	26	26	26	0
Prior Year Encumbrances Appropriated	<u>22,482</u>	<u>22,482</u>	<u>22,482</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 15,750	\$ 0	\$ 0	\$ 0
Total Revenues	<u>15,750</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Special Instruction:				
Fringe Benefits	3,507	8	8	0
Total Special Instruction	<u>3,507</u>	<u>8</u>	<u>8</u>	<u>0</u>
Total Instruction	<u>3,507</u>	<u>8</u>	<u>8</u>	<u>0</u>
Support Services:				
Instructional Staff:				
Fringe Benefits	12,436	29	29	0
Total Instructional Staff	<u>12,436</u>	<u>29</u>	<u>29</u>	<u>0</u>
Total Support Services	<u>12,436</u>	<u>29</u>	<u>29</u>	<u>0</u>
Total Expenditures	<u>15,943</u>	<u>37</u>	<u>37</u>	<u>0</u>
Net Change in Fund Balances	(193)	(37)	(37)	0
Fund Balance at Beginning of Year	193	193	193	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 156</u>	<u>\$ 156</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 13,600	\$ 11,764	\$ 11,764	\$ 0
Total Revenues	<u>13,600</u>	<u>11,764</u>	<u>11,764</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Administration:				
Salaries and Wages	13,194	8,235	8,235	0
Fringe Benefits	1,915	1,195	1,195	0
Purchased Services	19,341	12,072	12,072	0
Total Administration	<u>34,450</u>	<u>21,502</u>	<u>21,502</u>	<u>0</u>
Total Support Services	<u>34,450</u>	<u>21,502</u>	<u>21,502</u>	<u>0</u>
Total Expenditures	<u>34,450</u>	<u>21,502</u>	<u>21,502</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,850)</u>	<u>(9,738)</u>	<u>(9,738)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	<u>20,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Net Change in Fund Balances	(850)	30,262	30,262	0
Fund Balance at Beginning of Year	855	855	855	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5</u>	<u>\$ 31,117</u>	<u>\$ 31,117</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOOL NET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 0	\$ 8,050	\$ 8,050	\$ 0
Total Revenues	<u>0</u>	<u>8,050</u>	<u>8,050</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	63	119	119	0
Fringe Benefits	49	93	93	0
Purchased Services	<u>3,866</u>	<u>7,335</u>	<u>7,335</u>	<u>0</u>
Total Regular Instruction	<u>3,978</u>	<u>7,547</u>	<u>7,547</u>	<u>0</u>
Total Instruction	<u>3,978</u>	<u>7,547</u>	<u>7,547</u>	<u>0</u>
Total Expenditures	<u>3,978</u>	<u>7,547</u>	<u>7,547</u>	<u>0</u>
Net Change in Fund Balances	(3,978)	503	503	0
Fund Balance at Beginning of Year	3,978	3,978	3,978	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,481</u>	<u>\$ 4,481</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
OHIO READS GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 15,000	\$ 9,500	\$ 9,500	\$ 0
Total Revenues	<u>15,000</u>	<u>9,500</u>	<u>9,500</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	17,745	5,915	5,915	0
Fringe Benefits	<u>2,805</u>	<u>935</u>	<u>935</u>	<u>0</u>
Total Regular Instruction	<u>20,550</u>	<u>6,850</u>	<u>6,850</u>	<u>0</u>
Total Instruction	<u>20,550</u>	<u>6,850</u>	<u>6,850</u>	<u>0</u>
Support Services:				
Administration:				
Salaries	1,500	500	500	0
Fringe Benefits	<u>450</u>	<u>150</u>	<u>150</u>	<u>0</u>
Total Administration	<u>1,950</u>	<u>650</u>	<u>650</u>	<u>0</u>
Total Support Services	<u>1,950</u>	<u>650</u>	<u>650</u>	<u>0</u>
Total Expenditures	<u>22,500</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>
Net Change in Fund Balances	(7,500)	2,000	2,000	0
Fund Balance at Beginning of Year	7,500	7,500	7,500	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SUMMER SCHOOL INTERVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 5,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	842	0	0	0
Fringe Benefits	158	0	0	0
Supplies and Materials	4,000	0	0	0
Total Regular Instruction	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOOL MISCELLANEOUS STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 3,000	\$ 14,000	\$ 14,000	\$ 0
Total Revenues	<u>3,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	191	891	891	0
Fringe	29	134	134	0
Total Regular Instruction	<u>220</u>	<u>1,025</u>	<u>1,025</u>	<u>0</u>
Total Instruction	<u>220</u>	<u>1,025</u>	<u>1,025</u>	<u>0</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	1,232	5,748	5,748	0
Fringe	182	848	848	0
Supplies and Materials	765	3,570	3,570	0
Purchased Services	494	2,309	2,309	0
Total Instructional Staff	<u>2,673</u>	<u>12,475</u>	<u>12,475</u>	<u>0</u>
Central:				
Purchased Services	107	500	500	0
Total Central	<u>107</u>	<u>500</u>	<u>500</u>	<u>0</u>
Total Support Services	<u>2,780</u>	<u>12,975</u>	<u>12,975</u>	<u>0</u>
Total Expenditures	<u>3,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EDUCATION OF HANDICAPPED CHILDREN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 160,000	\$ 423,901	\$ 423,901	\$ 0
Total Revenues	<u>160,000</u>	<u>423,901</u>	<u>423,901</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Special Instruction:				
Supplies and Materials	52	127	127	0
Total Special Instruction	<u>52</u>	<u>127</u>	<u>127</u>	<u>0</u>
Total Instruction	<u>52</u>	<u>127</u>	<u>127</u>	<u>0</u>
Support Services:				
Pupils:				
Salaries	10,095	25,083	25,083	0
Fringe	18,581	46,169	46,169	0
Purchased Services	92,123	228,902	228,902	0
Supplies and Materials	119	295	295	0
Total Pupils	<u>120,918</u>	<u>300,449</u>	<u>300,449</u>	<u>0</u>
Administration:				
Salaries	48,484	120,470	120,470	0
Fringes	5,646	14,028	14,028	0
Purchased Services	567	1,410	1,410	0
Total Administration	<u>54,697</u>	<u>135,908</u>	<u>135,908</u>	<u>0</u>
Total Support Services	<u>175,615</u>	<u>436,357</u>	<u>436,357</u>	<u>0</u>
Fiscal Services:				
Salaries	419	1,040	1,040	0
Fringe	314	782	782	0
