

KENSTON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

Audit Report

For the Year Ended June 30, 2008

CHARLES E. HARRIS & ASSOCIATES, INC.

Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Kenston Local School District, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 23, 2009

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
Audit Report
For the Year Ended June 30, 2008**

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2008

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through the Ohio Department of Education				
Nutrition Cluster:				
National School Lunch Program	LLP4-2008	10.555	\$ 152,376	\$ 152,376
Total Nutrition Cluster			152,376	152,376
Food Distribution	N/A	10.550	43,700	43,700
Total U.S. Department of Agriculture			196,076	196,076
<u>U.S. Department of Education</u>				
Pass through Ohio Department of Education				
Special Education Cluster:				
Title VI-B - IDEA-B	6BSF-2008	84.027	604,408	604,408
Total Special Education Cluster			604,408	604,408
Title I - Disadvantaged Children	C1S1-2008	84.010	186,541	186,541
Total Title I			186,541	186,541
Title II-A Improving Teacher Quality	TR-S1-2007	84.367	8,573	8,573
Title II-A Improving Teacher Quality	TR-S1-2008	84.367	73,475	73,475
Total Title II-A			82,048	82,048
Title II-D - Educational Technology	TJS1-2006	84.318	-	50
Title II-D - Educational Technology	TJS1-2007	84.318	780	780
Title II-D - Educational Technology	TJS1-2008	84.318	1,888	1,888
Total Title II-D			2,668	2,718
Title V - Innovative Education Programs	C2S1-2007	84.298	1,350	1,350
Title V - Innovative Education Programs	C2S1-2008	84.298	7,024	7,024
Total Title V			8,374	8,374
Safe and Drug Free Program	DRS1-2007	84.186	3,291	3,291
Safe and Drug Free Program	DRS1-2008	84.186	8,411	5,887
Total Safe and Drug Free Program			11,702	9,178
Total U.S. Department of Education			895,741	893,267
Total Federal Expenditures			\$ 1,091,817	\$ 1,089,343

See accompanying Notes to the Schedule of Federal Awards Expenditures

KENSTON LOCAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2008

1. Significant Accounting Policies

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

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2008, the District had commodities in inventory recorded in the Food Service Fund.

3. Matching Requirements

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

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

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, business activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County (District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Charles E. Harris & Associates, Inc.

December 23, 2008

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Charles E. Harris & Associates, Inc.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Kenston Local School District, Geauga County (District), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

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 programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

We have also audited financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. Our audit was performed to form opinions on the financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Charles E. Harris & Associates, Inc.
December 23, 2008

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the financial financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Nutrition Cluster CFDA 10.555 Title I CFDA 84.010
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2008

**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.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending June 30, 2007, reported no material citations or recommendations.

Kenston Local School District

Chagrin Falls, Ohio

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



Comprehensive Annual Financial Report

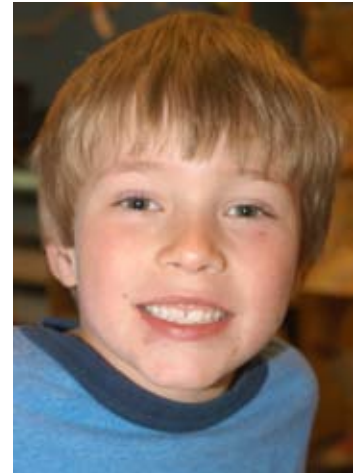
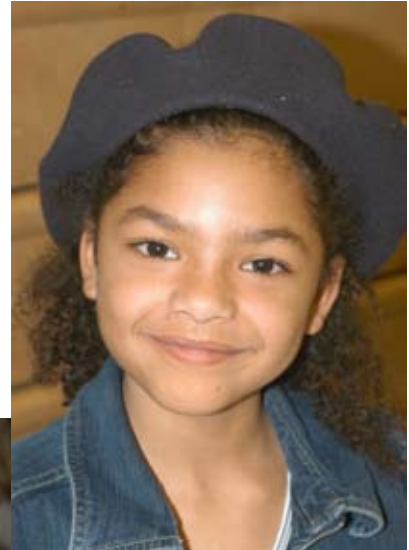
For the Fiscal Year Ended June 30, 2008

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

Kenston Local School District

Chagrin Falls, Ohio

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



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008

Introductory Section



Kenston Local School District

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

Jack K. Thompson, Ed. D.
Assistant Superintendent

Linda M. Hein
Treasurer

December 23, 2008

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

We are pleased to submit to you the ninth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unqualified (“clean”) opinion from Charles E. Harris and Associates, CPAs, Inc., conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2008.

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

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years, unless an annual audit is required pursuant to The Single Audit Act Amendment of 1996. These audits are conducted by either the Auditor of the State or, if the Auditor permits, an independent public accounting firm. The current year audit was completed by Charles E. Harris and Associates, CPAs, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Accountants’ Report is presented as the first component of the financial section of this report.

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

KENSTON LOCAL SCHOOL DISTRICT

Profile of the School District

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

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

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

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

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

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

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

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

Economic Condition and Outlook

The School District is actively involved with individuals, organizations, and businesses in decision making. The School District maintains regular dialogue with many community organizations, including the Kenston Business Advisory Council. This Council is comprised of residents of the community whose careers cover many facets of the business world. These community members meet every other month with School District administrators to share information and ideas about the School District and the business community. The Superintendent and Treasurer are Council members and, through this Council, maintain school-business communications. The Superintendent is an elected Board of Directors member of the Chagrin Valley Chamber

KENSTON LOCAL SCHOOL DISTRICT

of Commerce. In addition, the trustees of both Auburn and Bainbridge townships are regular participants in the School District's Business Advisory Council.

In 2007, the Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to provide input to the Kenston Board of Education on matters, financial and otherwise, as seen from the School District's community perspective.

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

During fiscal year 2007-2008, the committee had meeting with the Geauga County Auditor, local legislators, and various school finance organizations to better understand Ohio's school funding system. A recent forum on school funding, sponsored by KCAC, was held at the School District's offices with attendance of over 200. Presenters included the County Auditor and two local legislators.

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

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

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

The 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.

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

Major Initiatives

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

KENSTON LOCAL SCHOOL DISTRICT

Future Projects

For over two years, the School District has been seeking funding for a wind power project. To date, the School District has received a State grant for \$295,000, the Cleveland Foundation has provided \$50,000 and the Kenston Board Fund has provided \$250,000 towards this project. Also pending is a grant from the Ohio Department of Development for \$200,000. In the fall, bids were advertised for a 600 kW turbine and tower. The contract is currently being prepared for Board approval in January 2009. This project is expected to be in the \$800,000 to \$1,000,000 range. A 600 kW turbine is projected to produce \$110,000 - \$130,000 in electric utility cost savings per year. The project is estimated to be completed in the summer of 2009.

Another project in the revenue development phase is the renovation of the School District's stadium. A group of citizens initiated the idea to fund a \$2.4 million renovation through private and corporate contributions. The renovation plans include an all-weather playing field, light replacement, and stadium seating replacement. The project was endorsed by the Kenston Board of Education at its July 2007 meeting. The citizen group's goal is to have the project completed in two years. As of November 2008, the group has raised over \$240,000 and they have additional commitments that are close to \$300,000. The committee has plans to implement the project in phases. Phase I is the all-weather turf athletic field.

Data Accountability and Report Card Legislation

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

instruction to maximize their individual growth and meet their academic potential. Much effort and planning has resulted in carving out time during the normal school day for teachers to collaborate.

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

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

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

Financial Information

Internal Accounting and Controls

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

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

KENSTON LOCAL SCHOOL DISTRICT

Financial Management

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 through Repurchase Agreements, non-negotiable certificates of deposit, U.S. Agency Discount Notes, money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAROhio). The total amount of interest earned was \$701,218 for the year ended June 30, 2008, which was credited directly to the general fund, public school support fund, auxiliary services fund, and food service. 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.

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

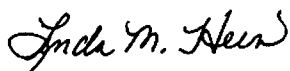
Acknowledgments

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

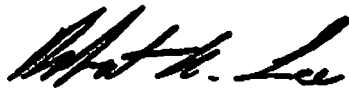
Special appreciation is expressed to James G. Zupka, CPA, Inc., for assistance in planning, designing, and compiling this financial report.

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

Respectfully submitted,



Linda M. Hein, Treasurer



Robert A. Lee, Ph.D., Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenston Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



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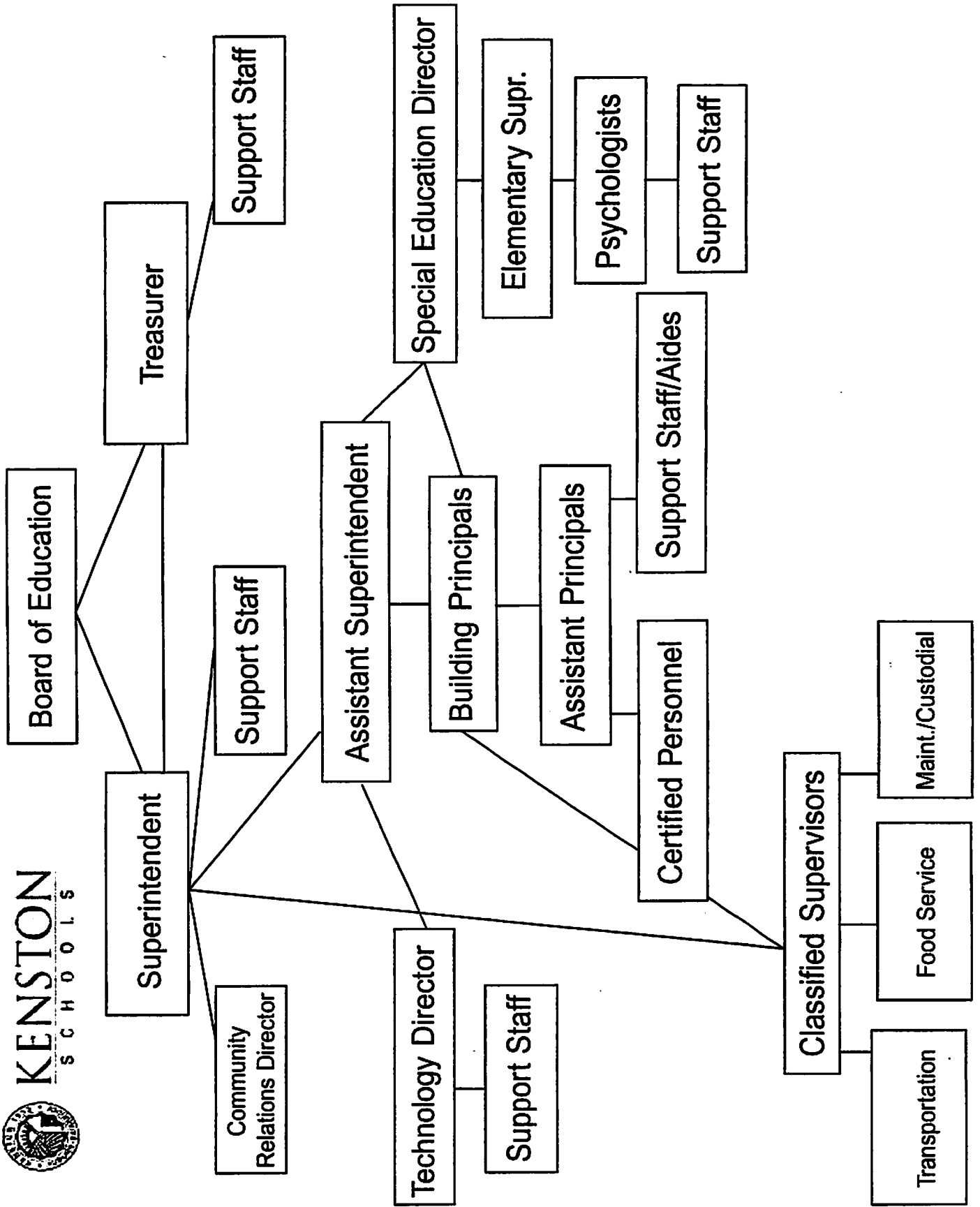
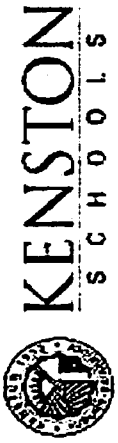
TREASURER

Ms. Linda M. Hein

ADMINISTRATION

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

Superintendent
Assistant Superintendent
Director, Special Education



Financial Section



Kenston Local School District

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Geauga County (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

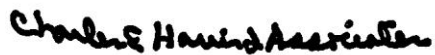
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Charles E. Harris & Associates, Inc.
December 23, 2008

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

The discussion and analysis of the Kenston Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. 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 2008 are as follows:

- In total, net assets increased \$2,069,094. Net assets of governmental activities increased \$2,088,176, which represents a 12 percent increase from 2007. The significant increase in net assets of governmental activities is due to revenues exceeding expenses for fiscal year 2008. Net assets of business-type activities decreased \$19,082 or 9 percent from 2007.
- General revenues accounted for \$36,879,644 in revenue or 90 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,133,867 or 10 percent of total revenues of \$41,013,511.
- Total assets of governmental activities decreased by \$1,301,676 as taxes receivable decreased by \$1,782,026, and capital assets increased by \$375,616.
- The School District had \$37,493,510 in expenses related to governmental activities; only \$2,723,441 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$36,858,245 were adequate to provide for these programs.
- Among major funds, the general fund had \$33,521,978 in revenues (including other financing sources) and \$33,146,678 in expenditures (including other financing uses). The general fund's fund balance increased to \$7,619,371 from \$7,244,071. The bond retirement fund increased its fund balance to \$4,759,815 from \$4,626,333.

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 provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in one column. In the case of the Kenston Local School District, the general fund is by far the most significant fund with the most activity. The bond retirement fund is significant due to the receipt of property taxes and the payment of principal and interest on the School District's debt.

KENSTON LOCAL SCHOOL DISTRICT

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 2008?” The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets* and *all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 16. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the general fund and the bond retirement fund.

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

KENSTON LOCAL SCHOOL DISTRICT

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$ 41,499,875	\$ 43,177,167	\$ 310,233	\$ 287,407	\$ 41,810,108	\$ 43,464,574
Capital Assets	55,024,259	54,648,643	27,953	35,018	55,052,212	54,683,661
Total Assets	\$ 96,524,134	\$ 97,825,810	\$ 338,186	\$ 322,425	\$ 96,862,320	\$ 98,148,235
Liabilities						
Long-term Liabilities	\$ 50,295,147	\$ 51,341,314	\$ 24,227	\$ 19,695	\$ 50,319,374	\$ 51,361,009
Other Liabilities	26,319,011	28,662,696	124,478	94,167	26,443,489	28,756,863
Total Liabilities	76,614,158	80,004,010	148,705	113,862	76,762,863	80,117,872
Net Assets						
Invested in Capital Assets Net of Debt	7,506,400	5,984,643	27,953	35,018	7,534,353	6,019,661
Restricted	5,461,414	5,765,276	-	-	5,461,414	5,765,276
Unrestricted (Deficit)	6,942,162	6,071,881	161,528	173,545	7,103,690	6,245,426
Total Net Assets	\$ 19,909,976	\$ 17,821,800	\$ 189,481	\$ 208,563	\$ 20,099,457	\$ 18,030,363

Total assets decreased \$1,285,915. Taxes receivable decreased \$1,782,026 due to the loss of personal property value and taxes as a result of the passage of H.B. 66. Capital assets increased \$368,551 due to construction of a new high school complex and purchase of new buses.

The net assets of the School District's business-type activities decreased by \$19,082 or 9 percent. The decrease was due to costs associated with uniform school supply funds.

KENSTON LOCAL SCHOOL DISTRICT

Table 2 shows the changes in net assets for fiscal year 2008 and 2007.

Table 2 - Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services	\$ 1,149,862	\$ 1,019,092	\$ 1,255,389	\$ 1,150,818	\$ 2,405,251	\$ 2,169,910
Operating Grants and Contributions	1,352,721	1,331,227	155,037	66,799	1,507,758	1,398,026
Capital Grants and Contributions	220,858	32,247	-	-	220,858	32,247
General Revenues:						
Property Taxes	27,060,556	27,120,000	-	-	27,060,556	27,120,000
Grants and Entitlements	9,068,613	9,066,238	-	-	9,068,613	9,066,238
Investment Earnings	679,708	928,329	21,399	21,799	701,107	950,128
Other	49,368	11,673	-	-	49,368	11,673
Total Revenues	39,581,686	39,508,806	1,431,825	1,239,416	41,013,511	40,748,222
Program Expenses						
Instruction	19,220,390	19,070,383	-	-	19,220,390	19,070,383
Support Services:						
Pupils and Instructional Staff	3,786,687	3,307,157	-	-	3,786,687	3,307,157
Board of Education, Administration, Fiscal and Business						
	3,993,786	4,000,520	-	-	3,993,786	4,000,520
Operation and Maintenance of Plant	4,132,633	3,964,286	-	-	4,132,633	3,964,286
Pupil Transportation						
Central	2,620,442	2,268,414	-	-	2,620,442	2,268,414
	7,958	6,844	-	-	7,958	6,844
Operation of Non-Instructional Services	128,536	150,143	-	-	128,536	150,143
Extracurricular Activities	1,378,224	1,413,965	-	-	1,378,224	1,413,965
Interest and Fiscal Charges	2,224,854	2,299,383	-	-	2,224,854	2,299,383
Food Service	-	-	988,847	857,404	988,847	857,404
Uniform School Supplies	-	-	168,163	143,971	168,163	143,971
Kindergarten Fees	-	-	293,868	231,375	293,868	231,375
Adult Education	-	-	29	627	29	627
Total Program Expenses	37,493,510	36,481,095	1,450,907	1,233,377	38,944,417	37,714,472
Increase (Decrease) in Net Assets	\$ 2,088,176	\$ 3,027,711	\$ (19,082)	\$ 6,039	\$ 2,069,094	\$ 3,033,750

Total revenues increased \$265,289. The School District's charges for services had an increase of \$235,341 or 11 percent. The charges for services increase were due to increases in programs, the new rotary breakfast and other fees related to the Kenston Field Experience program. The School District's capital grants and contributions had an increase of \$188,611 or 585 percent. The capital grants and contributions increase is due to private donations for the School District's stadium renovations. Investment earnings decreased by \$249,021 or 26 percent, due to funds available for investment decreased because of the near completion of the High School Building project.

Total expenses increased \$1,229,945. Pupil and Instructional Staff expenses increased \$479,530 due to increased special education expenses and the Kenston Field Experience Program expenses. Operation and Maintenance of Plant Services expenses increased \$168,347 due to increased utility rates and payment of expenses paid for management fees in 2008. Pupil transportation expenses increased \$352,028 due to the purchase of four buses. Food services expenses increased \$131,443 due to the addition of the Rotary Club Breakfast every week.

KENSTON LOCAL SCHOOL DISTRICT

Governmental Activities

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 68 percent of revenues for governmental activities for the School District in fiscal year 2008.

Instruction comprises 51 percent of governmental program expenses. Interest expense and fiscal charges were 6 percent. Interest expense and fiscal charges were attributable to the outstanding bond and borrowing for capital projects. The increase in net assets of \$2,088,176 is mainly due to revenues continually exceeding expenses and remaining constant.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2008 and 2007. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3 - Governmental Activities

	Total Cost of Services 2008	Total Cost of Services 2007	Net Costs of Services 2008	Net Costs of Services 2007
Instruction	\$ 19,220,390	\$ 19,070,383	\$ (17,986,841)	\$ (17,580,543)
Support Services:				
Pupils and Instructional Staff	3,786,687	3,307,157	(3,435,933)	(3,282,792)
Board of Education, Administration, Fiscal and Business	3,993,786	4,000,520	(3,791,444)	(3,991,723)
Operation and Maintenance of Plant	4,132,633	3,964,286	(4,132,633)	(3,959,957)
Pupil Transportation	2,620,442	2,268,414	(2,604,887)	(2,244,259)
Central	7,958	6,844	(7,958)	(6,844)
Operation of Non-Instructional Services	128,536	150,143	(103,155)	(122,710)
Extracurricular Activities	1,378,224	1,413,965	(482,364)	(610,318)
Interest and Fiscal Charges	2,224,854	2,299,383	(2,224,854)	(2,299,383)
Total Expenses	<u>\$ 37,493,510</u>	<u>\$ 36,481,095</u>	<u>\$ (34,770,069)</u>	<u>\$ (34,098,529)</u>

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

KENSTON LOCAL SCHOOL DISTRICT

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 \$1,431,825 and expenses of \$1,450,907 for fiscal year 2008. The decrease in net assets of \$19,082 is due to increases in uniform school supply expenses. The School District is also taking steps to reduce expenses. Business-type activities receive no support from tax revenues.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$39,168,511 (including other financing sources) and expenditures of \$39,207,592 (including other financing uses). The net change in fund balance for the year in the general fund experienced an increase of \$375,300 due to increases in grants and entitlements not restricted for special purposes. The increase in the net change in fund balance for the bond retirement fund, in the amount of \$133,482, was due to property tax revenues exceeding the debt principal and interest payments.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was \$33,812,531 (including other financing sources), which was above original budget estimate of \$32,421,213. Of this \$1,391,318 difference, most was due to the School District's conservative estimates of grants and entitlements not restricted for a special purpose and the collection of delinquent taxes.

The original appropriations of \$34,787,256 (including other financing uses and prior year's encumbrances) were decreased to \$34,487,256. Regular instruction proved to be higher than anticipated in the original budget.

KENSTON LOCAL SCHOOL DISTRICT

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the School District had \$55,052,212 invested in land, buildings, improvements, vehicles, equipment, and construction in progress, \$55,024,259 in governmental activities. Table 4 shows fiscal 2008 balances compared to 2007:

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 704,063	\$ 704,063	\$ -	\$ -	\$ 704,063	\$ 704,063
Construction in Progress	43,921,810	43,305,939	-	-	43,921,810	43,305,939
Land and Buildings						
Improvements	9,348,858	9,677,418	-	-	9,348,858	9,677,418
Furniture and Fixtures	332,476	388,050	27,953	35,018	360,429	423,068
Vehicles	717,052	573,173	-	-	717,052	573,173
	<u>\$ 55,024,259</u>	<u>\$ 54,648,643</u>	<u>\$ 27,953</u>	<u>\$ 35,018</u>	<u>\$ 55,052,212</u>	<u>\$ 54,683,661</u>

The primary increase occurred in construction in progress, which includes construction projects for major renovations and the construction of a new high school complex. In addition, the School District purchased four buses.

In fiscal year 2003, a change in Ohio law allows school districts to take the student population times the prior year's base cost per pupil times 3 percent to determine the amount to set aside for textbooks and capital improvements. For fiscal year 2008, this amounted to \$495,817 for each set aside. For fiscal year 2008, the School District had qualifying disbursements or offsets exceeding these requirements.

See Note 9 for additional information on capital assets.

Debt

At June 30, 2008, the School District had \$47,410,500 in bonds outstanding, \$1,353,500 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at June 30,

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
1986 General Obligation Bonds	\$ 205,000	\$ 410,000
GES Septic System	40,500	54,000
2003 School Improvement Bonds	42,050,000	42,715,000
2003 School Improvement Refunding Bonds	5,000,000	5,370,000
2003 Capital Appreciation Bonds	115,000	115,000
	<u>\$ 47,410,500</u>	<u>\$ 48,664,000</u>

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

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

At June 30, 2008, the School District's overall voted legal debt margin was \$24,282,946 with an unvoted debt margin of \$743,707.

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

Current Issues

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

In March 2003, the Governor of the State announced reductions in K-1 funding to reduce an anticipated State budget deficit. The School District's financial challenge is to continue to comply with State and Federal mandates while funding is reduced. Proceeds from the 9.3 mill operating levy, passed in 2005, will fund the School District's operations through 2010.

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

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KENSTON LOCAL SCHOOL DISTRICT

STATEMENT OF NET ASSETS JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 12,796,676	\$ 300,127	\$ 13,096,803
Investments	1,345,338	-	1,345,338
Accrued Interest Receivable	13,400	-	13,400
Accounts Receivable	1,518	1,152	2,670
Intergovernmental Receivable	66,251	-	66,251
Prepaid Items	11,483	-	11,483
Inventory Held for Resale	-	5,085	5,085
Materials and Supplies Inventory	123,670	3,869	127,539
Taxes Receivable	27,085,630	-	27,085,630
Deferred Charges (Deferred Loss on Early Retirement)	55,909	-	55,909
Nondepreciable Capital Assets	44,625,873	-	44,625,873
Depreciable Capital Assets, Net	10,398,386	27,953	10,426,339
Total Assets	\$ 96,524,134	\$ 338,186	\$ 96,862,320
Liabilities			
Accounts Payable	\$ 97,068	\$ 33,988	\$ 131,056
Accrued Wages	2,798,746	50,325	2,849,071
Matured Compensated Absences Payable	324,392	-	324,392
Intergovernmental Payable	981,288	40,165	1,021,453
Deferred Revenue	21,785,270	-	21,785,270
Accrued Interest Payable	168,979	-	168,979
Deferred Credits	163,268	-	163,268
Long-Term Liabilities:			
Due Within One Year	2,264,830	6,614	2,271,444
Due In More Than One Year	48,030,317	17,613	48,047,930
Total Liabilities	76,614,158	148,705	76,762,863
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,506,400	27,953	7,534,353
Restricted for:			
Capital Projects	688,299	-	688,299
Debt Service	4,725,653	-	4,725,653
Other Purposes	47,462	-	47,462
Unrestricted	6,942,162	161,528	7,103,690
Total Net Assets	\$ 19,909,976	\$ 189,481	\$ 20,099,457

See accompanying notes to the basic financial statements

KENSTON LOCAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 14,907,708	\$ 343,627	\$ 102,299	\$ 20,500
Special	3,659,719	134,710	632,413	-
Vocational	146,910	-	-	-
Other	506,053	-	-	-
Support Services:				
Pupils	2,596,868	-	294,935	-
Instructional Staff	1,189,819	4,659	51,160	-
Board of Education	50,567	-	-	-
Administration	2,824,830	-	202,342	-
Fiscal	1,073,828	-	-	-
Business	44,561	-	-	-
Operation and Maintenance of Plant	4,132,633	-	-	-
Pupil Transportation	2,620,442	-	-	15,555
Central	7,958	-	-	-
Operation of Non-instructional Services	128,536	-	25,381	-
Extracurricular Activities	1,378,224	666,866	44,191	184,803
Interest and Fiscal Charges	2,224,854	-	-	-
Total Governmental Activities	<u>37,493,510</u>	<u>1,149,862</u>	<u>1,352,721</u>	<u>220,858</u>
Business-Type Activities:				
Food Service	988,847	815,923	155,037	-
Uniform School Supplies	168,163	154,396	-	-
Kindergarten Fees	293,868	284,672	-	-
Adult Education	29	398	-	-
Total Business-Type Activities	<u>1,450,907</u>	<u>1,255,389</u>	<u>155,037</u>	<u>-</u>
Total - Primary Government	<u>\$ 38,944,417</u>	<u>\$ 2,405,251</u>	<u>\$ 1,507,758</u>	<u>\$ 220,858</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

(Continued)

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (14,441,282)	\$ -	\$ (14,441,282)
(2,892,596)	-	(2,892,596)
(146,910)	-	(146,910)
(506,053)	-	(506,053)
(2,301,933)	-	(2,301,933)
(1,134,000)	-	(1,134,000)
(50,567)	-	(50,567)
(2,622,488)	-	(2,622,488)
(1,073,828)	-	(1,073,828)
(44,561)	-	(44,561)
(4,132,633)	-	(4,132,633)
(2,604,887)	-	(2,604,887)
(7,958)	-	(7,958)
(103,155)	-	(103,155)
(482,364)	-	(482,364)
(2,224,854)	-	(2,224,854)
<u>(34,770,069)</u>	<u>-</u>	<u>(34,770,069)</u>
-	(17,887)	(17,887)
-	(13,767)	(13,767)
-	(9,196)	(9,196)
-	369	369
<u>-</u>	<u>(40,481)</u>	<u>(40,481)</u>
<u>(34,770,069)</u>	<u>(40,481)</u>	<u>(34,810,550)</u>
23,795,613	-	23,795,613
3,264,943	-	3,264,943
9,068,613	-	9,068,613
679,708	21,399	701,107
49,368	-	49,368
<u>36,858,245</u>	<u>21,399</u>	<u>36,879,644</u>
2,088,176	(19,082)	2,069,094
17,821,800	208,563	18,030,363
<u>\$ 19,909,976</u>	<u>\$ 189,481</u>	<u>\$ 20,099,457</u>

KENSTON LOCAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2008

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,528,020	\$ 4,221,287	\$ 1,303,922	\$ 12,053,229
Investments	1,345,338	-	-	1,345,338
Receivables:				
Taxes	23,737,146	3,348,484	-	27,085,630
Accounts	1,518	-	-	1,518
Intergovernmental	66,251	-	-	66,251
Accrued Interest	13,400	-	-	13,400
Materials and Supplies Inventory	123,670	-	-	123,670
Total Assets	<u><u>\$ 31,815,343</u></u>	<u><u>\$ 7,569,771</u></u>	<u><u>\$ 1,303,922</u></u>	<u><u>\$ 40,689,036</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 76,206	\$ -	\$ 20,862	\$ 97,068
Accrued Wages	2,797,217	-	1,529	2,798,746
Matured Compensated Absences Payable	324,392	-	-	324,392
Intergovernmental Payable	978,941	-	2,347	981,288
Deferred Revenue	20,019,216	2,809,956	-	22,829,172
Total Liabilities	<u><u>24,195,972</u></u>	<u><u>2,809,956</u></u>	<u><u>24,738</u></u>	<u><u>27,030,666</u></u>
Fund Balances				
Reserved for:				
Taxes	3,717,930	538,528	-	4,256,458
Encumbrances	1,270,386	7,261	396,749	1,674,396
Unreserved, Undesignated, Reported in:				
General Fund	2,631,055	-	-	2,631,055
Special Revenue Fund	-	-	426,880	426,880
Debt Service Fund	-	4,214,026	-	4,214,026
Capital Projects Fund	-	-	455,555	455,555
Total Fund Balances	<u><u>7,619,371</u></u>	<u><u>4,759,815</u></u>	<u><u>1,279,184</u></u>	<u><u>13,658,370</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 31,815,343</u></u>	<u><u>\$ 7,569,771</u></u>	<u><u>\$ 1,303,922</u></u>	<u><u>\$ 40,689,036</u></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, 2008

Total Governmental Fund Balances		\$ 13,658,370
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.		55,024,259
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	1,043,902	
Total	<u>1,043,902</u>	1,043,902
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 statement of net assets.		754,930
Bond premium on the refunding issuance in governmental activities is deferred and to be amortized over the life of the new issuance.		(163,268)
Loss on early retirement of the bonds in governmental activities is deferred and to be amortized over the remaining life of the refunded bonds.		55,909
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	(47,410,500)	
Compensated Absences	(2,741,913)	
Bond Accretion	(142,734)	
Accrued Interest Payable	<u>(168,979)</u>	
Total		<u>(50,464,126)</u>
Net Assets of Governmental Activities		<u>\$ 19,909,976</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 23,319,863	\$ 3,210,877	\$ -	\$ 26,530,740
Intergovernmental	9,006,936	413,012	962,206	10,382,154
Tuition	396,139	-	-	396,139
Transportation Fees	88,956	-	-	88,956
Earnings on Investments	677,666	-	2,153	679,819
Extracurricular Activities	-	-	673,163	673,163
Miscellaneous	32,418	-	268,537	300,955
Total Revenues	<u>33,521,978</u>	<u>3,623,889</u>	<u>1,906,059</u>	<u>39,051,926</u>
Expenditures				
Current:				
Instruction:				
Regular	14,316,421	-	115,628	14,432,049
Special	3,341,261	-	296,351	3,637,612
Vocational	145,083	-	-	145,083
Other	506,053	-	-	506,053
Support Services:				
Pupils	2,275,536	-	379,294	2,654,830
Instructional Staff	1,070,528	-	69,498	1,140,026
Board of Education	50,567	-	-	50,567
Administration	2,662,117	-	209,226	2,871,343
Fiscal Services	1,008,071	59,770	-	1,067,841
Business	44,496	-	-	44,496
Operation and Maintenance of Plant Services	3,999,981	-	4,560	4,004,541
Pupil Transportation	2,754,177	-	-	2,754,177
Central	7,958	-	-	7,958
Operation of Non-Instructional Services:				
Community Services	108,986	-	2,971	111,957
Other	16,797	-	-	16,797
Extracurricular Activities	661,080	-	710,194	1,371,274
Capital Outlay	44,351	-	782,785	827,136
Debt Service:				
Principal Retirement	13,500	1,240,000	-	1,253,500
Interest and Fiscal Charges	3,130	2,190,637	-	2,193,767
Total Expenditures	<u>33,030,093</u>	<u>3,490,407</u>	<u>2,570,507</u>	<u>39,091,007</u>
Excess of Revenues Over (Under) Expenditures	<u>491,885</u>	<u>133,482</u>	<u>(664,448)</u>	<u>(39,081)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	116,585	116,585
Transfers Out	(116,585)	-	-	(116,585)
Total Other Financing Sources (Uses)	<u>(116,585)</u>	<u>-</u>	<u>116,585</u>	<u>-</u>
Net Change In Fund Balances	375,300	133,482	(547,863)	(39,081)
Fund Balances - Beginning of Year	7,244,071	4,626,333	1,827,047	13,697,451
Fund Balances - End of Year	<u>\$ 7,619,371</u>	<u>\$ 4,759,815</u>	<u>\$ 1,279,184</u>	<u>\$ 13,658,370</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, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (39,081)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital Additions	1,117,943	
Current Year Depreciation	<u>(740,042)</u>	
Total		377,901