Total Fiscal Services	<u>733</u>	<u>1,822</u>	<u>1,822</u>	<u>0</u>
Total Expenditures	<u>176,400</u>	<u>438,306</u>	<u>438,306</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(16,400)</u>	<u>(14,405)</u>	<u>(14,405)</u>	<u>0</u>
Other Financing Sources (Uses)				
Operating Advances Out	0	0	(35,000)	(35,000)
Operating Advances In	0	35,000	35,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>35,000</u>	<u>0</u>	<u>(35,000)</u>
Net Change in Fund Balances	(16,400)	20,595	(14,405)	(35,000)
Fund Balance at Beginning of Year	16,400	16,400	16,400	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 36,995</u>	<u>\$ 1,995</u>	<u>\$ (35,000)</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE I - DISADVANTAGED CHILDREN/TARGETED ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 108,000	\$ 91,855	\$ 91,855	\$ 0
Total Revenues	<u>108,000</u>	<u>91,855</u>	<u>91,855</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	1,175	1,000	1,000	0
Fringe Benefits	94	80	80	0
Total Regular Instruction	<u>1,269</u>	<u>1,080</u>	<u>1,080</u>	<u>0</u>
Special Instruction:				
Salaries	86,311	73,457	73,457	0
Fringe	13,817	11,759	11,759	0
Purchased Services	4,509	3,837	3,837	0
Total Special Instruction	<u>104,637</u>	<u>89,053</u>	<u>89,053</u>	<u>0</u>
Total Instruction	<u>105,906</u>	<u>90,133</u>	<u>90,133</u>	<u>0</u>
Support Services:				
Administration:				
Salaries	2,350	2,000	2,000	0
Fringe	147	125	125	0
Administration	2,497	2,125	2,125	0
Total Support Services	<u>2,497</u>	<u>2,125</u>	<u>2,125</u>	<u>0</u>
Total Expenditures	<u>108,403</u>	<u>92,258</u>	<u>92,258</u>	<u>0</u>
Net Change in Fund Balances	(403)	(403)	(403)	0
Fund Balance - Beginning of Year	60	60	60	0
Prior Year Encumbrances Appropriated	<u>403</u>	<u>403</u>	<u>403</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TITLE V FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 40,000	\$ 16,780	\$ 16,780	\$ 0
Total Revenues	<u>40,000</u>	<u>16,780</u>	<u>16,780</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	17,477	9,818	9,818	0
Fringe	3,083	1,732	1,732	0
Supplies and Materials	8,739	4,909	4,909	0
Total Regular Instruction	<u>29,299</u>	<u>16,459</u>	<u>16,459</u>	<u>0</u>
Special Instruction:				
Salaries and Wages	7,917	4,447	4,447	0
Fringe	1,077	605	605	0
Purchased Services	890	500	500	0
Total Regular Instruction	<u>9,884</u>	<u>5,552</u>	<u>5,552</u>	<u>0</u>
Total Instruction	<u>39,183</u>	<u>22,011</u>	<u>22,011</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Supplies and Materials	1,132	636	636	0
Total Co-Curricular Activities	<u>1,132</u>	<u>636</u>	<u>636</u>	<u>0</u>
Total Expenditures	<u>40,315</u>	<u>22,647</u>	<u>22,647</u>	<u>0</u>
Net Change in Fund Balances	(315)	(5,867)	(5,867)	0
Fund Balance at Beginning of Year	12,219	12,219	12,219	0
Prior Year Encumbrances Appropriated	<u>315</u>	<u>315</u>	<u>315</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,219</u>	<u>\$ 6,667</u>	<u>\$ 6,667</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DRUG FREE SCHOOL GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 16,800	\$ 8,758	\$ 8,758	\$ 0
Total Revenues	<u>16,800</u>	<u>8,758</u>	<u>8,758</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Support Staff:				
Pupils:				
Salaries and Wages	<u>1,573</u>	<u>1,177</u>	<u>1,177</u>	<u>0</u>
Total Pupils	<u>1,573</u>	<u>1,177</u>	<u>1,177</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	2,136	1,598	1,598	0
Fringe Benefits	796	596	596	0
Purchased Services	6,563	4,911	4,911	0
Supplies and Materials	<u>7,409</u>	<u>5,544</u>	<u>5,544</u>	<u>0</u>
Total Instructional Staff	<u>16,904</u>	<u>12,649</u>	<u>12,649</u>	<u>0</u>
Total Support Services	<u>18,477</u>	<u>13,826</u>	<u>13,826</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Supplies and Materials	<u>498</u>	<u>373</u>	<u>373</u>	<u>0</u>
Total Co-Curricular Activities	<u>498</u>	<u>373</u>	<u>373</u>	<u>0</u>
Total Extracurricular Activities	<u>498</u>	<u>373</u>	<u>373</u>	<u>0</u>
Total Expenditures	<u>18,975</u>	<u>14,199</u>	<u>14,199</u>	<u>0</u>
Net Change in Fund Balances	(2,175)	(5,441)	(5,441)	0
Fund Balance at Beginning of Year	4,966	4,966	4,966	0
Prior Year Encumbrances Appropriated	<u>475</u>	<u>475</u>	<u>475</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,266</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
TELECOMMUNICATION ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 12,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Operation and Maintenance of Plant Services:				
Purchased Services	18,160	6,611	6,611	0
Total Operation and Maintenance of Plant Services	<u>18,160</u>	<u>6,611</u>	<u>6,611</u>	<u>0</u>
Total Expenditures	<u>18,160</u>	<u>6,611</u>	<u>6,611</u>	<u>0</u>
Net Change in Fund Balances	(6,160)	(6,611)	(6,611)	0
Fund Balance - Beginning of Year	10,659	10,659	10,659	0
Prior Year Encumbrances Appropriated	<u>160</u>	<u>160</u>	<u>160</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 4,659</u>	<u>\$ 4,208</u>	<u>\$ 4,208</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 30,000	\$ 9,938	\$ 9,938	\$ 0
Total Revenues	<u>30,000</u>	<u>9,938</u>	<u>9,938</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	6,557	2,172	2,172	0
Fringe	860	285	285	0
Total Regular Instruction	<u>7,417</u>	<u>2,457</u>	<u>2,457</u>	<u>0</u>
Special Instruction:				
Capital Outlay	22,408	7,423	7,423	0
Total Special Instruction	<u>22,408</u>	<u>7,423</u>	<u>7,423</u>	<u>0</u>
Total Instruction	<u>29,825</u>	<u>9,880</u>	<u>9,880</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Supplies and Materials	175	58	58	0
Total Co-Curricular Activities	<u>175</u>	<u>58</u>	<u>58</u>	<u>0</u>
Total Extracurricular Activities	<u>175</u>	<u>58</u>	<u>58</u>	<u>0</u>
Total Expenditures	<u>30,000</u>	<u>9,938</u>	<u>9,938</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EISENHOWER PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 8,000	\$ 1,034	\$ 1,034	\$ 0
Total Revenues	<u>8,000</u>	<u>1,034</u>	<u>1,034</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Support Services:				
Instructional Staff:				
Fringe Benefits	1,427	337	337	0
Purchased Services	<u>3,661</u>	<u>864</u>	<u>864</u>	<u>0</u>
Total Instructional Staff	<u>5,088</u>	<u>1,201</u>	<u>1,201</u>	<u>0</u>
Total Support Services	<u>5,088</u>	<u>1,201</u>	<u>1,201</u>	<u>0</u>
Operation of Non-Instructional Services:				
Co-Curricular Activities:				
Supplies and Materials	<u>3,328</u>	<u>228</u>	<u>228</u>	<u>0</u>
Total Co-Curricular Activities	<u>3,328</u>	<u>228</u>	<u>228</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>3,328</u>	<u>228</u>	<u>228</u>	<u>0</u>
Total Expenditures	<u>8,416</u>	<u>1,429</u>	<u>1,429</u>	<u>0</u>
Net Change in Fund Balances	(416)	(395)	(395)	0
Fund Balance at Beginning of Year	416	416	416	416
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL -
 DISADVANTAGED PUPIL AID PROGRAM FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
DATA COMMUNICATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 10,000	\$ 14,000	\$ 14,000	\$ 0
Total Revenues	<u>10,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Purchased Services	<u>10,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Total Regular Instruction	<u>10,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Total Instruction	<u>10,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Total Expenditures	<u>10,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
IMPROVING TEACHER QUALITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 40,000	\$ 67,789	\$ 67,789	\$ 0
Total Revenues	<u>40,000</u>	<u>67,789</u>	<u>67,789</u>	<u>0</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	27,676	46,816	46,816	0
Fringe	3,625	6,132	6,132	0
Supplies and Materials	1,697	2,870	2,870	0
Purchased Services	5,321	9,000	9,000	0
Capital Outlay	1,583	2,678	2,678	0
Total Regular Instruction	<u>39,902</u>	<u>67,496</u>	<u>67,496</u>	<u>0</u>
Total Instruction	<u>39,902</u>	<u>67,496</u>	<u>67,496</u>	<u>0</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Supplies and Materials	173	293	293	0
Co-Curricular Activities	173	293	293	0
Total Extracurricular Activities	<u>173</u>	<u>293</u>	<u>293</u>	<u>0</u>
Total Expenditures	<u>40,075</u>	<u>67,789</u>	<u>67,789</u>	<u>0</u>
Net Change in Fund Balances	(75)	0	0	0
Fund Balance - Beginning of Year	75	75	75	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Earnings on Investments	\$ 847	\$ 832	\$ 832	\$ 0
Operating Grants	70,914	69,651	69,651	0
Food Services	575,025	564,784	564,784	0
Miscellaneous	13,664	13,421	13,421	0
Total Revenues	<u>660,450</u>	<u>648,688</u>	<u>648,688</u>	<u>0</u>
<u>Expenses</u>				
Salaries and Wages:				
Food Services	<u>223,365</u>	<u>211,905</u>	<u>211,905</u>	<u>0</u>
Total Salaries and Wages	<u>223,365</u>	<u>211,905</u>	<u>211,905</u>	<u>0</u>
Fringe Benefits:				
Food Services	<u>77,296</u>	<u>73,330</u>	<u>73,330</u>	<u>0</u>
Total Fringe Benefits	<u>77,296</u>	<u>73,330</u>	<u>73,330</u>	<u>0</u>
Purchased Services:				
Operation and Maintenance of Plant Services	16,775	15,914	15,914	0
Food Services	<u>423,775</u>	<u>402,032</u>	<u>402,032</u>	<u>0</u>
Total Purchased Services	<u>440,550</u>	<u>417,946</u>	<u>417,946</u>	<u>0</u>
Supplies and Materials:				
Food Services	<u>20,770</u>	<u>19,704</u>	<u>19,704</u>	<u>0</u>
Total Supplies and Materials	<u>20,770</u>	<u>19,704</u>	<u>19,704</u>	<u>0</u>
Capital Outlay:				
Capital Outlay - New:				
Food Service	<u>1,269</u>	<u>387</u>	<u>387</u>	<u>0</u>
Total Capital Outlay - New	<u>1,269</u>	<u>387</u>	<u>387</u>	<u>0</u>
Other:				
Food Services	<u>0</u>	<u>817</u>	<u>817</u>	<u>0</u>
Total Other	<u>0</u>	<u>817</u>	<u>817</u>	<u>0</u>
Total Expenses	<u>763,250</u>	<u>724,089</u>	<u>724,089</u>	<u>0</u>
Net Change in Fund Equity	(102,800)	(75,401)	(75,401)	0
Fund Equity at Beginning of Year	67,806	67,806	67,806	0
Prior Year Encumbrances Appropriated	<u>35,250</u>	<u>35,250</u>	<u>35,250</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 256</u>	<u>\$ 27,655</u>	<u>\$ 27,655</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenue</u>				
Classroom Materials and Fees	\$ 98,031	\$ 78,071	\$ 78,071	\$ 0
Charges for Services	<u>29,282</u>	<u>24,355</u>	<u>24,355</u>	<u>0</u>
Total Revenues	<u>127,313</u>	<u>102,426</u>	<u>102,426</u>	<u>0</u>
<u>Expenses</u>				
Salaries and Wages:				
Community Services	78,787	62,258	62,258	0
Academic Oriented Activities	<u>152</u>	<u>120</u>	<u>120</u>	<u>0</u>
Total Salaries and Wages	<u>78,939</u>	<u>62,378</u>	<u>62,378</u>	<u>0</u>
Fringe Benefits:				
Community Services	18,000	14,303	14,303	0
Academic Oriented Activities	<u>123</u>	<u>18</u>	<u>18</u>	<u>0</u>
Total Fringe Benefits	<u>18,123</u>	<u>14,321</u>	<u>14,321</u>	<u>0</u>
Purchased Services:				
Academic Oriented Activities	<u>27,726</u>	<u>21,909</u>	<u>21,909</u>	<u>0</u>
Total Purchased Services	<u>27,726</u>	<u>21,909</u>	<u>21,909</u>	<u>0</u>
Supplies and Materials:				
Academic Oriented Activities	<u>3,212</u>	<u>2,538</u>	<u>2,538</u>	<u>0</u>
Total Supplies and Materials	<u>3,212</u>	<u>2,538</u>	<u>2,538</u>	<u>0</u>
Total Expenses	<u>128,000</u>	<u>101,146</u>	<u>101,146</u>	<u>0</u>
Net Change in Fund Equity	(687)	1,280	1,280	0
Fund Equity at Beginning of Year	977	977	977	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 290</u>	<u>\$ 2,257</u>	<u>\$ 2,257</u>	<u>\$ 0</u>

**KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
UNIFORM SCHOOL SUPPLIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Classroom Materials and Fees	\$ 132,300	\$ 127,662	\$ 127,662	\$ 0
Total Revenues	<u>132,300</u>	<u>131,712</u>	<u>131,712</u>	<u>0</u>
<u>Expenses</u>				
Supplies and Materials:				
Regular Instruction	<u>143,582</u>	<u>135,869</u>	<u>135,869</u>	<u>0</u>
Total Supplies and Materials	<u>143,582</u>	<u>135,869</u>	<u>135,869</u>	<u>0</u>
Total Expenses	<u>143,582</u>	<u>135,869</u>	<u>135,869</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	<u>(11,282)</u>	<u>(4,157)</u>	<u>(4,157)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	<u>0</u>	<u>4,550</u>	<u>4,550</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,550</u>	<u>4,550</u>	<u>0</u>
Net Change in Fund Equity	<u>(11,282)</u>	<u>(3,657)</u>	<u>(3,657)</u>	<u>0</u>
Fund Equity at Beginning of Year	10,302	10,302	10,302	0
Prior Year Encumbrances Appropriated	<u>3,582</u>	<u>3,582</u>	<u>3,582</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 2,602</u>	<u>\$ 10,227</u>	<u>\$ 10,227</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL DAY KINDERGARTEN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Extracurricular Activities	\$ 143,044	\$ 184,749	\$ 184,749	\$ 0
Earnings on Investments	281	363	363	0
Total Revenues	<u>143,325</u>	<u>185,112</u>	<u>185,112</u>	<u>0</u>
<u>Expenses</u>				
Salaries and Wages:				
Regular Instruction	78,814	99,241	99,241	0
Pupils - Support Service	43,225	54,429	54,429	0
Food Services	3,471	4,371	4,371	0
Total Salaries and Wages	<u>125,510</u>	<u>158,041</u>	<u>158,041</u>	<u>0</u>
Fringe Benefits:				
Regular Instruction	18,696	23,542	23,542	0
Total Fringe Benefits	<u>18,696</u>	<u>23,542</u>	<u>23,542</u>	<u>0</u>
Supplies and Materials:				
Regular Instruction	794	1,000	1,000	0
Total Supplies and Materials	<u>794</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Expenses	<u>145,000</u>	<u>182,583</u>	<u>182,583</u>	<u>0</u>
Net Change in Fund Equity	(1,675)	2,529	2,529	0
Fund Equity at Beginning of Year	82,121	82,121	82,121	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 80,446</u>	<u>\$ 84,650</u>	<u>\$ 84,650</u>	<u>\$ 0</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
EMPLOYEE BENEFITS SELF-INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenue</u>				
Charges for Services	<u>\$1,000,000</u>	<u>\$2,009,753</u>	<u>\$2,072,939</u>	<u>\$ 63,186</u>
Total Revenues	<u>1,000,000</u>	<u>2,009,753</u>	<u>2,072,939</u>	<u>63,186</u>
<u>Expenses</u>				
Salaries and Wages:				
Central	<u>1,460,000</u>	<u>2,044,592</u>	<u>2,044,592</u>	<u>0</u>
Total Salaries and Wages	<u>1,460,000</u>	<u>2,044,592</u>	<u>2,044,592</u>	<u>0</u>
Total Expenses	<u>1,460,000</u>	<u>2,044,592</u>	<u>2,044,592</u>	<u>0</u>
Net Change in Fund Equity	(460,000)	(34,839)	28,347	63,186
Fund Equity at Beginning of Year	461,810	461,810	461,810	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$ 1,810</u>	<u>\$ 426,971</u>	<u>\$ 490,157</u>	<u>\$ 63,186</u>