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. (2,285)

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

Taxes		529,818
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,253,500

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,072

Bond Premium that increase liabilities in the Statement of Net Assets are not reported in governmental funds. 7,421

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

Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Bond Accretion	(34,989)	
Compensated Absences	<u>(172,344)</u>	
Total		(207,333)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the 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. 171,754

Change in Net Assets of Governmental Activities \$ 2,088,176

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes	\$ 25,080,412	\$ 23,949,267	\$ 23,886,288	\$ (62,979)
Intergovernmental	6,578,084	8,883,265	9,007,000	123,735
Tuition	130,593	178,814	178,814	-
Transportation	64,967	88,956	88,956	-
Earning on Investment	493,803	627,709	676,136	48,427
Miscellaneous	29,354	40,193	40,193	-
Total Revenues	<u>32,377,213</u>	<u>33,768,204</u>	<u>33,877,387</u>	<u>109,183</u>
Expenditures				
Current:				
Instruction:				
Regular	15,538,069	14,757,877	14,539,375	218,502
Special	3,422,611	3,592,358	3,592,358	-
Vocational Education	125,980	148,711	148,711	-
Other	342,110	498,079	498,079	-
Total Instruction	<u>19,428,770</u>	<u>18,997,025</u>	<u>18,778,523</u>	<u>218,502</u>
Support Services:				
Pupils	2,071,248	2,334,647	2,334,647	-
Instructional Staff	1,239,712	1,220,715	1,220,715	-
Board of Education	160,755	79,649	79,649	-
Administration	2,756,671	2,686,830	2,686,830	-
Fiscal	1,077,621	1,047,727	1,047,727	-
Business	45,236	44,162	44,162	-
Operational and Maintenance of Plant Services	4,288,975	4,307,834	4,307,834	-
Pupil Transportation	2,640,406	2,735,567	2,735,567	-
Central	7,740	8,050	8,050	-
Total Support Services	<u>14,288,364</u>	<u>14,465,181</u>	<u>14,465,181</u>	<u>-</u>
Operation of Non-Instructional Services:				
Food Service Operations	1,005	3,278	3,278	-
Community Services	153,616	169,611	169,611	-
Other Operation of Non-Instructional Services	15,959	16,675	16,675	-
Total Operation of Non-Instructional Services	<u>170,580</u>	<u>189,564</u>	<u>189,564</u>	<u>-</u>
Extracurricular Activities:				
Academic Oriented	175,111	175,889	175,889	-
Sports Oriented	504,439	484,831	484,831	-
Total Extracurricular Activities	<u>679,550</u>	<u>660,720</u>	<u>660,720</u>	<u>-</u>
Capital Outlay:				
Other Facilities Acquisition & Construction	46,882	41,551	41,551	-
Total Capital Outlay	<u>46,882</u>	<u>41,551</u>	<u>41,551</u>	<u>-</u>
Debt Service:				
Principal Retirement	13,500	13,500	13,500	-
Interest and Fiscal Charges	3,300	3,130	3,130	-
Total Debt Service	<u>16,800</u>	<u>16,630</u>	<u>16,630</u>	<u>-</u>
Total Expenditures	<u>34,630,946</u>	<u>34,370,671</u>	<u>34,152,169</u>	<u>218,502</u>
Excess of Revenue Over (Under) Expenditures	(2,253,733)	(602,467)	(274,782)	327,685

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund (Continued) For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Other Financing Sources (Uses)</u>				
Advances In	14,000	13,994	13,994	-
Advances Out	(17,759)	-	-	-
Transfer Out	(121,831)	(116,585)	(116,585)	-
Refund Of Prior Year Receipts	(16,720)	-	-	-
Refund Of Prior Year Expenditures	30,000	30,333	217,832	187,499
Total Other Financing Sources (Uses)	<u>(112,310)</u>	<u>(72,258)</u>	<u>115,241</u>	<u>187,499</u>
Net Change in Fund Balance	(2,366,043)	(674,725)	(159,541)	515,184
Fund Balance - Beginning of Year	5,212,685	5,212,685	5,212,685	-
Prior Year Encumbrances Appropriated	1,487,256	1,487,256	1,487,256	-
Fund Balance - End of Year	<u>\$ 4,333,898</u>	<u>\$ 6,025,216</u>	<u>\$ 6,540,400</u>	<u>\$ 515,184</u>

See accompanying notes to the basic financial statements

KENSTON LOCAL SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS PROPRIETARY FUNDS JUNE 30, 2008

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
<u>Assets</u>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 300,127	\$ 743,447
Receivables:		
Accounts	1,152	-
Prepaid Items	-	11,483
Inventory Held for Resale	5,085	-
Materials and Supplies Inventory	3,869	-
Total Current Assets	310,233	754,930
Capital Assets (Net of Depreciation)	27,953	-
Total Assets	\$ 338,186	\$ 754,930
<u>Liabilities</u>		
Current Liabilities		
Accounts Payable	\$ 33,988	\$ -
Accrued Wages	50,325	-
Intergovernmental Payable	40,165	-
Compensated Absences Payable	6,614	-
Total Current Liabilities	131,092	-
Long-Term Liabilities:		
Compensated Absences Payable	17,613	-
Total Liabilities	148,705	-
<u>Net Assets</u>		
Invested in Capital Assets	27,953	-
Unrestricted	161,528	754,930
Total Net Assets	\$ 189,481	\$ 754,930

See the accompanying notes to the basic financial statements

KENSTON LOCAL SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR END JUNE 30, 2008**

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
<u>Operating Revenues</u>		
Tuition	\$ 285,070	\$ -
Food Services	768,507	-
Classroom Materials and Fees	154,396	-
Charges for Services	-	3,638,513
Total Operating Revenues	1,207,973	3,638,513
<u>Operating Expenses</u>		
Salaries and Wages	491,447	-
Fringe Benefits	158,789	-
Claims	-	3,466,759
Purchased Services	546,076	-
Supplies and Materials	246,300	-
Depreciation	7,065	-
Other	1,230	-
Total Operating Expenses	1,450,907	3,466,759
Operating Income (Loss)	(242,934)	171,754
<u>Non-Operating Revenues</u>		
Earnings on Investments	21,399	-
Operating Grants	155,037	-
Donated Commodities	47,416	-
Total Non-Operating Revenues	223,852	-
Changes in Net Assets	(19,082)	171,754
Net Assets - Beginning of Year	208,563	583,176
Net Assets - End of Year	\$ 189,481	\$ 754,930

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, 2008

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 1,207,017	\$ 3,638,513
Cash Payments for Goods and Services	(716,338)	-
Cash Payments to Employees for Services	(502,487)	-
Cash Payments for Employee Benefits	(138,593)	-
Cash Payments for Claims	-	(3,528,909)
Cash Payments for Other Operating Expenses	(1,230)	-
Net Cash Provided by (Used for) Operating Activities	(151,631)	109,604
<u>Cash Flows from Noncapital Financing Activities</u>		
Operating Grants Received	155,037	-
Net Cash Provided by Noncapital Financing Activities	155,037	-
<u>Cash Flows from Investing Activities</u>		
Earnings on Investments	21,399	-
Net Cash Provided by Investing Activities	21,399	-
Net Increase (Decrease) in Cash and Cash Equivalents	24,805	109,604
Cash and Cash Equivalents Beginning of Year	275,322	633,843
Cash and Cash Equivalents End of Year	\$ 300,127	\$ 743,447
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>		
Operating Income (Loss)	\$ (242,934)	\$ 171,754
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	7,065	-
Federal Donated Commodities	47,416	-
(Increase) Decrease in Assets:		
Accounts Receivable	(558)	-
Prepaid Items	-	(11,483)
Inventory Held for Resale	5,198	-
Materials and Supplies Inventory	(2,661)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	25,591	-
Accrued Salaries and Benefits Payable	2,827	-
Intergovernmental Payable	1,893	-
Compensated Absences Payable	4,532	-
Claims Payable	-	(50,667)
Total Adjustments	91,303	(62,150)
Net Cash Provided by (Used for) Operating Activities	\$ (151,631)	\$ 109,604

During fiscal year 2008, the Food Service fund received noncash items of donated commodities in the amount of \$47,416.

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2008**

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 81,868
Intergovernmental Receivable	1,971
Total Assets	<u>\$ 83,839</u>
<u>Liabilities</u>	
Accounts Payable	\$ 1,971
Due to Others	28,807
Due to Students	53,061
Total Liabilities	<u>\$ 83,839</u>

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

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 179 non-certificated employees and 237 certificated full-time teaching personnel that provide services to 3,122 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 the School District is able to significantly influence the programs or services performed or provided by the organization; or the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the School District has no component units.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

business-type activities and enterprise funds. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

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

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

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

Proprietary Funds

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

Enterprise Funds

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

Internal Service Fund

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

Fiduciary Funds

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

KENSTON LOCAL SCHOOL DISTRICT

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of 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.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

E. Equity in Pooled Cash and Cash Equivalents

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

During fiscal year 2008, investments were limited to repurchase agreements, U.S. Agency Discount notes, money market mutual funds, certificates of deposit, and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates or repurchase agreements with a maturity of one year or less are reported at amortized cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$677,666, which includes \$295,386 assigned from other School District funds.

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

F. Restricted Assets

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars (\$1,000). Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets utilized by proprietary funds is not capitalized. The School District does not possess any infrastructure.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The School District's policy of internal service activity in the government-wide statement of activities indicates that interfund services provided and used are eliminated in the process of consolidation and any residual balance of the internal service activity is allocated on a pro-rata basis to the activities and functions participating in the internal service fund.

K. Compensated Absences

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves and Designations

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

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. There were no net assets restricted by enabling legislation as of June 30, 2008.

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 are 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.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2008.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are 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.

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KENSTON LOCAL SCHOOL DISTRICT

NOTE 3: ACCOUNTABILITY

Fund balances at June 30, 2008, included the following individual fund deficits:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Entry Year Teachers	\$ 28
Title I	795
Title V	37
Improving Teacher Quality	295
Miscellaneous Federal Grants	8
Enterprise Fund:	
Food Services	38,507

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

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

NOTE 4: CHANGES IN ACCOUNTING PRINCIPLES

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans*. The School District has determined that the adoption of this statement did not have an impact on the School District's financial statements; however, note disclosures related to postemployment benefits have been modified.

The following other pronouncements have been issued by the GASB and have been adopted by the School District; however, the School District has not incurred any of the transactions described below and as a result there has been no impact on the financial statements or note disclosures for the current period:

- In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.
- In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*. The information is not yet available from the retirement systems for the implementation of GASB Statement No. 50.

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KENSTON LOCAL SCHOOL DISTRICT

NOTE 5: BUDGETARY BASIS OF ACCOUNTING

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

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

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ 375,300
Net Adjustment for Revenue Accruals	587,235
Net Adjustments for Expenditure Accruals	210,430
Adjustment for Encumbrances	<u>(1,332,506)</u>
Budget Basis	<u><u>\$ (159,541)</u></u>

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KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later

than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS (continued)

Cash on Hand

At June 30, 2008, the School District had \$886 in undeposited cash on hand, which is included on the balance sheet of the School District as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

At June 30, 2008, the carrying amount of the School District’s deposits was \$11,117,254, (including \$1,345,338 in non-negotiable certificates of deposits) and the bank balance was \$11,630,909. \$373,204 of the School District’s bank balance was covered by Federal Depository Insurance and \$11,257,705 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the School District’s name.

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

Investments

The School District has a formal investment policy. The School District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2008, fair value was \$452 above the School District’s net cost for investments. At June 30, 2007, fair value was \$1,333 above net cost. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

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

Interest Rate Risk

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

Credit Risk

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

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

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investment in U.S. Agency Discount notes represents 18 percent of the School District's total investments. All other investments not specifically guaranteed by the U.S. government make up the remaining percentage of the School District's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2008, the School District had no exposure to foreign currency risk.

Cash and investments at year-end were as follows:

	Fair Value	Credit Rating *	Investment Maturities in Years <u>< 1</u>
STAROhio	\$ 1,406,736	AAA	\$ 1,406,736
Repurchase Agreement	1,271,803	AAA	1,271,803
U.S. Agency Discount Notes	624,203	AAA	624,203
Money Market Mutual Funds -			
First American U.S. Treasury	73,710	AAAm	73,710
Western Asset	29,417	N/A	29,417
Total Investments	<u>3,405,869</u>		<u>\$ 3,405,869</u>
Carrying Amount of Deposits	11,117,254		
Petty Cash	886		
Total	<u>\$ 14,524,009</u>		

* Credit ratings were obtained from Standard & Poor's for all investments

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are paid annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to 0 percent for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 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, 2008, 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, 2008, was \$3,717,930 in the general fund and \$538,528 in the debt service fund. The amount available as an advance at June 30, 2007, was \$4,284,355 in the general fund and \$646,709 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

NOTE 7: PROPERTY TAXES (continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007		2008	
	Second Half Collections		First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 698,594,890	96.42%	\$ 725,054,070	97.49%
Public Utility	11,409,340	1.57%	8,267,540	1.11%
Tangible Personal Property	14,497,115	2.00%	10,385,400	1.40%
Total Assessed Value	<u>\$ 724,501,345</u>	<u>100.00%</u>	<u>\$ 743,707,010</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 87.19		\$ 86.99	

NOTE 8: RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, accounts (student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. The School District had \$66,251 in intergovernmental receivables.

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KENSTON LOCAL SCHOOL DISTRICT

NOTE 9: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 704,063		\$ -	\$ 704,063
Construction in Progress	43,305,939	615,871	-	43,921,810
Total Capital Assets, not being depreciated	44,010,002	615,871	-	44,625,873
Capital Assets, being depreciated:				
Land Improvements	1,057,097	42,769	-	1,099,866
Building and Improvements	17,918,969	37,896	-	17,956,865
Furniture and Equipment	3,479,046	86,163	(23,099)	3,542,110
Vehicles	2,794,270	335,244	(2,600)	3,126,914
Total Capital Assets, being depreciated	25,249,382	502,072	(25,699)	25,725,755
Less Accumulated Depreciation:				
Land Improvements	(854,124)	(31,283)	-	(885,407)
Building and Improvements	(8,444,524)	(377,942)	-	(8,822,466)
Furniture and Equipment	(3,090,996)	(141,316)	22,678	(3,209,634)
Vehicles	(2,221,097)	(189,501)	736	(2,409,862)
Total Accumulated Depreciation	(14,610,741)	(740,042)	23,414	(15,327,369)
Total Capital Assets being depreciated, Net	10,638,641	(237,970)	(2,285)	10,398,386
Governmental Activities Capital Assets, Net	54,648,643	377,901	(2,285)	55,024,259
<u>Business-Type Activities</u>				
Furniture and Equipment	427,213	-	-	427,213
Less Accumulated Depreciation	(392,195)	(7,065)	-	(399,260)
Business-Type Activities Capital Assets, Net	\$ 35,018	\$ (7,065)	\$ -	\$ 27,953

KENSTON LOCAL SCHOOL DISTRICT

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

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 322,354
Special	4,560
Support Services:	
Pupil	1,747
Instructional Staff	49,227
Administration	6,897
Fiscal Services	584
Operation and Maintenance of Plant	152,515
Pupil Transportation	182,564
Operation of Non-Instructional Services:	
Community Services	5,325
Extracurricular Activities:	
Student Activities	2,008
Sport Oriented Activities	11,382
School & Public Service Co-Curricular	879
Total Depreciation Expense	\$ 740,042

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KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2008, the School District contracted with Traveler's Insurance and Indiana Insurance for various coverages, which are outlined below:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Indiana Insurance	Property, Inland Marine, Flood & Earthquake	
	Employee Dishonesty, Forgery, Computer Fraud	\$ 89,263,969
	General Liability	1,000,000
	In aggregate:	2,000,000
	Comprehensive:	
	Auto Liability	1,000,000 limit
	Uninsured Motorists	500,000
	Comprehensive	Actual cash value
	Collision	Actual cash value
	Employee Benefit Liability	1,000,000
	In aggregate:	3,000,000
	Employer's (Stop Gap) Liability	1,000,000
	In aggregate:	2,000,000
	School Leaders Errors & Omissions (Professional) Liability	1,000,000
	In aggregate:	1,000,000
	Non-monetary Relief Defense Limit	100,000
	In aggregate:	1,000,000
	Sexual Misconduct & Molestation	1,000,000
	In aggregate:	1,000,000
	Violent Event Response	
	Each Person - Death Benefit	15,000
	Each Person Limit - Loss	25,000
	Each Violent Event Limit	1,000,000
	Each Violent Event Aggregate Limit	1,000,000
	Law Enforcement	1,000,000
	In aggregate:	1,000,000
	Umbrella	5,000,000
Self-Insured Retention	10,000	
Traveler's Insurance	Boiler and Machinery	30,000,000

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: RISK MANAGEMENT (continued)

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control and actuarial services to the GRP. Each year the School District pays an enrollment fee to the Plan to cover costs of administering the program.