KENSTON LOCAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
SCHOLARSHIP TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 7,400	\$ 0	\$ 0	\$ 0
Total Revenues	<u>7,400</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	7,400	0	0	0
Fund Balance - Beginning of Year	<u>137</u>	<u>137</u>	<u>137</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 7,537</u>	<u>\$ 137</u>	<u>\$ 137</u>	<u>\$ 0</u>

STATISTICAL SECTION

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

	<u>2003</u>		<u>2002</u>	<u>2001</u>	<u>2000</u>
	<u>Full Accrual</u>	<u>Modified Accrual</u>			
Instruction	\$ 14,849,554	\$ 14,324,865	\$ 13,830,063	\$ 12,684,248	\$ 11,954,759
Support Services:					
Pupils	1,988,980	1,991,830	1,933,989	1,897,728	1,489,893
Instructional Staff	725,441	715,578	694,916	646,176	602,019
Board of Education	84,565	84,151	64,844	50,264	45,253
Administrative	2,169,439	2,158,033	1,907,560	1,766,554	1,610,499
Fiscal Services	764,488	752,809	703,612	625,157	665,350
Business	37,748	37,569	33,262	36,360	27,230
Operation and Maintenance of Plant Services	3,109,194	3,199,574	2,990,335	2,795,893	2,536,633
Pupil Transportation	1,943,551	2,044,844	1,546,318	1,576,874	1,798,964
Central Services	23,029	6,029	8,269	6,114	214
Operation of Non-Instructional Services	129,766	116,522	119,891	117,822	78,769
Extracurricular Activities	1,032,012	1,024,349	923,712	910,173	815,105
Capital Outlay	0	305,360	12,129	264,817	10,076
Debt Service	1,185,659	1,723,443	1,383,534	1,309,610	1,183,097
Other Financing Uses	<u>12,458</u>	<u>12,187</u>	<u>0</u>	<u>0</u>	<u>518,203</u>
Total	<u><u>\$28,055,884</u></u>	<u><u>\$28,497,143</u></u>	<u><u>\$26,152,434</u></u>	<u><u>\$24,687,790</u></u>	<u><u>\$23,336,064</u></u>

Source: School District financial records

(1) 2003 reported on modified accrual and full accrual basis; 1995 through 2002 reported on GAAP (modified accrual) basis; all other years reported on cash basis.

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

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$ 10,933,134	\$ 10,107,942	\$ 9,165,701	\$ 9,059,381	\$ 8,586,641	\$ 7,658,877
1,385,391	1,080,123	943,761	905,171	844,833	770,298
499,461	491,593	442,676	463,251	486,421	374,385
51,168	86,954	54,478	36,139	31,409	12,720
1,663,846	1,668,841	1,582,327	1,476,847	1,335,338	1,297,796
526,810	535,009	522,248	510,021	461,653	430,364
4,120	19,764	20,244	20,022	17,858	3,347
2,777,194	2,364,180	2,084,213	2,088,556	1,867,879	1,598,712
1,635,150	1,517,630	1,302,733	1,282,466	1,048,672	1,010,924
16,567	5,963	15,552	6,631	93,163	277,516
110,240	38,714	45,742	35,639	6,319	3,673
745,079	669,812	601,129	591,295	564,401	417,972
25,470	7,844	410,185	12,226	1,373,524	6,083,141
1,142,745	1,102,505	1,464,468	1,417,434	1,362,022	1,426,421
<u>718,936</u>	<u>161,187</u>	<u>457,376</u>	<u>183,503</u>	<u>141,145</u>	<u>105,135</u>
<u>\$ 22,235,311</u>	<u>\$ 19,858,061</u>	<u>\$19,112,833</u>	<u>\$ 18,088,582</u>	<u>\$ 18,221,278</u>	<u>\$ 21,471,281</u>

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

	2003		2002	2001	2000
	Full Accrual	Modified Accrual			
<u>Program Revenues</u>					
Charges for Services	\$ 270,996	N/A	N/A	N/A	N/A
Operating Grants and Contributions	1,157,840	N/A	N/A	N/A	N/A
Capital Grants and Contributions	312,218	N/A	N/A	N/A	N/A
<u>General Revenues</u>					
Taxes	20,077,830	\$ 20,173,473	\$ 17,796,538	\$ 16,847,665	\$ 15,681,365
Intergovernmental	6,772,184	7,718,952	7,317,621	7,023,636	6,295,936
Investment Earnings	903,723	903,723	272,150	590,946	505,688
Tuition and Fees	0	128,009	32,214	35,788	48,743
Transportation Fees	0	57,548	60,539	58,901	100,894
Extracurricular Activities	0	453,361	391,890	378,799	291,850
Miscellaneous	0	158,902	0	0	657,410
Proceeds from Sale of Capital Assets	0	70	0	0	0
Proceeds from Sale of Bonds	0	45,000,000	0	0	0
Total	<u>\$ 29,494,791</u>	<u>\$ 74,594,038</u>	<u>\$ 25,870,952</u>	<u>\$ 24,935,735</u>	<u>\$ 23,581,886</u>

Source: School District financial records

- (1) 2003 reported on modified accrual and full accrual basis; 1999 through 2002 reported on GAAP (modified accrual) basis; all others reported on cash basis
- (2) Includes General, Special Revenue, Capital Project, and Debt Service funds for modified accrual and all governmental activities for full accrual.

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
15,445,587	14,458,297	14,151,774	11,804,545	11,338,081	10,911,595
5,887,747	5,275,059	4,449,720	4,422,995	4,231,908	3,967,469
428,571	336,990	343,871	435,570	426,721	491,409
54,837	28,550	31,409	50,088	64,651	31,140
84,174	60,612	47,809	0	0	55,461
297,299	246,473	254,072	263,331	208,545	200,143
852,633	375,112	933,625	245,791	251,163	504,811
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 23,050,848</u>	<u>\$ 20,781,093</u>	<u>\$ 20,212,280</u>	<u>\$ 17,222,320</u>	<u>\$ 16,521,069</u>	<u>\$ 16,162,028</u>

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

Collection Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collection	Percent of		Total Collection	Total Collected as a Percent of Current Levy
					Levy Collected	Delinquent Collection		
2002	\$ 20,460,049	\$ 1,010,924	\$ 21,470,973	\$ 19,939,692	97.46	\$ 581,783	\$20,521,475	100.30%
2001	19,823,800	1,032,061	20,855,861	19,341,132	97.57	498,948	19,840,080	100.00%
2000	18,545,717	963,103	19,508,822	18,100,770	97.60	468,346	18,569,116	100.13%
1999	17,657,705	878,479	18,536,184	17,198,680	97.40	425,477	17,624,157	99.81%
1998	17,436,307	871,850	18,308,157	17,076,424	97.94	401,725	17,478,149	100.24%
1997	13,569,182	733,031	14,302,213	13,303,360	98.04	324,418	13,627,778	100.43%
1996	13,367,115	639,188	14,006,303	13,030,963	97.49	250,315	13,281,278	99.36%
1995	12,801,162	681,026	13,482,188	12,555,965	98.08	307,512	12,863,477	100.49%
1994	12,433,241	594,638	13,027,879	12,134,927	97.60	261,403	12,396,330	99.70%
1993	11,862,582	630,372	12,492,954	11,522,378	97.13	305,708	11,828,086	99.71%

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

- (1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) Represents the collection year. The 2002 information can not be presented because all collections have not been made by June 30.
- (3) This amount can not be calculated, based on other information in this statistical table, because of retroactive additions and reductions which are brought on in one lump sum.

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

Tax Year	Real Property		Public Utility	Personal Property	Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Actual Value	
2002	\$ 562,355,940	\$ 1,606,731,257	\$ 11,829,340	\$ 13,439,023	\$ 34,081,610	\$ 136,326,440	\$ 608,263,890	\$ 1,756,496,720	34.65%
2001	496,334,870	1,418,099,629	12,728,320	14,464,000	31,008,490	124,033,960	540,071,680	1,556,597,589	34.70%
2000	476,070,320	1,360,200,914	14,115,260	16,040,068	24,184,950	96,739,800	514,370,530	1,472,980,782	35%
1999	455,644,940	1,301,842,686	14,089,740	16,011,068	22,453,900	89,815,600	492,188,580	1,407,669,354	35%
1998	389,537,360	1,112,963,885	15,580,050	17,704,602	22,608,970	90,435,880	427,726,380	1,221,104,367	35%
1997	370,408,460	1,058,309,886	16,013,730	18,197,420	20,352,290	81,409,160	406,774,480	1,157,916,466	35%
1996	351,104,830	1,003,156,667	16,827,440	19,122,091	18,218,900	72,875,600	386,151,170	1,095,154,358	35%
1995	324,208,710	926,310,600	17,123,130	19,458,102	15,826,110	63,304,440	357,157,950	1,009,073,142	35%
1994	307,323,700	878,067,714	17,151,580	19,490,432	15,855,950	63,423,800	340,331,230	960,981,946	35%
1993	296,668,420	847,624,057	16,051,460	18,240,295	14,371,230	57,484,920	327,091,110	923,349,272	35%