C. Employee Insurance Benefits

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District 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. Per an agreement between the School District and the self-insurance third party administrator, the School District pays quarterly advances to cover the next three months of claims. Therefore, depending on the amount of claims incurred in the next three months, there could be a prepaid claims balance or a claims payable balance. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2007	\$ (214,520)	\$ 3,453,446	\$ (3,188,259)	\$ 50,667
2008	\$ 50,667	\$ 3,466,759	\$ (3,528,909)	\$ (11,483)

NOTE 11: DEFINED BENEFIT PENSION PLANS

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

The Defined Benefit Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who had (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchased benefit” calculation. Under the formula benefit the retirement allowance is based on years of credited service and final average salary, which is the average of the members’ three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100 percent of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5 percent. Under the money-purchase benefit, members’ lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3 percent of the original base amount.

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

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

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

For fiscal year ended June 30, 2008 members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent. Member and employer contributions were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14 percent contributed by the School District, 13 percent was the portion used to fund pension obligations.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,063,165, \$1,996,250, and \$1,931,421, respectively; 83.12 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Member and employer contributions actually made for the Defined Contribution and Combined Plan participants will be provided upon written request.

School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required pension contributions to SERS for the years ended June 30, 2008, 2007 and 2006 were \$447,550, \$480,015, and \$443,247, respectively; 38.73 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007 and 2006.

NOTE 12: POST-EMPLOYMENT BENEFITS

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

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

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care. For the fiscal years ended June 30, 2008, 2007, and 2006 the School District's contributions to post-employment health care were \$175,196, \$168,741 and \$159,888, respectively; 82.83 percent has been contributed for 2008 and 100 percent for fiscal years 2007 and 2006.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: POST-EMPLOYMENT BENEFITS (continued)

The Medicare Part B premium reimbursement plan reimburses eligible retirees for the lesser of January 1, 1999 Medicare Part B premiums or the current premium. The Medicare Part B premium for calendar year 2007 (most recent information available) was \$93.50. SERS' reimbursement to retirees was \$45.50. The Retirement Board, with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2008 the actuarially required allocation was .66 percent. For the fiscal year ended June 30, 2008, 2007 and 2006 the School District's contributions to Medicare Part B were \$32,247, \$32,641 and \$35,279 respectively; 38.73 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Health Care Plan is funded through employer contributions. Each year after allocation for required benefits the Retirement Board allocates the remainder of the employers' 14 percent contribution. At June 30, 2008 the health care allocation was 4.18 percent. The actuarially required contribution (ARC), as of December 31, 2006 (the latest information available) annual valuation, was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

For fiscal years ended June 30, 2008, 2007, and 2006, the School District's contributions to the Health Care Plan, including the surcharge, were \$309,498, \$262,900, and \$252,512, respectively; 38.73 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 13: EMPLOYEE BENEFITS

A. Compensated Absences

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

Vacation Leave

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 13: **EMPLOYEE BENEFITS** (continued)

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

Sick Leave

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

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

B. Life Insurance

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

NOTE 14: **INTERFUND TRANSFERS**

As of June 30, 2008, interfund transfers were as follows:

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 15: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	<u>Principal Outstanding June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding June 30, 2008</u>	<u>Due in One Year</u>
Governmental Activities					
<u>General Long-Term Bonds</u>					
\$3,075,000 General Obligation					
Bonds 1986 - 7.125%, due 2008	\$ 410,000	\$ -	\$ 205,000	\$ 205,000	\$ 205,000
\$135,000 GES Septic System - 5.7%, due 2010	54,000	-	13,500	40,500	13,500
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	42,715,000	-	665,000	42,050,000	745,000
\$6,610,000 School Improvement Refunding Bonds 2003 - 2.1-4.375% due 2017	5,370,000	-	370,000	5,000,000	390,000
\$115,000 Capital Appreciation Bonds - 15.136%, due 2013	115,000	-	-	115,000	-
Total General Long-Term Bonds	<u>48,664,000</u>	<u>-</u>	<u>1,253,500</u>	<u>47,410,500</u>	<u>1,353,500</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Bonds	107,745	34,989	-	142,734	-
Compensated Absences	2,569,569	911,330	738,986	2,741,913	911,330
Total Governmental Long-Term Liabilities	<u>\$ 51,341,314</u>	<u>\$ 946,319</u>	<u>\$ 1,992,486</u>	<u>\$ 50,295,147</u>	<u>\$ 2,264,830</u>
Business-Type Activities					
Compensated Absences	19,695	6,614	2,082	24,227	6,614
Total Business-Type Activities	<u>\$ 19,695</u>	<u>\$ 6,614</u>	<u>\$ 2,082</u>	<u>\$ 24,227</u>	<u>\$ 6,614</u>

In prior years the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,110,000 are current interest bonds and \$115,000 are capital appreciation bonds) for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the School District's government-wide financial statements. As of June 30, 2008, the amount of defeased debt outstanding but removed from the financial statements amounted to \$1,010,000.

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 15: LONG-TERM OBLIGATIONS (continued)

May 31, 2003, and its \$14,000,000 School Improvement Notes, series 2003, issued on January 16, 2003, and which also matured on May 21, 2003.

Payments of principal and interest relating to the liabilities of the School Improvement and general obligation bonds will be made from the 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. In prior years, the General Fund has been used to liquidate a material amount of the liability for compensated absences.

The School District's voted legal debt margin was \$24,282,946 with an unvoted debt margin of \$743,707 at June 30, 2008.

Principal and interest requirements to retire general obligation debt at June 30, 2008, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,353,500	\$ 2,117,433	\$ 3,470,933
2010	1,358,500	2,048,538	3,407,038
2011	1,488,500	1,993,297	3,481,797
2012	1,595,000	1,940,733	3,535,733
2013	1,850,000	1,880,176	3,730,176
2014-2018	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	2,836,676	15,356,676
2029-2033	5,865,000	266,738	6,131,738
Total	<u>\$ 47,410,500</u>	<u>\$ 27,285,282</u>	<u>\$ 74,695,782</u>

NOTE 16: 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 17: JOINTLY GOVERNED ORGANIZATIONS

Auburn Career Center

The Auburn Career Center is a joint vocational school district which is a jointly governed board appointment organization among eleven school districts. Each participating school district appoints one member to the

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS (continued)

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

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the school districts supports LGCA based upon a per pupil charge. The School District contributed \$88,903 to LGCA during fiscal year 2008. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8221 Auburn Road, Concord Twp., Ohio 44077.

Auburn-Bainbridge Recreation Board

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

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among one hundred twenty-three school districts, educational service centers, joint vocational districts and MR/DD boards in twenty-one northern Ohio counties. 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 nine 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 2008, the School District paid \$1,116,873 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS (continued)

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.

NOTE 18: CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 19: SET-ASIDE REQUIREMENTS

Set-Aside Calculations

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

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.

	<u>Textbooks Instructional Reserve</u>	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2007	\$ (1,791,683)	\$ -
Current Year Set-Aside Requirements	495,817	495,817
Qualifying Disbursements	<u>(634,714)</u>	<u>(2,067,605)</u>
Total	<u>\$ (1,930,580)</u>	<u>\$ (1,571,788)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ (1,930,580)</u>	<u>\$ -</u>
Set-Aside Reserve Balance as of June 30, 2008	<u>\$ -</u>	<u>\$ -</u>

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

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
Taxes	\$ 25,080,412	\$ 23,949,267	\$ 23,886,288	\$ (62,979)
Intergovernmental	6,578,084	8,883,265	9,007,000	123,735
Tuition	130,593	178,814	178,814	-
Transportation	64,967	88,956	88,956	-
Earning on Investment	493,803	627,709	676,136	48,427
Miscellaneous	29,354	40,193	40,193	-
Total Revenues	32,377,213	33,768,204	33,877,387	109,183
<u>Expenditures</u>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	11,234,021	10,650,527	10,432,025	218,502
Fringe Benefits	3,370,562	3,178,907	3,178,907	-
Purchased Services	233,142	199,351	199,351	-
Supplies and Materials	427,717	438,443	438,443	-
Capital-New	228,676	249,253	249,253	-
Capital-Replacement	42,251	39,846	39,846	-
Other	1,700	1,550	1,550	-
Regular	<u>15,538,069</u>	<u>14,757,877</u>	<u>14,539,375</u>	<u>218,502</u>
Special:				
Salaries and Wages	2,253,908	1,799,470	1,799,470	-
Fringe Benefits	537,550	581,104	581,104	-
Purchased Services	602,123	1,198,138	1,198,138	-
Supplies and Materials	9,530	4,290	4,290	-
Capital-New	19,500	9,356	9,356	-
Special	<u>3,422,611</u>	<u>3,592,358</u>	<u>3,592,358</u>	<u>-</u>
Vocational Education:				
Salaries and Wages	62,998	62,091	62,091	-
Fringe Benefits	12,982	22,658	22,658	-
Purchased Services	50,000	63,962	63,962	-
Vocational Education	<u>125,980</u>	<u>148,711</u>	<u>148,711</u>	<u>-</u>
Other:				
Salaries and Wages	163,807	296,381	296,381	-
Fringe Benefits	-	48,221	48,221	-
Purchased Services	178,303	153,477	153,477	-
Other	<u>342,110</u>	<u>498,079</u>	<u>498,079</u>	<u>-</u>
Total Instruction	19,428,770	18,997,025	18,778,523	218,502

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Support Services:				
Pupils:				
Salaries and Wages	1,048,217	1,179,995	1,179,995	-
Fringe Benefits	344,861	401,709	401,709	-
Purchased Services	413,054	513,695	513,695	-
Supplies and Materials	27,916	24,756	24,756	-
Capital-New	8,947	7,407	7,407	-
Capital-Replacement	1,253	1,253	1,253	-
Other	227,000	205,832	205,832	-
Pupils	<u>2,071,248</u>	<u>2,334,647</u>	<u>2,334,647</u>	<u>-</u>
Instructional Staff:				
Salaries and Wages	680,122	617,657	617,657	-
Fringe Benefits	289,511	316,292	316,292	-
Purchased Services	131,626	148,814	148,814	-
Supplies and Materials	118,561	120,062	120,062	-
Capital-New	16,745	14,664	14,664	-
Capital-Replacement	1,800	1,879	1,879	-
Other	1,347	1,347	1,347	-
Instructional Staff	<u>1,239,712</u>	<u>1,220,715</u>	<u>1,220,715</u>	<u>-</u>
Board of Education:				
Salaries and Wages	15,414	11,000	11,000	-
Fringe Benefits	3,718	2,565	2,565	-
Purchased Services	56,273	43,754	43,754	-
Supplies and Materials	1,000	5,939	5,939	-
Other	84,350	16,391	16,391	-
Board of Education	<u>160,755</u>	<u>79,649</u>	<u>79,649</u>	<u>-</u>
Administration:				
Salaries and Wages	1,713,368	1,683,000	1,683,000	-
Fringe Benefits	809,851	787,856	787,856	-
Purchased Services	79,676	64,600	64,600	-
Supplies and Materials	56,548	51,840	51,840	-
Capital-New	31,636	31,398	31,398	-
Capital-Replacement	12,288	13,825	13,825	-
Other	53,304	54,311	54,311	-
Administration	<u>2,756,671</u>	<u>2,686,830</u>	<u>2,686,830</u>	<u>-</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fiscal:				
Salaries and Wages	323,027	318,655	318,655	-
Fringe Benefits	165,822	153,984	153,984	-
Purchased Services	26,100	22,790	22,790	-
Supplies and Materials	7,610	7,796	7,796	-
Capital-New	1,500	1,500	1,500	-
Capital-Replacement	400	390	390	-
Other	553,162	542,612	542,612	-
Fiscal	<u>1,077,621</u>	<u>1,047,727</u>	<u>1,047,727</u>	<u>-</u>
Business:				
Salaries and Wages	37,564	36,428	36,428	-
Fringe Benefits	7,203	7,248	7,248	-
Purchased Services	469	486	486	-
Business	<u>45,236</u>	<u>44,162</u>	<u>44,162</u>	<u>-</u>
Operational and Maintenance of Plant Services:				
Salaries and Wages	1,455,315	1,416,141	1,416,141	-
Fringe Benefits	512,927	560,687	560,687	-
Purchased Services	2,199,010	2,165,280	2,165,280	-
Supplies and Materials	100,151	151,854	151,854	-
Capital-New	5,000	4,040	4,040	-
Capital-Replacement	15,072	8,962	8,962	-
Other	1,500	870	870	-
Operational and Maintenance of Plant Services	<u>4,288,975</u>	<u>4,307,834</u>	<u>4,307,834</u>	<u>-</u>
Pupil Transportation:				
Salaries and Wages	1,158,406	1,266,678	1,266,678	-
Fringe Benefits	555,661	516,302	516,302	-
Purchased Services	121,553	115,965	115,965	-
Supplies and Materials	389,365	486,515	486,515	-
Capital-New	-	270	270	-
Capital-Replacement	415,421	349,837	349,837	-
Pupil Transportation	<u>2,640,406</u>	<u>2,735,567</u>	<u>2,735,567</u>	<u>-</u>
Central				
Purchased Services	4,740	4,550	4,550	-
Other	3,000	3,500	3,500	-
Central	<u>7,740</u>	<u>8,050</u>	<u>8,050</u>	<u>-</u>
Total Support Services	<u>14,288,364</u>	<u>14,465,181</u>	<u>14,465,181</u>	<u>-</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	1,005	3,278	3,278	-
Food Service Operations	1,005	3,278	3,278	-
Community Services:				
Salaries and Wage	40,203	48,691	48,691	-
Fringe Benefits	11,683	14,479	14,479	-
Purchased Services	79,308	66,312	66,312	-
Supplies and Materials	21,155	35,862	35,862	-
Capital-New	-	3,000	3,000	-
Capital-Replacement	1,267	1,267	1,267	-
Community Services	153,616	169,611	169,611	-
Other Operation of Non-Instructional Services:				
Salaries and Wage	13,554	14,049	14,049	-
Fringe Benefits	2,405	2,626	2,626	-
Other Operation of Non-Instructional Services	15,959	16,675	16,675	-
Total Operation of Non-Instructional Services	170,580	189,564	189,564	-
Extracurricular Activities:				
Academic Oriented:				
Salaries and Wage	151,681	152,261	152,261	-
Fringe Benefits	23,430	23,628	23,628	-
Academic Oriented	175,111	175,889	175,889	-
Sports Oriented:				
Salaries and Wage	428,490	418,633	418,633	-
Fringe Benefits	73,549	64,228	64,228	-
Purchased Services	2,400	1,970	1,970	-
Sports Oriented	504,439	484,831	484,831	-
Total Extracurricular Activities	679,550	660,720	660,720	-
Capital Outlay:				
Other Facilities Acquisition& Construction:				
Supplies and Materials	46,882	41,551	41,551	-
Other Facilities Acquisition& Construction	46,882	41,551	41,551	-
Total Capital Outlay	46,882	41,551	41,551	-

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal Retirement	13,500	13,500	13,500	-
Interest and Fiscal Charges	3,300	3,130	3,130	-
Total Debt Service	16,800	16,630	16,630	-
Total Expenditures	<u>34,630,946</u>	<u>34,370,671</u>	<u>34,152,169</u>	<u>218,502</u>
Excess of Revenue Over (Under) Expenditures	<u>(2,253,733)</u>	<u>(602,467)</u>	<u>(274,782)</u>	<u>327,685</u>
<u>Other Financing Sources (Uses)</u>				
Advances In	14,000	13,994	13,994	-
Advances Out	(17,759)	-	-	-
Transfer Out	(121,831)	(116,585)	(116,585)	-
Refund Of Prior Year Receipts	(16,720)	-	-	-
Refund Of Prior Year Expenditures	30,000	30,333	217,832	187,499
Total Other Financing Sources (Uses)	<u>(112,310)</u>	<u>(72,258)</u>	<u>115,241</u>	<u>187,499</u>
Net Change in Fund Balance	<u>(2,366,043)</u>	<u>(674,725)</u>	<u>(159,541)</u>	<u>515,184</u>
Fund Balance - Beginning of Year	5,212,685	5,212,685	5,212,685	-
Prior Year Encumbrances Appropriated	1,487,256	1,487,256	1,487,256	-
Fund Balance - End of Year	<u>\$ 4,333,898</u>	<u>\$ 6,025,216</u>	<u>\$ 6,540,400</u>	<u>\$ 515,184</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Bond Retirement Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 3,322,984	\$ 3,319,058	\$ (3,926)
Intergovernmental	419,982	413,012	(6,970)
Total Revenues	<u>3,742,966</u>	<u>3,732,070</u>	<u>(10,896)</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Fiscal Services:			
Other	59,770	59,770	-
Total Fiscal Services	<u>59,770</u>	<u>59,770</u>	<u>-</u>
Total Support Services	<u>59,770</u>	<u>59,770</u>	<u>-</u>
Debt Service:			
Principal Retirement	1,240,000	1,240,000	-
Interest and Fiscal Charges	2,208,637	2,197,898	10,739
Total Debt Service	<u>3,448,637</u>	<u>3,437,898</u>	<u>10,739</u>
Total Expenditures	<u>3,508,407</u>	<u>3,497,668</u>	<u>10,739</u>
Net Change In Fund Balance	234,559	234,402	(157)
Fund Balance - Beginning of Year	3,971,624	3,971,624	-
Prior Year Encumbrance Appropriated	8,000	8,000	-
Fund Balance - End of Year	<u>\$ 4,214,183</u>	<u>\$ 4,214,026</u>	<u>\$ (157)</u>

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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. The Schedule of Revenues, Expenditures, and Changes in Fund Balance (Non-GAAP Budgetary Basis) is not presented for this fund for the fiscal year ended June 30, 2008, as the final budget and actual had no activity.

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

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

Nonmajor Capital Projects Funds

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

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

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

School Net 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.

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 594,385	\$ 709,537	\$ 1,303,922
Total Assets	<u>\$ 594,385</u>	<u>\$ 709,537</u>	<u>\$ 1,303,922</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 20,862	\$ -	\$ 20,862
Accrued Wages	1,529	-	1,529
Intergovernmental Payable	2,347	-	2,347
Total Liabilities	<u>24,738</u>	<u>-</u>	<u>24,738</u>
<u>Fund Balances</u>			
Reserved for:			
Encumbrances	142,767	253,982	396,749
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	426,880	-	426,880
Capital Projects Funds	-	455,555	455,555
Total Fund Balances	<u>569,647</u>	<u>709,537</u>	<u>1,279,184</u>
Total Liabilities and Fund Balances	<u>\$ 594,385</u>	<u>\$ 709,537</u>	<u>\$ 1,303,922</u>

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR END JUNE 30, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 941,706	\$ 20,500	\$ 962,206
Earnings on Investments	2,153	-	2,153
Extracurricular Activities	673,163	-	673,163
Miscellaneous	268,498	39	268,537
Total Revenues	<u>1,885,520</u>	<u>20,539</u>	<u>1,906,059</u>
Expenditures			
Current:			
Instruction:			
Regular	97,928	17,700	115,628
Special	296,351	-	296,351
Support Services:			
Pupils	379,294	-	379,294
Instructional Staff	69,498	-	69,498
Administration	209,226	-	209,226
Operation and Maintenance of Plant Services	-	4,560	4,560
Operation of Non-Instructional Services:			
Community Services	2,971	-	2,971
Extracurricular Activities	710,194	-	710,194
Capital Outlay	26,555	756,230	782,785
Total Expenditures	<u>1,792,017</u>	<u>778,490</u>	<u>2,570,507</u>
Excess of Revenues Over (Under) Expenditures	<u>93,503</u>	<u>(757,951)</u>	<u>(664,448)</u>
Other Financing Sources (Uses)			
Transfers In	116,585	-	116,585
Total Other Financing Sources (Uses)	<u>116,585</u>	<u>-</u>	<u>116,585</u>
Net Change in Fund Balances	210,088	(757,951)	(547,863)
Fund Balances - Beginning of Year	359,559	1,467,488	1,827,047
Fund Balances - End of Year	<u>\$ 569,647</u>	<u>\$ 709,537</u>	<u>\$ 1,279,184</u>

KENSTON LOCAL SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2008

	Private Purpose Trust Scholarship	Public School Support	District Managed Student Activity	Auxiliary Services
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 169	\$ 303,689	\$ 239,211	\$ 23,000
Total Assets	\$ 169	\$ 303,689	\$ 239,211	\$ 23,000
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ 5,247	\$ 15,591	\$ -
Accrued Wages	-	-	-	-
Intergovernmental Payable	-	13	33	-
Total Liabilities	-	5,260	15,624	-
Fund Balances				
Reserved for:				
Encumbrances	-	26,033	91,235	23,000
Unreserved, Undesignated (Deficit)	169	272,396	132,352	-
Total Fund Balances (Deficit)	169	298,429	223,587	23,000
Total Liabilities and Fund Balances	\$ 169	\$ 303,689	\$ 239,211	\$ 23,000

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2008

	<u>Professional Development</u>	<u>Management Information Systems</u>	<u>Entry Year Teachers</u>	<u>School Net Professional Development</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 156	\$ 19,358	\$ -	\$ 547
Total Assets	\$ 156	\$ 19,358	\$ -	\$ 547
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	1,529	-	-
Intergovernmental Payable	-	768	28	7
Total Liabilities	-	2,297	28	7
Fund Balances				
Reserved for:				
Encumbrances	-	-	-	-
Unreserved, Undesignated (Deficit)	156	17,061	(28)	540
Total Fund Balances (Deficit)	156	17,061	(28)	540
Total Liabilities and Fund Balances	\$ 156	\$ 19,358	\$ -	\$ 547

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	IDEA Education of Handicapped Children	Title I	Title V	Drug Free Schools Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,994	\$ 60	\$ -	\$ 2,523
Total Assets	\$ 1,994	\$ 60	\$ -	\$ 2,523
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ 24
Accrued Wages	-	-	-	-
Intergovernmental Payable	293	855	37	10
Total Liabilities	293	855	37	34
Fund Balances				
Reserved for:				
Encumbrances	-	-	-	2,499
Unreserved, Undesignated (Deficit)	1,701	(795)	(37)	(10)
Total Fund Balances (Deficit)	1,701	(795)	(37)	2,489
Total Liabilities and Fund Balances	\$ 1,994	\$ 60	\$ -	\$ 2,523

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2008

	<u>Tele- communications Act</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,678	\$ -	\$ -	\$ 594,385
Total Assets	<u>\$ 3,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,385</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ 20,862
Accrued Wages	-	-	-	1,529
Intergovernmental Payable	-	295	8	2,347
Total Liabilities	<u>-</u>	<u>295</u>	<u>8</u>	<u>24,738</u>
Fund Balances				
Reserved for:				
Encumbrances	-	-	-	142,767
Unreserved, Undesignated (Deficit)	3,678	(295)	(8)	426,880
Total Fund Balances (Deficit)	<u>3,678</u>	<u>(295)</u>	<u>(8)</u>	<u>569,647</u>
Total Liabilities and Fund Balances	<u>\$ 3,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,385</u>

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private Purpose Trust Scholarship	Public School Support	District Managed Student Activity	Auxiliary Services
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 25,338
Earnings on Investments	-	1,563	-	590
Extracurricular Activities	-	396,623	276,540	-
Miscellaneous	-	231,220	37,220	-
Total Revenues	-	629,406	313,760	25,928
Expenditures				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	-	-
Support Services:				
Pupils	-	113,092	-	-
Instructional Staff	-	17,504	-	-
Administration	-	-	-	-
Operation of Non-Instructional Services:				
Community Services	-	-	-	2,928
Extracurricular Activities	-	283,370	426,824	-
Capital Outlay	-	26,555	-	-
Total Expenditures	-	440,521	426,824	2,928
Excess of Revenues Over (Under) Expenditures	-	188,885	(113,064)	23,000
Other Financing Sources (Uses)				
Transfers In	-	-	96,585	-
Total Other Financing Sources (Uses)	-	-	96,585	-
Net Change in Fund Balances	-	188,885	(16,479)	23,000
Fund Balances (Deficit) - Beginning of Year	169	109,544	240,066	-
Fund Balances (Deficit) - End of Year	\$ 169	\$ 298,429	\$ 223,587	\$ 23,000

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Professional Development	Management Information Systems	Entry Year Teachers	Data Communication
Revenues				
Intergovernmental	\$ -	\$ 11,259	\$ 4,000	\$ 15,000
Earnings on Investments	-	-	-	-
Extracurricular Activities	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	11,259	4,000	15,000
Expenditures				
Current:				
Instruction:				
Regular	-	-	-	15,000
Special	-	-	-	-
Support Services:				
Pupils	-	-	-	-
Instructional Staff	-	-	4,028	-
Administration	-	18,855	-	-
Operation of Non-Instructional Services:				
Community Services	-	-	-	-
Extracurricular Activities	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	18,855	4,028	15,000
Excess of Revenues Over (Under) Expenditures	-	(7,596)	(28)	-
Other Financing Sources (Uses)				
Transfers In	-	20,000	-	-
Total Other Financing Sources (Uses)	-	20,000	-	-
Net Change in Fund Balances	-	12,404	(28)	-
Fund Balances (Deficit) - Beginning of Year	156	4,657	-	-
Fund Balances (Deficit) - End of Year	\$ 156	\$ 17,061	\$ (28)	\$ -

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	School Net Professional Development	Ohio Reads Grant	Miscellaneous State Grants	IDEA Education of Handicapped Children
Revenues				
Intergovernmental	\$ 2,970	\$ -	\$ 1,393	\$ 604,408
Earnings on Investments	-	-	-	-
Extracurricular Activities	-	-	-	-
Miscellaneous	-	58	-	-
Total Revenues	2,970	58	1,393	604,408
Expenditures				
Current:				
Instruction:				
Regular	2,440	-	-	-
Special	-	-	-	109,674
Support Services:				
Pupils	-	-	-	266,202
Instructional Staff	-	-	3,393	36,782
Administration	-	-	-	190,371
Operation of Non-Instructional Services:				
Community Services	-	-	-	-
Extracurricular Activities	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	2,440	-	3,393	603,029
Excess of Revenues Over (Under) Expenditures	530	58	(2,000)	1,379
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	530	58	(2,000)	1,379
Fund Balances (Deficit) - Beginning of Year	10	(58)	2,000	322
Fund Balances (Deficit) - End of Year	\$ 540	\$ -	\$ -	\$ 1,701

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Title I	Title V	Drug Free Schools Grant	Tele- communications Act
Revenues				
Intergovernmental	\$ 186,541	\$ 7,024	\$ 8,411	\$ -
Earnings on Investments	-	-	-	-
Extracurricular Activities	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	186,541	7,024	8,411	-
Expenditures				
Current:				
Instruction:				
Regular	-	5,026	117	-
Special	186,677	-	-	-
Support Services:				
Pupils	-	-	-	-
Instructional Staff	-	1,992	5,799	-
Administration	-	-	-	-
Operation of Non-Instructional Services:				
Community Services	-	43	-	-
Extracurricular Activities	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	186,677	7,061	5,916	-
Excess of Revenues Over (Under) Expenditures	(136)	(37)	2,495	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(136)	(37)	2,495	-
Fund Balances (Deficit) - Beginning of Year	(659)	-	(6)	3,678
Fund Balances (Deficit) - End of Year	\$ (795)	\$ (37)	\$ 2,489	\$ 3,678

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues			
Intergovernmental	\$ 73,475	\$ 1,887	\$ 941,706
Earnings on Investments	-	-	2,153
Extracurricular Activities	-	-	673,163
Miscellaneous	-	-	268,498
Total Revenues	<u>73,475</u>	<u>1,887</u>	<u>1,885,520</u>
Expenditures			
Current:			
Instruction:			
Regular	73,456	1,889	97,928
Special	-	-	296,351
Support Services:			
Pupils	-	-	379,294
Instructional Staff	-	-	69,498
Administration	-	-	209,226
Operation of Non-Instructional Services:			
Community Services	-	-	2,971
Extracurricular Activities	-	-	710,194
Capital Outlay	-	-	26,555
Total Expenditures	<u>73,456</u>	<u>1,889</u>	<u>1,792,017</u>
Excess of Revenues Over (Under) Expenditures	<u>19</u>	<u>(2)</u>	<u>93,503</u>
Other Financing Sources (Uses)			
Transfers In	-	-	116,585
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>116,585</u>
Net Change in Fund Balances	19	(2)	210,088
Fund Balances (Deficit) - Beginning of Year	(314)	(6)	359,559
Fund Balances (Deficit) - End of Year	<u>\$ (295)</u>	<u>\$ (8)</u>	<u>\$ 569,647</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Total Revenues	\$ -	\$ -	\$ -
<u>Expenditures</u>			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	169	169	-
Fund Balance - End of Year	<u>\$ 169</u>	<u>\$ 169</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Public School Support Fund For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Earnings on Investments	\$ 1,563	\$ 1,563	\$ -
Extracurricular Activities	396,458	396,623	165
Miscellaneous	231,220	231,220	-
Total Revenues	629,241	629,406	165
Expenditures			
Current:			
Support Services:			
Pupils:			
Salaries and Wages	3,333	3,333	-
Fringe Benefits	556	556	-
Purchased Services	45,472	45,472	-
Supplies and Materials	74,142	73,642	500
Capital outlay - New	15,598	15,598	-
Other	2,128	2,128	-
Total Pupils	141,229	140,729	500
Instructional staff:			
Supplies and Materials	13,176	13,176	-
Capital Outlay - New	4,221	4,221	-
Other	425	425	-
Total Instructional Staff	17,822	17,822	-
Total Support Services	159,051	158,551	500
Extracurricular Activities:			
Academic-Subject Oriented:			
Purchased Services	74,610	38,671	35,939
Capital Outlay - New	1,086	1,086	-
Total Academic Subject Oriented	75,696	39,757	35,939
Co-Curricular Activities			
Purchased Services	220,120	220,120	-
Supplies and Materials	23,079	23,079	-
Capital Outlay - New	1,227	1,227	-
Other	35	35	-
Total Co-Curricular Activities	244,461	244,461	-
Total Extracurricular Activities	320,157	284,218	35,939
Capital Outlay:			
Site Improvement Services:			
Purchased Services	2,678	2,678	-
Supplies and Materials	7,752	7,752	-
Total Site Improvement Services	10,430	10,430	-
Building Acquisition & Construction:			
Other	17,125	17,125	-
Total Building Acquisition & Construction	17,125	17,125	-
Total Capital Outlay	27,555	27,555	-
Total Expenditures	506,763	470,324	36,439
Excess Of Revenue Over(Under) Expenditures	122,478	159,082	36,604

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Public School Support Fund (Continued)
 For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Receipts	(371)	(371)	-
Total Other Financing Sources (Uses)	<u>(371)</u>	<u>(371)</u>	<u>-</u>
Net Change in Fund Balance	122,107	158,711	36,604
Fund Balance - Beginning of Year	101,548	101,548	-
Prior Year Encumbrances Appropriated	13,581	13,581	-
Fund Balance - End of Year	<u>\$ 237,236</u>	<u>\$ 273,840</u>	<u>\$ 36,604</u>

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - District Managed Student Activity Fund For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Extracurricular Activities	\$ 276,540	\$ 276,540	\$ -
Miscellaneous	37,020	37,020	-
Total Revenues	313,560	313,560	-
<u>Expenditures</u>			
Current:			
Extracurricular Activities			
Academic-Subject Oriented:			
Purchased Services	5,373	5,373	-
Supplies and Materials	22,151	22,151	-
Capital Outlay - New	6,399	6,399	-
Other	3,060	3,060	-
Total Academic Subject Oriented	36,983	36,983	-
Sport-Oriented Activities			
Salaries and Wages	2,810	2,810	-
Fringe Benefits	407	407	-
Purchased Services	180,136	138,006	42,130
Supplies and Materials	261,262	261,262	-
Capital Outlay - New	25,637	25,637	-
Other	42,604	42,604	-
Total Sport-Oriented	512,856	470,726	42,130
Co-Curricular Activities			
Purchased Services	20,777	20,777	-
Supplies and Materials	1,250	1,250	-
Other	430	430	-
Total Co-Curricular Activities	22,457	22,457	-
Total Extracurricular Activities	572,296	530,166	42,130
Total Expenditures	572,296	530,166	42,130
Excess Of Revenue Over (Under) Expenditures	(258,736)	(216,606)	42,130
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Expenditures	200	200	-
Refund of Prior Year Receipts	(1,235)	(1,235)	-
Transfers In	96,585	96,585	-
Total Other Financing Sources (Uses)	95,550	95,550	-
Net Change in Fund Balance	(163,186)	(121,056)	42,130
Fund Balance - Beginning of Year	170,235	170,235	-
Prior Year Encumbrances Appropriated	84,057	84,057	-
Fund Balance - End of Year	\$ 91,106	\$ 133,236	\$ 42,130