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

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

<u>Tax Year</u>	<u>School Levy</u>	<u>County Levy</u>	<u>Township Levy</u>	<u>Total Levy</u>	<u>Debt Service Included in Total Levy</u>		
					<u>School</u>	<u>County</u>	<u>Total</u>
2002	77.30	15.40	22.50	115.20	3.20	.30	3.50
2001	77.30	15.40	22.50	115.20	3.20	.30	3.50
2000	77.30	14.40	22.50	114.20	3.20	.30	3.50
1999	77.30	13.65	22.50	113.45	3.20	.30	3.50
1998	77.30	13.45	21.50	112.25	3.20	.30	3.50
1997	78.30	13.45	21.50	113.25	3.20	.30	3.50
1996	70.40	13.45	21.50	105.35	3.20	.30	3.50
1995	71.40	13.85	21.60	106.85	4.20	.30	4.50
1994	71.50	11.85	20.10	103.45	4.30	.30	4.60
1993	71.50	11.85	20.10	103.45	4.30	.30	4.60

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

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

<u>Fiscal Year</u>	<u>Gross General Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net General Bonded Debt Obligation</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Ratio of Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
2002/2003	\$ 53,063,000	\$ 3,181,198	\$ 49,881,802	\$ 608,263,890	16,074	8.20%	3,103
2001/2002	8,891,500	1,776,606	7,114,894	540,071,680	16,074	1.32%	443
2000/2001	9,697,000	1,409,206	8,287,794	514,370,530	16,074	1.61%	516
1999/2000	10,255,000	1,039,861	9,215,139	492,188,580	12,992	1.87%	709
1998/1999	10,789,000	714,056	10,074,944	427,726,380	12,992	2.35%	775
1997/1998	11,250,000	659,429	10,590,571	406,774,480	12,990	2.60%	815
1996/1997	11,645,000	421,674	11,223,326	386,151,170	12,990	2.91%	864
1995/1996	12,020,000	629,662	11,390,338	357,157,950	12,990	3.19%	877
1994/1995	12,650,000	578,664	12,071,336	340,331,230	12,990	3.55%	929
1993/1994	13,190,000	530,657	12,659,343	327,091,110	12,990	3.87%	974

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

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003**

Assessed Valuation		<u>\$ 608,263,890</u>
Bonded Debt Limit - 9% of Assessed Value (1)		\$ 54,743,750
Amount of Debt Applicable to Debt Limit:		
Bonded Debt	53,063,000	
Amount Available in Debt Service Fund	<u>3,181,198</u>	
		<u>49,881,802</u>
 Voted Debt Margin		 <u>\$ 4,861,948</u>
 Bonded Debt Limit - .1% of Assessed Value (1)		 \$ 608,264
Amount of Debt Applicable		<u>0</u>
 Unvoted Debt Margin		 <u>\$ 608,264</u>

Source: Geauga County Auditor and School District financial records.

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

**KENSTON LOCAL SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDED DEBT
AS OF DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District(1)</u>	<u>Applicable to School District</u>
<u>Direct</u>			
Kenston Local School	\$ 8,063,000(2)	100.00%	\$ 8,063,000
Total Direct	<u>8,063,000</u>		<u>8,063,000</u>
<u>Overlapping</u>			
Geauga County	<u>4,723,947</u>	23.20%	<u>1,095,956</u>
Total Overlapping	<u>4,723,947</u>		<u>1,095,956</u>
Grand Total	<u>\$43,678,947</u>		<u>\$ 40,050,956</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision by the total assessed valuation, which includes all overlapping valuation. The valuations were used for the 2002 collection year.

(2) The District issued \$45,000,000 of School Improvement bonds in June 2003.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Fund Expenditures(1)</u>	<u>Ratio of Debt Service To Governmental Fund Expenditures</u>
2002/2003	\$ 828,500	\$ 894,943	\$ 1,723,443	\$ 28,497,143	6.05%
2001/2002	805,000	578,034	1,383,034	26,152,434	5.29%
2000/2001	620,000	604,298	1,224,298	24,687,790	4.96%
1999/2000	465,000	637,522	1,102,522	23,336,064	4.72%
1998/1999	395,000	666,705	1,061,705	22,235,311	4.77%
1997/1998	330,000	691,439	1,021,439	19,858,061	5.14%
1996/1997	725,000	739,468	1,464,468	19,112,833	7.66%
1995/1996	630,000	786,259	1,416,259	18,088,582	7.83%
1994/1995	540,000	822,022	1,362,022	18,221,278	7.47%
1993/1994	280,000	1,146,421	1,426,421	21,471,281	6.64%

Source: School District financial records

(1) 1995-2003 on an accrual basis.