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<u>Revenues</u>			
Intergovernmental	\$ 25,338	\$ 25,338	\$ -
Earnings on Investments	590	590	-
Total Revenues	25,928	25,928	-
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,013	1,013	-
Supplies and Materials	1,915	1,915	-
Capital Outlay - New	23,000	23,000	-
Total Community Services	25,928	25,928	-
Total Operation of Non-Instructional Services	25,928	25,928	-
Total Expenditures	25,928	25,928	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Professional Development Fund
 For the Fiscal Year Ended June 30, 2008**

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

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Management Information Systems Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 11,259	\$ 11,259	\$ -
Total Revenues	11,259	11,259	-
<u>Expenditures</u>			
Current:			
Support Services:			
Administration:			
Salaries and Wages	11,740	11,740	-
Fringe Benefits	1,809	1,809	-
Purchased Services	13,280	3,738	9,542
Supplies and Materials	171	171	-
Total Administration	<u>27,000</u>	<u>17,458</u>	<u>9,542</u>
Total Support Services	<u>27,000</u>	<u>17,458</u>	<u>9,542</u>
Total Expenditures	27,000	17,458	9,542
Excess Of Revenue Over (Under) Expenditures	<u>(15,741)</u>	<u>(6,199)</u>	<u>9,542</u>
<u>Other Financing Sources (Uses)</u>			
Transfer In	20,000	20,000	-
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	4,259	13,801	9,542
Fund Balance - Beginning of Year	5,557	5,557	-
Fund Balance - End of Year	\$ 9,816	\$ 19,358	\$ 9,542

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Entry Year Teachers Fund
 For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ 4,000	\$ 4,000	\$ -
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Instructional staff:			
Salaries and Wages	3,360	3,360	-
Fringe Benefits	640	640	-
Total Instructional Staff	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total Support Services	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Data Communication Fund
 For the Fiscal Year Ended June 30, 2008**

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

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 2,970	\$ 2,970	\$ -
Total Revenues	<u>2,970</u>	<u>2,970</u>	<u>-</u>
<u>Expenditures</u>			
Instruction:			
Regular:			
Salaries and Wages	731	731	-
Purchased Services	1,708	1,708	-
Supplies and Materials	531		531
Total Regular	<u>2,970</u>	<u>2,439</u>	<u>531</u>
Total Instruction	<u>2,970</u>	<u>2,439</u>	<u>531</u>
Total Expenditures	<u>2,970</u>	<u>2,439</u>	<u>531</u>
Net Change in Fund Balance	-	531	531
Fund Balance - Beginning of Year	16	16	-
Fund Balance - End of Year	<u>\$ 16</u>	<u>\$ 547</u>	<u>\$ 531</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 1,393	\$ 1,393	\$ -
Total Revenues	<u>1,393</u>	<u>1,393</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Support Services:			
Pupils:			
Salaries and Wages	2,900	2,900	-
Fringe Benefits	493	493	-
Total Pupils	<u>3,393</u>	<u>3,393</u>	<u>-</u>
Total Support Services:	<u>3,393</u>	<u>3,393</u>	<u>-</u>
Total Expenditures	<u>3,393</u>	<u>3,393</u>	<u>-</u>
Net Change in Fund Balance	(2,000)	(2,000)	-
Fund Balance - Beginning of Year	2,000	2,000	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - IDEA - Education of Handicapped Children Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues			
Intergovernmental	\$ 604,408	\$ 604,408	\$ -
Total Revenues	<u>604,408</u>	<u>604,408</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	83,326	83,326	-
Fringe Benefits	26,879	26,879	-
Total Special Instruction	<u>110,205</u>	<u>110,205</u>	<u>-</u>
Total Instruction	<u>110,205</u>	<u>110,205</u>	<u>-</u>
Support Services:			
Pupils:			
Salaries and Wages	36,049	36,049	-
Fringe Benefits	8,937	8,937	-
Purchased Services	221,217	221,217	-
Total Pupils	<u>266,203</u>	<u>266,203</u>	<u>-</u>
Instructional Staff:			
Salaries and Wages	19,891	19,891	-
Fringe Benefits	17,027	17,027	-
Total Instruction Staff	<u>36,918</u>	<u>36,918</u>	<u>-</u>
Administration:			
Salaries and Wages	133,117	133,117	-
Fringe Benefits	57,966	57,966	-
Total Administration	<u>191,083</u>	<u>191,083</u>	<u>-</u>
Total Support Services	<u>494,204</u>	<u>494,204</u>	<u>-</u>
Total Expenditures	<u>604,409</u>	<u>604,409</u>	<u>-</u>
Net Change in Fund Balance	(1)	(1)	-
Fund Balance - Beginning of Year	1,995	1,995	-
Fund Balance - End of Year	<u>\$ 1,994</u>	<u>\$ 1,994</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) -
Title I - Disadvantaged Children/Targeted Assistance Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ 186,541	\$ 186,541	\$ -
Total Revenues	<u>186,541</u>	<u>186,541</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	138,590	138,590	-
Fringe Benefits	23,239	23,239	-
Purchased Services	24,712	24,712	-
Total Special	<u>186,541</u>	<u>186,541</u>	<u>-</u>
Total Instruction	<u>186,541</u>	<u>186,541</u>	<u>-</u>
Total Expenditures	<u>186,541</u>	<u>186,541</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	60	60	-
Fund Balance - End of Year	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Title V
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 8,374	\$ 8,374	\$ -
Total Revenues	8,374	8,374	-
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	4,212	4,212	-
Fringe Benefits	777	777	-
Total Regular	4,989	4,989	-
Total Instruction	4,989	4,989	-
Support Services:			
Instructional Staff:			
Purchased Services	1,992	1,992	-
Total Instructional Staff	1,992	1,992	-
Total Support Services	1,992	1,992	-
Operation of Non-Instructional Services:			
Community Services:			
Supplies and Materials	43	43	-
Total Community Services	43	43	-
Total Operation of Non-Instructional Services	43	43	-
Total Expenditures	7,024	7,024	-
Excess Of Revenue Over (Under) Expenditures	1,350	1,350	-
<u>Other Financing Sources (Uses)</u>			
Advances Out	(1,350)	(1,350)	-
Total Other Financing Sources (Uses)	(1,350)	(1,350)	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ 11,702	\$ 11,702	\$ -
Total Revenues	<u>11,702</u>	<u>11,702</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Purchased Services	1,554	1,554	-
Total Regular	<u>1,554</u>	<u>1,554</u>	<u>-</u>
Total Instruction	<u>1,554</u>	<u>1,554</u>	<u>-</u>
Support Services:			
Instructional Staff:			
Salaries and Wages	2,162	2,162	-
Fringes Benefits	804	804	-
Purchased Services	1,200	1,200	-
Supplies and Materials	841	841	-
Capital Outlay - New	1,850	1,850	-
Total Instructional Staff	<u>6,857</u>	<u>6,857</u>	<u>-</u>
Total Support Services	<u>6,857</u>	<u>6,857</u>	<u>-</u>
Total Expenditures	<u>8,411</u>	<u>8,411</u>	<u>-</u>
Excess Of Revenue Over (Under) Expenditures	<u>3,291</u>	<u>3,291</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>			
Advances Out	(3,291)	(3,291)	-
Total Other Financing Sources (Uses)	<u>(3,291)</u>	<u>(3,291)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Telecommunications Act Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	3,678	3,678	-
Fund Balance - End of Year	<u>\$ 3,678</u>	<u>\$ 3,678</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Improving Teacher Quality Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 82,048	\$ 82,048	\$ -
Total Revenues	<u>82,048</u>	<u>82,048</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	55,533	55,533	-
Fringe Benefits	9,354	9,354	-
Purchased Services	8,589	8,589	-
Total Regular Instruction	<u>73,476</u>	<u>73,476</u>	<u>-</u>
Total Instruction	<u>73,476</u>	<u>73,476</u>	<u>-</u>
Total Expenditures	<u>73,476</u>	<u>73,476</u>	<u>-</u>
Excess Of Revenue Over (Under) Expenditures	<u>8,572</u>	<u>8,572</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>			
Advances Out	<u>(8,573)</u>	<u>(8,573)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(8,573)</u>	<u>(8,573)</u>	<u>-</u>
Net Change in Fund Balance	(1)	(1)	-
Fund Balance - Beginning of Year	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 2,667	\$ 2,667	\$ -
Total Revenues	<u>2,667</u>	<u>2,667</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	1,639	1,639	-
Fringe Benefits	248	248	-
Total Regular	<u>1,887</u>	<u>1,887</u>	<u>-</u>
Total Instruction	<u>1,887</u>	<u>1,887</u>	<u>-</u>
Total Expenditures	<u>1,887</u>	<u>1,887</u>	<u>-</u>
Excess Of Revenue Over (Under) Expenditures	<u>780</u>	<u>780</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>			
Advances Out	(780)	(780)	-
Total Other Financing Sources (Uses)	<u>(780)</u>	<u>(780)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2008**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>School Net</u>	<u>Total Nonmajor Capital Projects</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 16,664	\$ 688,299	\$ 4,574	\$ 709,537
Total Assets	<u>\$ 16,664</u>	<u>\$ 688,299</u>	<u>\$ 4,574</u>	<u>\$ 709,537</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Reserved for:				
Encumbrances	-	253,982	-	253,982
Unreserved, Undesignated	16,664	434,317	4,574	455,555
Total Fund Balances	<u>16,664</u>	<u>688,299</u>	<u>4,574</u>	<u>709,537</u>
Total Liabilities and Fund Balances	<u>\$ 16,664</u>	<u>\$ 688,299</u>	<u>\$ 4,574</u>	<u>\$ 709,537</u>

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>School Net</u>	<u>Total Nonmajor Capital Projects</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 20,500	\$ 20,500
Miscellaneous	-	39	-	39
Total Revenues	<u>-</u>	<u>39</u>	<u>20,500</u>	<u>20,539</u>
Expenditures				
Instruction:				
Regular	-	-	17,700	17,700
Support Services:				
Operation and Maintenance of Plant Services	4,560	-	-	4,560
Capital Outlay	-	756,230	-	756,230
Total Expenditures	<u>4,560</u>	<u>756,230</u>	<u>17,700</u>	<u>778,490</u>
Net Change in Fund Balance	(4,560)	(756,191)	2,800	(757,951)
Fund Balances - Beginning of Year	21,224	1,444,490	1,774	1,467,488
Fund Balances - End of Year	<u>\$ 16,664</u>	<u>\$ 688,299</u>	<u>\$ 4,574</u>	<u>\$ 709,537</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Total Revenues	\$ -	\$ -	\$ -
<u>Expenditures</u>			
Current:			
Support Services:			
Operation and Maintenance of Plant Services:			
Purchased Services	4,560	4,560	-
Total Operation and Maintenance of Plant Services	4,560	4,560	-
Total Support Services	4,560	4,560	-
Total Expenditures	4,560	4,560	-
Net Change in Fund Balance	(4,560)	(4,560)	-
Fund Balance - Beginning of Year	21,224	21,224	-
Fund Balance - End of Year	<u>\$ 16,664</u>	<u>\$ 16,664</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Building Fund For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Earnings on Investments	\$ 1,166	\$ 1,222	\$ 56
Total Revenues	1,166	1,222	56
<u>Expenditures</u>			
Current:			
Capital Outlay:			
Site Acquisition Services:			
Purchased Services	2,770	2,770	-
Total Site Acquisition Services	2,770	2,770	-
Site Improvement Services:			
Purchased Services	272,963	272,963	-
Total Site Improvement Services	272,963	272,963	-
Architecture & Engineering Services			
Purchased Services	202,612	202,612	-
Total Architecture & Engineering Services	202,612	202,612	-
Building Acquisition and Construction			
Capital Outlay - New	774,618	774,618	-
Total Building Acquisition and Construction	774,618	774,618	-
Building Improvement Services			
Purchased Services	982,038	547,777	434,261
Capital Outlay - New	9,506	9,506	-
Total Building Improvement Services	991,544	557,283	434,261
Other Facilities Acquisition and Construction Services:			
Purchased Services	25,006	25,006	-
Capital Outlay - New	11,162	11,162	-
Total Other Facilities Acquisition and Construction Services	36,168	36,168	-
Total Capital Outlay	2,280,675	1,846,414	434,261
Total Expenditures	2,280,675	1,846,414	434,261
Excess of Revenues Over (Under) Expenditures	(2,279,509)	(1,845,192)	434,317
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Expenditures	8,242	8,242	-
Refund of Prior Year Receipts	(58,212)	(58,212)	-
Total Other Financing Sources (Uses)	(49,970)	(49,970)	-
Net Change in Fund Balance	(2,329,479)	(1,895,162)	434,317
Fund Balance - Beginning of Year	1,000,879	1,000,879	-
Prior Year Encumbrances Appropriated	1,328,600	1,328,600	-
Fund Balance - End of Year	\$ -	\$ 434,317	\$ 434,317

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - School Net Plus Fund For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 20,500	\$ 20,500	\$ -
Total Revenues	<u>20,500</u>	<u>20,500</u>	<u>-</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	20,500	17,700	2,800
Total Regular	<u>20,500</u>	<u>17,700</u>	<u>2,800</u>
Total Instruction	<u>20,500</u>	<u>17,700</u>	<u>2,800</u>
Total Expenditures	<u>20,500</u>	<u>17,700</u>	<u>2,800</u>
Net Change in Fund Balance	-	2,800	2,800
Fund Balance - Beginning of Year	1,774	1,774	-
Fund Balance - End of Year	<u>\$ 1,774</u>	<u>\$ 4,574</u>	<u>\$ 2,800</u>

Nonmajor Enterprise Funds

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS JUNE 30, 2008

	<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>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 75,068	\$ 31,975	\$ 192,339	\$ 745	\$ 300,127
Receivables:					
Accounts	271	881	-	-	1,152
Inventory Held for Resale	-	5,085	-	-	5,085
Materials and Supplies Inventory	3,869	-	-	-	3,869
Total Current Assets	79,208	37,941	192,339	745	310,233
Capital Assets (Net of Depreciation)	27,953	-	-	-	27,953
Total Assets	\$ 107,161	\$ 37,941	\$ 192,339	\$ 745	\$ 338,186
<u>Liabilities and Net Assets</u>					
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accounts Payable	\$ 33,001	\$ 987	\$ -	\$ -	\$ 33,988
Accrued Wages	50,325	-	-	-	50,325
Intergovernmental Payable	38,115	-	2,020	30	40,165
Compensated Absences Payable	6,614	-	-	-	6,614
Total Current Liabilities	128,055	987	2,020	30	131,092
<u>Long-Term Liabilities:</u>					
Compensated Absences Payable	17,613	-	-	-	17,613
Total Liabilities	145,668	987	2,020	30	148,705
<u>Net Assets</u>					
Invested in Capital Assets	27,953	-	-	-	27,953
Unrestricted (Deficit)	(66,460)	36,954	190,319	715	161,528
Total Net Assets (Deficit)	(38,507)	36,954	190,319	715	189,481
Total Liabilities and Net Assets	\$ 107,161	\$ 37,941	\$ 192,339	\$ 745	\$ 338,186

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Kindergarten Fees</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>Operating Revenues</u>					
Tuition	\$ -	\$ -	\$ 284,672	\$ 398	\$ 285,070
Food Services	768,507	-	-	-	768,507
Classroom Materials and Fees	-	154,396	-	-	154,396
Total Operating Revenues	<u>768,507</u>	<u>154,396</u>	<u>284,672</u>	<u>398</u>	<u>1,207,973</u>
<u>Operating Expenses</u>					
Salaries and Wages	244,769	-	246,678	-	491,447
Fringe Benefits	116,870	-	41,890	29	158,789
Purchased Services	546,076	-	-	-	546,076
Supplies and Materials	72,837	168,163	5,300	-	246,300
Depreciation	7,065	-	-	-	7,065
Other Expenses	1,230	-	-	-	1,230
Total Operating Expenses	<u>988,847</u>	<u>168,163</u>	<u>293,868</u>	<u>29</u>	<u>1,450,907</u>
Operating Income (Loss)	<u>(220,340)</u>	<u>(13,767)</u>	<u>(9,196)</u>	<u>369</u>	<u>(242,934)</u>
<u>Non-Operating Revenue</u>					
Earnings on Investments	15,522	-	5,877	-	21,399
Operating Grants	155,037	-	-	-	155,037
Donated Commodities	47,416	-	-	-	47,416
Total Non-Operating Revenue	<u>217,975</u>	<u>-</u>	<u>5,877</u>	<u>-</u>	<u>223,852</u>
Change in Net Assets	<u>(2,365)</u>	<u>(13,767)</u>	<u>(3,319)</u>	<u>369</u>	<u>(19,082)</u>
Net Assets (Deficit) - Beginning of Year	<u>(36,142)</u>	<u>50,721</u>	<u>193,638</u>	<u>346</u>	<u>208,563</u>
Net Assets (Deficit) - End of Year	<u>\$ (38,507)</u>	<u>\$ 36,954</u>	<u>\$ 190,319</u>	<u>\$ 715</u>	<u>\$ 189,481</u>

KENSTON LOCAL SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	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	\$ 768,236	\$ 154,109	\$ 284,672	\$ -	\$ 1,207,017
Cash Payments for Goods and Services	(548,572)	(162,466)	(5,300)	-	(716,338)
Cash Payments to Employees for Services	(255,577)	-	(246,910)	-	(502,487)
Cash Payments for Employee Benefits	(96,703)	-	(41,890)	-	(138,593)
Cash Payments for Other Operating Expenses	(1,230)	-	-	-	(1,230)
Net Cash Provided by (Used for) Operating Activities	<u>(133,846)</u>	<u>(8,357)</u>	<u>(9,428)</u>	<u>-</u>	<u>(151,631)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Operating Grants Received	155,037	-	-	-	155,037
Net Cash Provided by Noncapital Financing Activities	<u>155,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,037</u>
<u>Cash Flows from Investing Activities</u>					
Earnings on Investments	15,522	-	5,877	-	21,399
Net Cash Provided by Investing Activities	<u>15,522</u>	<u>-</u>	<u>5,877</u>	<u>-</u>	<u>21,399</u>
Net Increase (Decrease) in Cash and Cash Equivalents	36,713	(8,357)	(3,551)	-	24,805
Cash and Cash Equivalents - Beginning of Year	38,355	40,332	195,890	745	275,322
Cash and Cash Equivalents - End of Year	<u>\$ 75,068</u>	<u>\$ 31,975</u>	<u>\$ 192,339</u>	<u>\$ 745</u>	<u>\$ 300,127</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income (Loss)	\$ (220,340)	\$ (13,767)	\$ (9,196)	\$ 369	\$ (242,934)
Adjustments:					
Depreciation	7,065	-	-	-	7,065
Federal Donated Commodities	47,416	-	-	-	47,416
(Increase) Decrease in Assets:					
Accounts Receivable	(271)	(287)	-	-	(558)
Inventory Held for Resale	-	5,198	-	-	5,198
Materials and Supplies Inventory	(2,661)	-	-	-	(2,661)
Increase (Decrease) in Liabilities:					
Accounts Payable	25,092	499	-	-	25,591
Accrued Wages	2,827	-	-	-	2,827
Intergovernmental Payable	2,494	-	(232)	(369)	1,893
Compensated Absences Payable	4,532	-	-	-	4,532
Total Adjustments	<u>86,494</u>	<u>5,410</u>	<u>(232)</u>	<u>(369)</u>	<u>91,303</u>
Net Cash Provided by (Used for) Operating Activities	<u>(133,846)</u>	<u>(8,357)</u>	<u>(9,428)</u>	<u>-</u>	<u>(151,631)</u>

During fiscal year 2008, the Food Service fund received noncash items of donated commodities in the amount of \$47,416.

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Non-GAAP Budgetary Basis) - Food Services Fund
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Earning on Investments	\$ 12,106	\$ 15,522	\$ 3,416
Operating Grants	155,037	155,037	-
Food Services	768,236	768,236	-
Total Revenues	935,379	938,795	3,416
Expenses			
Salaries and Wages:			
Food Services	255,577	255,577	-
Total Salaries and Wages	255,577	255,577	-
Fringe Benefits:			
Food Services	98,011	98,011	-
Total Fringe Benefits	98,011	98,011	-
Purchased Services:			
Operation and Maintenance of Plant Services	27,658	10,836	16,822
Food Services	548,990	548,990	-
Total Purchased Service	576,648	559,826	16,822
Supplies and Materials:			
Food Services	20,199	20,199	-
Total Supplies and Material	20,199	20,199	-
Capital Outlay - New			
Food Service	335	335	-
Total Capital Outlay - New	335	335	-
Other			
Food Service	1,335	1,335	-
Total Other	1,335	1,335	-
Total Expenses	952,105	935,283	16,822
Net Change in Fund Equity	(16,726)	3,512	20,238
Fund Equity - Beginning of Year	1,249	1,249	-
Prior Year Encumbrances Appropriated	37,105	37,105	-
Fund Equity - End of Year	\$ 21,628	\$ 41,866	\$ 20,238

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget and Actual (Non-GAAP Budgetary Basis) - Uniform School Supplies Fund
 For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>			
Classroom Materials and Supplies	\$ 154,109	\$ 154,109	\$ -
Total Revenues	<u>154,109</u>	<u>154,109</u>	<u>-</u>
<u>Expenses</u>			
Supplies and Materials:			
Instruction - Regular	194,369	167,216	27,153
Total Supplies and Material	<u>194,369</u>	<u>167,216</u>	<u>27,153</u>
Total Expenses	<u>194,369</u>	<u>167,216</u>	<u>27,153</u>
Net Change in Fund Equity	(40,260)	(13,107)	27,153
Fund Equity - Beginning of Year	34,171	34,171	-
Prior Year Encumbrances Appropriated	6,161	6,161	-
Fund Equity - End of Year	<u>\$ 72</u>	<u>\$ 27,225</u>	<u>\$ 27,153</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Non-GAAP Budgetary Basis) - Kindergarten Fees Fund
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Earning on Investments	\$ 184	\$ 5,877	\$ 5,693
Tuition	284,672	284,672	-
Total Revenues	284,856	290,549	5,693
Expenses			
Salaries and Wages:			
Instruction - Regular	197,809	197,809	-
Support Services - Pupils	42,445	42,445	-
Food Services	6,656	6,656	-
Total Salaries and Wages	246,910	246,910	-
Fringe Benefits:			
Instruction - Regular	41,890	41,890	-
Total Fringe Benefits	41,890	41,890	-
Supplies and Materials:			
Instruction - Regular	5,300	5,300	-
Total Supplies and Materials	5,300	5,300	-
Total Expenses	294,100	294,100	-
Net Change in Fund Equity	(9,244)	(3,551)	5,693
Fund Equity - Beginning of Year	195,890	195,890	-
Fund Equity - End of Year	\$ 186,646	\$ 192,339	\$ 5,693

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity -
 Budget and Actual (Non-GAAP Budgetary Basis) - Adult Education Fund
 For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<u>Revenues</u>			
Miscellaneous	\$ 5,000	\$ -	\$ (5,000)
Total Revenues	5,000	-	(5,000)
<u>Expenses</u>			
Salaries and Wages:			
Community Service	5,000	-	5,000
Total Salaries and Wages	5,000	-	5,000
Total Expenses	5,000	-	5,000
Net Change in Fund Equity	-	-	-
Fund Equity - Beginning of Year	745	745	-
Fund Equity - End of Year	\$ 745	\$ 745	\$ -

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Non-GAAP Budgetary Basis) - Employee Benefits Self-Insurance Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Charges for Services	\$ 3,522,536	\$ 3,638,513	\$ 115,977
Total Revenue	<u>3,522,536</u>	<u>3,638,513</u>	<u>115,977</u>
<u>Expenses</u>			
Purchased Services:			
Support Services - Central	3,605,799	3,531,808	73,991
Total Purchased Services	<u>3,605,799</u>	<u>3,531,808</u>	<u>73,991</u>
Total Expenses	<u>3,605,799</u>	<u>3,531,808</u>	<u>73,991</u>
Net Change in Fund Equity	(83,263)	106,705	189,968
Fund Equity - Beginning of Year	628,044	628,044	-
Prior Year Encumbrance Appropriated	5,799	5,799	-
Fund Equity - End of Year	<u>\$ 550,580</u>	<u>\$ 740,548</u>	<u>\$ 189,968</u>

Fiduciary Funds

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

Agency Funds

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

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

KENSTON LOCAL SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/08</u>
<u>Student Activities</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 52,637	\$ 63,037	\$ 62,613	\$ 53,061
Intergovernmental Receivable	-	1,971	-	1,971
Total Assets	<u>\$ 52,637</u>	<u>\$ 65,008</u>	<u>\$ 62,613</u>	<u>\$ 55,032</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 1,971	\$ -	\$ 1,971
Due to Students	52,637	424	-	53,061
Total Liabilities	<u>\$ 52,637</u>	<u>\$ 2,395</u>	<u>\$ -</u>	<u>\$ 55,032</u>
<u>Unclaimed Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 12,279	\$ 58,011	\$ 41,483	\$ 28,807
Intergovernmental Receivable	41,483	-	41,483	-
Total Assets	<u>\$ 53,762</u>	<u>\$ 58,011</u>	<u>\$ 82,966</u>	<u>\$ 28,807</u>
<u>Liabilities</u>				
Due to Others	53,762	16,528	41,483	28,807
Total Liabilities	<u>\$ 53,762</u>	<u>\$ 16,528</u>	<u>\$ 41,483</u>	<u>\$ 28,807</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 64,916	\$ 121,048	\$ 104,096	\$ 81,868
Intergovernmental Receivable	41,483	1,971	41,483	1,971
Total Assets	<u>\$ 106,399</u>	<u>\$ 123,019</u>	<u>\$ 145,579</u>	<u>\$ 83,839</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 1,971	\$ -	\$ 1,971
Due to Others	53,762	16,528	41,483	28,807
Due to Students	52,637	424	-	53,061
Total Liabilities	<u>\$ 106,399</u>	<u>\$ 18,923</u>	<u>\$ 41,483</u>	<u>\$ 83,839</u>

STATISTICAL SECTION

Statistical Section

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

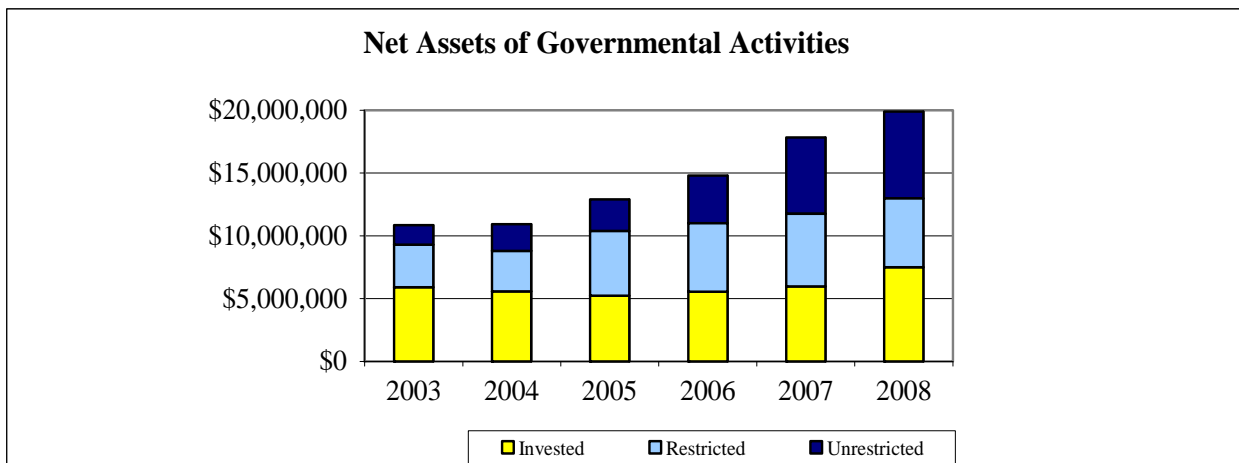
<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position and well-being have changed over time.	112-119
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, the property tax.	120-130
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	131-133
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	134
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	135-148

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

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008
Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$5,900,132	\$5,563,378	\$5,214,949	\$5,555,035	\$5,984,643	\$7,506,400
Restricted for:						
Capital Projects	-	-	1,320,815	1,230,983	1,265,709	688,299
Debt Service	2,865,975	3,012,684	3,803,581	4,188,996	4,489,787	4,725,653
Set Asides	455,658	103,108	-	-	-	-
Other Purposes	81,913	116,083	41,515	36,082	9,780	47,462
Unrestricted	1,534,094	2,140,702	2,515,789	3,782,993	6,071,881	6,942,162
Total Governmental Activities Net Assets	\$10,837,772	\$10,935,955	\$12,896,649	\$14,794,089	\$17,821,800	\$19,909,976
Business-type Activities:						
Invested in Capital Assets, Net of Related Debt	\$70,711	\$57,742	\$49,529	\$42,181	\$35,018	\$27,953
Restricted	-	-	-	-	-	-
Unrestricted	55,679	75,201	222,591	160,343	173,545	161,528
Total Business-type Activities Net Assets	\$126,390	\$132,943	\$272,120	\$202,524	\$208,563	\$189,481
Primary Government:						
Invested in Capital Assets, Net of Related Debt	\$5,970,843	\$5,621,120	\$5,264,478	\$5,597,216	\$6,019,661	\$7,534,353
Restricted	3,403,546	3,231,875	5,165,911	5,456,061	5,765,276	5,461,414
Unrestricted	1,589,773	2,215,903	2,738,380	3,943,336	6,245,426	7,103,690
Total Primary Government Net Assets	\$10,964,162	\$11,068,898	\$13,168,769	\$14,996,613	\$18,030,363	\$20,099,457



KENSTON LOCAL SCHOOL DISTRICT

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

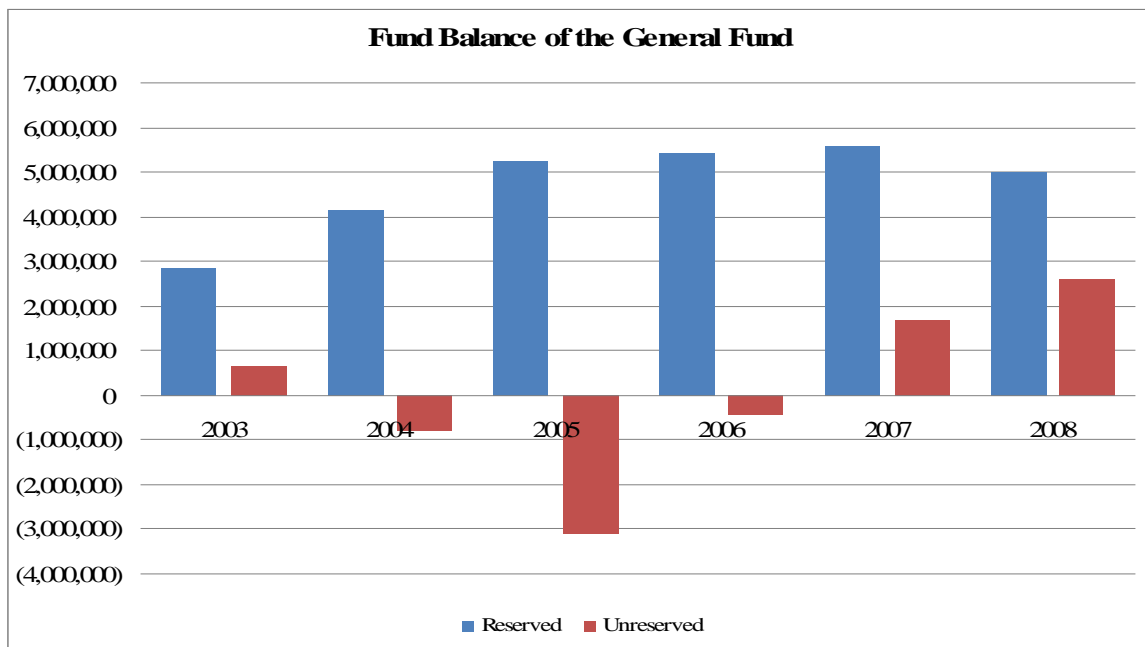
	2003	2004	2005	2006	2007	2008
Governmental Activities						
<i>Function</i>						
Regular Instruction	\$467,776	\$945,606	\$1,125,399	\$988,028	\$1,091,126	\$466,426
Special Instruction	140,456	11,200	290,946	213,943	398,714	767,123
Pupil Support	375,016	32,982	14,416	18,018	15,854	294,935
Instructional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