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

<u>Year</u>	Geauga County <u>Population</u>	(1) Bainbridge Township <u>Population</u>	(1) Auburn Township <u>Population</u>	School <u>Enrollment</u>	Geauga County Unemployment <u>Rate</u>
2003	90,895	10,916	5,158	3,164	3.7%
2002	90,895	10,916	5,158	3,072	3.2%
2001	90,895	10,916	5,158	3,084	3.0%
2000	87,913	9,694	3,298	3,058	2.8%
1999	87,913	9,694	3,298	3,056	3.0%
1998	86,054	9,694	3,298	3,027	3.5%
1997	86,054	9,694	3,298	2,928	3.6%
1996	84,260	9,694	3,298	2,790	3.8%
1995	83,400	9,694	3,298	2,601	3.8%
1994	83,241	9,694	3,298	2,522	5.1%

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

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

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

Calendar Year	Assessed Value Real Personal Property (Amounts in 000's)(2)	Bank Deposits (Amounts in 000's)(1)	Permits Issued Geauga County (2)	Bainbridge Township (2)	Auburn Township (2)
2002	\$540,071,680	\$ 286,335	\$175,906,232	\$ 33,302,147	\$ 16,401,151
2001	514,371	253,635	212,264,882	24,034,608	24,452,409
2000	492,189	222,518	199,824,566	50,251,392	3,775,290
1999	427,726	249,478	65,015,002	14,946,383	7,521,396
1998	406,774	243,704	47,503,140	25,313,695	9,588,896
1997	386,151	222,203	38,142,850	16,750,001	13,713,085
1996	357,157	202,741	41,162,110	19,513,510	18,600,297
1995	340,331	194,409	35,438,050	20,825,030	14,453,711
1994	327,091	178,559	28,009,880	17,286,643	9,751,000
1993	270,571	176,125	23,820,980	14,083,500	9,873,380

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

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
REAL PROPERTY TAX
DECEMBER 31, 2002**

<u>Name of Taxpayer</u>	<u>General Value</u>	<u>Percentage of Real Property Assessed Value</u>
Bainbridge Land	\$ 11,874,290	2.12%
Funtime, Inc.	10,058,900	1.79%
422 Company LTD.	2,568,220	0.46%
Tanglewood Square	2,528,160	0.45%
Capco Enterprises	1,855,640	0.33%
Bainbridge Associates, Ltd.	1,296,680	0.23%
General Signal Corporation	1,221,710	0.22%
University Hospitals	1,066,590	0.19%
Key Trust Company	985,620	0.18%
Tanglewood Associates	<u>976,200</u>	<u>0.18%</u>
Total	<u>\$ 34,432,010</u>	<u>6.15%</u>
Total Kenston Local School District Real Property Assessed Value		<u>\$ 562,355,940</u>

Source: Geauga County Auditor

(1) Assessed values are for 2003 collection year

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2002**

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Funtime, Inc.	\$ 14,945,130	43.86%
SPX Corporation	1,754,100	5.15%
Duramax, Inc.	1,537,300	4.51%
Riser Foods Company	1,141,280	3.35%
Novean, Inc.	723,610	2.13%
Mar Bal, Inc.	578,950	1.70%
Nalco Diversified	413,000	1.22%
Speed Selector, Inc.	404,690	1.19%
Etna Products	365,070	1.08%
Scott Fetzer Company	<u>326,420</u>	<u>0.96%</u>
Total	<u>\$ 22,189,550</u>	<u>65.15%</u>
Total Kenston Local School District Tangible Assessed Value	<u>\$ 34,081,610</u>	

Source: Geauga County Auditor

(1) Assessed values are for 2002 collection year

**KENSTON LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
PUBLIC UTILITIES TAX
DECEMBER 31, 2002**

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$ 5,951,750	50.33%
Western Reserve Telephone Company	3,472,490	29.37%
American Transmission	888,610	7.52%
East Ohio Gas Company	<u>444,040</u>	<u>3.76%</u>
Total	<u>\$ 10,756,890</u>	<u>90.98%</u>
Total Kenston Local School District Public Utility Assessed Value		<u>\$ 11,826,340</u>

Source: Geauga County Auditor

(1) Assessed values are for 2003 collection year

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

<u>Fiscal Year</u>	<u>Governmental Expenditures (1)</u>	<u>Average Student Enrollment</u>	<u>Per Pupil Cost</u>
2002/2003	\$ 28,497,143	3,164	\$ 8,726
2001/2002	26,152,434	3,072	8,513
2000/2001	24,687,790	3,084	8,005
1999/2000	23,336,064	3,058	7,631
1998/1999	22,235,311	3,056	7,276
1997/1998	19,858,061	3,027	6,560
1996/1997	19,112,833	2,928	6,528
1995/1996	18,088,582	2,790	6,483
1994/1995	18,221,278	2,601	7,005
1993/1994	21,471,281	2,522	8,514

Source: School District Financial Records

(1) 1995 through 2003 on modified accrual basis.

TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2003

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	93	40.09%
Master's Degree	137	59.05%
Ph.D.	<u>2</u>	<u>.86%</u>
Total	<u><u>232</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	100	47.41%
6 - 10	44	18.97%
11 and over	<u>78</u>	<u>33.62%</u>
Total	<u><u>232</u></u>	<u><u>100.00%</u></u>

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Betty Montgomery**

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800-282-0370

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KENSTON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2004**