KENSTON LOCAL SCHOOL DISTRICT

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

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

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



KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1999	\$352,093,930	\$37,443,430	\$1,112,963,886	\$15,580,050	\$17,704,602
2000	409,466,150	46,178,790	1,301,842,686	14,089,740	16,011,068
2001	428,741,380	47,328,940	1,360,200,914	14,115,260	16,040,068
2002	446,463,830	49,871,040	1,418,099,629	12,728,320	14,464,000
2003	504,885,470	57,470,470	1,606,731,257	11,829,340	13,442,432
2004	521,959,440	69,886,540	1,690,988,514	12,554,160	14,266,091
2005	532,912,230	71,188,150	1,726,001,086	12,273,360	13,947,000
2006	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648
2007	617,028,640	81,566,250	1,995,985,400	11,409,340	12,965,159
2008	637,353,050	87,701,020	2,071,583,057	8,267,540	9,394,932

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

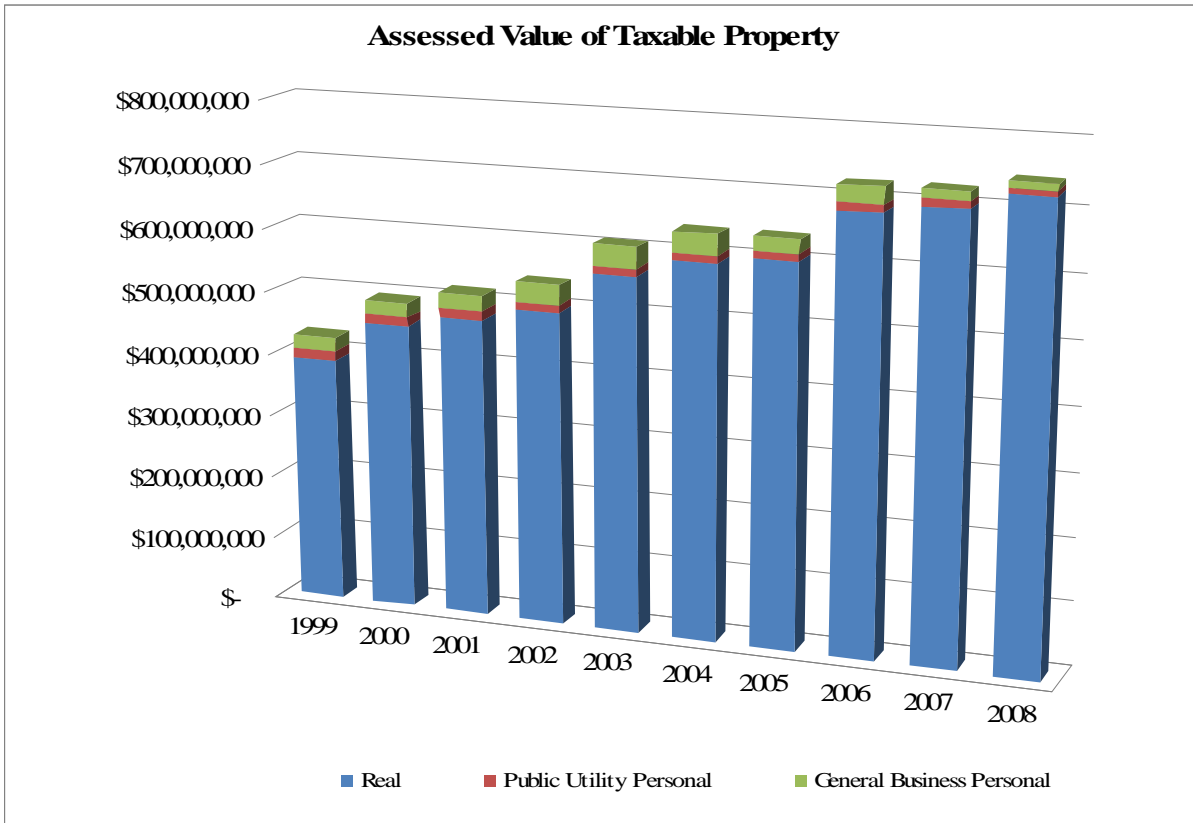
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value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

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

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

KENSTON LOCAL SCHOOL DISTRICT

Tangible Personal Property		Total		Ratio	Weighted Average Tax Rate
General Business		Assessed Value	Estimated Actual Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$22,608,970	\$90,435,880	\$427,726,380	\$1,221,104,368	35.03%	41.689687
22,453,900	89,815,600	492,188,580	1,407,669,354	34.96%	37.690157
24,184,950	96,739,800	514,370,530	1,472,980,782	34.92%	37.591070
31,008,490	124,033,960	540,071,680	1,556,597,589	34.70%	37.737392
34,081,610	136,326,440	608,266,890	1,756,500,129	34.63%	37.780090
32,095,660	128,382,640	636,495,800	1,833,637,245	34.71%	37.471349
21,447,590	85,790,360	637,821,330	1,825,738,446	34.93%	36.666536
26,818,070	143,029,707	723,154,010	2,112,672,869	34.23%	42.296494
14,497,115	115,976,920	724,501,345	2,124,927,479	34.10%	41.445757
10,385,400	166,166,400	743,707,010	2,247,144,389	33.10%	40.524300



KENSTON LOCAL SCHOOL DISTRICT

Property Tax Rates
(per \$1,000 of assessed value)
Last Ten Years

	2000	2001	2002	2003	2004	2005
Unvoted Millage						
Operating	4.5000	4.5000	4.5000	4.5000	4.5000	4.5000
Voted Millage						
1976 Operating - Continuing	30.5000	30.5000	30.5000	30.5000	30.5000	30.5000
Residential/Agricultural Real	7.8476	7.8120	7.7663	7.0758	7.0320	7.0167
Commercial/Industrial and Public Utility Real	11.1741	11.1836	11.1740	10.0163	9.9105	9.9043
Tangible/Public Utility Personal	30.5000	30.5000	30.5000	30.5000	30.5000	30.5000
1977 Operating - Continuing	7.5000	7.5000	7.5000	7.5000	7.5000	7.5000
Residential/Agricultural Real	1.9297	1.9210	1.9098	1.7399	1.7292	1.7254
Commercial/Industrial and Public Utility Real	2.7477	2.7501	2.7477	2.4630	2.4370	2.4355
Tangible/Public Utility Personal	7.5000	7.5000	7.5000	7.5000	7.5000	7.5000
1979 Operating - Continuing	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000
Residential/Agricultural Real	1.7676	1.7596	1.7493	1.5938	1.5839	1.5805
Commercial/Industrial and Public Utility Real	2.4073	2.4093	2.4072	2.1578	2.1350	2.1337
Tangible/Public Utility Personal	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000
1982 Operating - Continuing	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
Residential/Agricultural Real	1.6059	1.5986	1.5893	1.4480	1.4390	1.4359
Commercial/Industrial and Public Utility Real	1.9155	1.9171	1.9155	1.7170	1.6989	1.6978
Tangible/Public Utility Personal	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
1985 Bond Levy (Debt Service)	1.0000	1.0000	1.0000	0.2000	0.2000	0.2000
1987 Operating - Continuing	5.9000	5.9000	5.9000	5.9000	5.9000	5.9000
Residential/Agricultural Real	2.7337	2.7213	2.7054	2.4649	2.4496	2.4443
Commercial/Industrial and Public Utility Real	3.2299	3.2327	3.2299	2.8952	2.8647	2.8628
Tangible/Public Utility Personal	5.9000	5.9000	5.9000	5.9000	5.9000	5.9000
1990 Operating - Continuing	8.3000	8.3000	8.3000	8.3000	8.3000	8.3000
Residential/Agricultural Real	4.4441	4.4239	4.3981	4.0070	3.9822	3.9736
Commercial/Industrial and Public Utility Real	5.0749	5.0793	5.0749	4.5491	4.5010	4.4982
Tangible/Public Utility Personal	8.3000	8.3000	8.3000	8.3000	8.3000	8.3000
1992 Bond Levy (Debt Service)	2.2000	2.2000	2.2000	1.2000	1.2000	1.2000
1997 Operating - Continuing	6.9000	6.9000	6.9000	6.9000	6.9000	6.9000
Residential/Agricultural Real	5.9851	5.9580	5.9232	5.3965	5.3631	5.3514
Commercial/Industrial and Public Utility Real	5.8812	5.8862	5.8811	5.2718	5.2161	5.2128
Tangible/Public Utility Personal	6.9000	6.9000	6.9000	6.9000	6.9000	6.9000
2002 Bond Levy (Debt Service)	-	-	-	4.3000	4.3000	4.3000
2005 Operating - Continuing	-	-	-	-	-	-
Residential/Agricultural Real	-	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-	-
Tangible/Public Utility Personal	-	-	-	-	-	-
Total Voted Millage	71.3000	71.3000	71.3000	73.8000	73.8000	73.8000
Total Voted Millage by Type of Property						
Residential/Agricultural Real	29.5137	29.3944	29.2414	29.4258	29.2790	29.2277
Commercial/Industrial and Public Utility Real	35.6306	35.6583	35.6303	34.7703	34.4633	34.4451
Tangible/Public Utility Personal	71.3000	71.3000	71.3000	73.8000	73.8000	73.8000

KENSTON LOCAL SCHOOL DISTRICT

2005	2006	2007	2008
4.5000	4.5000	4.5000	4.5000
30.5000	30.5000	30.5000	30.5000
7.0167	6.3191	6.3028	6.2580
9.9043	8.6382	8.7490	8.6353
30.5000	30.5000	30.5000	30.5000
7.5000	7.5000	7.5000	7.5000
1.7254	1.5539	1.5499	1.5389
2.4355	2.1242	2.1514	2.1234
7.5000	7.5000	7.5000	7.5000
5.5000	5.5000	5.5000	5.5000
1.5805	1.4233	1.4197	1.4096
2.1337	1.8609	1.8848	1.8603
5.5000	5.5000	5.5000	5.5000
3.5000	3.5000	3.5000	3.5000
1.4359	1.2931	1.2898	1.2806
1.6978	1.4808	1.4998	1.4803
3.5000	3.5000	3.5000	3.5000
0.2000	0.2000	0.2000	-
5.9000	5.9000	5.9000	5.9000
2.4443	2.2012	2.1956	2.1800
2.8628	2.4969	2.5289	2.4960
5.9000	5.9000	5.9000	5.9000
8.3000	8.3000	8.3000	8.3000
3.9736	3.5785	3.5693	3.5439
4.4982	3.9232	3.9735	3.9219
8.3000	8.3000	8.3000	8.3000
1.2000	1.0000	1.0000	1.0000
6.9000	6.9000	6.9000	6.9000
5.3514	4.8193	4.8069	4.7727
5.2128	4.5465	4.6047	4.5449
6.9000	6.9000	6.9000	6.9000
4.3000	4.0000	4.0000	4.0000
-	9.3900	9.3900	9.3900
-	8.4564	8.4346	8.3746
-	8.1897	8.2947	8.1869
-	9.3900	9.3900	9.3900
73.8000	82.6900	82.6900	82.4900
29.2277	34.8448	34.7686	34.3583
34.4451	38.4604	38.8868	38.2490
73.8000	82.6900	82.6900	82.4900

(continued)

KENSTON LOCAL SCHOOL DISTRICT

Property Tax Rates (continued)
(per \$1,000 of assessed value)
Last Ten Years

	1999	2000	2001	2002	2003	2004	2005
Overlapping Rates by Taxing District							
Geauga County	12.4500	12.6500	13.4000	14.4000	14.6000	15.1000	15.1000
Residential/Agricultural Real	9.1885	9.1228	10.0210	10.9916	10.3876	10.8586	11.8767
Commercial/Industrial and Public Utility Real	10.3327	9.7001	10.5950	11.5829	11.2984	11.7554	12.6037
Tangible/Public Utility Personal	12.4500	12.6500	13.4000	14.4000	14.6000	15.1000	15.1000
Geauga County Library District	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Residential/Agricultural Real	0.7495	0.6414	0.6385	0.6364	0.9079	0.9048	0.9022
Commercial/Industrial and Public Utility Real	0.8615	0.7273	0.7280	0.7270	0.9462	0.9414	0.9387
Tangible/Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Auburn JVSD	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Residential/Agricultural Real	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Commercial/Industrial and Public Utility Real	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Tangible/Public Utility Personal	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Auburn Township	11.1700	11.1700	11.1700	11.1700	11.1700	11.1700	11.1700
Residential/Agricultural Real	7.6904	7.0922	7.0541	7.0203	6.6019	6.5598	6.5497
Commercial/Industrial and Public Utility Real	8.4916	7.4121	7.4114	7.4105	7.4155	7.4111	7.4227
Tangible/Public Utility Personal	11.1700	11.1700	11.1700	11.1700	11.1700	11.1700	11.1700
Bainbridge Township	22.5000	22.5000	22.5000	22.5000	22.5000	22.5000	22.5000
Residential/Agricultural Real	15.3354	13.8879	13.8631	13.8009	12.9132	12.8810	13.1132
Commercial/Industrial and Public Utility Real	16.9602	15.1526	15.1334	15.1270	13.6638	13.5365	13.7859
Tangible/Public Utility Personal	22.5000	22.5000	22.5000	22.5000	22.5000	22.5000	22.5000

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of the majority of the voters at a public election.

Overlapping rates are those of local and county governments that apply to property owners within the School District.

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

KENSTON LOCAL SCHOOL DISTRICT

<u>2006</u>	<u>2007</u>	<u>2008</u>
15.1000	15.1000	15.1000
10.8914	10.8751	10.8584
11.4143	11.5035	11.4913
15.1000	15.1000	15.1000
1.0000	1.0000	1.0000
0.8078	0.8061	0.9789
0.8274	0.8354	0.9985
1.0000	1.0000	1.0000
1.5000	1.5000	1.5000
1.5000	1.5000	1.5000
1.5000	1.5000	1.5000
1.5000	1.5000	1.5000
11.1700	11.1700	11.1700
6.7507	7.0781	7.0251
6.9721	7.3851	7.3941
11.1700	11.1700	11.1700
22.5000	22.5000	23.7500
12.9379	12.9393	14.1472
13.3834	13.5127	14.5801
22.5000	22.5000	23.7500

KENSTON LOCAL SCHOOL DISTRICT

Property Tax Levies and Collections (1) Last Ten Years

Collection Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1998	\$17,436,307	\$17,076,424	97.94%	\$401,725	17,478,149	100.24%
1999	17,657,705	17,198,680	97.40%	425,477	17,624,157	99.81%
2000	18,545,717	18,100,770	97.60%	468,346	18,569,116	100.13%
2001	19,823,800	19,341,132	97.57%	498,948	19,840,080	100.08%
2002	20,460,049	19,939,692	97.46%	581,783	20,521,475	100.30%
2003	23,822,685	22,020,509	92.44%	614,572	22,635,081	95.01%
2004	23,578,971	22,513,540	95.48%	692,737	23,206,277	98.42%
2005	25,800,658	25,248,327	97.86%	1,611,689	26,860,016	104.11%
2006	27,249,464	27,412,330	100.60%	626,536	28,038,866	102.90%
2007	28,763,134	27,903,780	97.01%	762,171	28,665,951	99.66%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2008 information cannot be presented because all collections have not been made by June 30, 2008.
- (3) The County does not identify delinquent tax collections by tax year.

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Real Property Tax 2007 and 1998 (1)

Name of Taxpayer	December 31, 2007	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Shopping Center	\$ 13,958,160	1.93%
Cedar Fair	8,863,270	1.22%
422 Company, Ltd.	2,158,420	0.30%
McFarland Commons	2,049,250	0.28%
Bainbridge Land	1,780,320	0.25%
Stock Equipment Co.	1,405,430	0.19%
Tanglewood Square	980,010	0.14%
D&S Schneider Realty, LLC.	914,840	0.13%
CVAC Acquisition Corp.	883,760	0.12%
Bainbridge Associates	866,640	0.12%
Totals	<u>\$33,860,100</u>	<u>4.67%</u>
Total Assessed Valuation	<u><u>\$725,054,070</u></u>	

Name of Taxpayer	December 31, 1998	
	Assessed Value	Percent of Real Property Assessed Value
Funtime, Inc.	\$2,802,720	0.72%
Tanglewood Partners	2,661,620	0.68%
Sea World, Inc.	2,004,170	0.51%
422 Company, Ltd.	1,750,000	0.45%
Capco Enterprises	1,610,000	0.41%
General Signal Corp.	1,221,710	0.31%
Bel Meadows, Inc.	950,410	0.24%
Tanglewood Associates	929,770	0.24%
Bainbridge Associates, Ltd.	901,260	0.23%
Key Trust Co.	857,070	0.22%
Totals	<u>\$15,688,730</u>	<u>4.03%</u>
Total Assessed Valuation	<u><u>\$389,537,360</u></u>	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

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

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Tangible Personal Property Tax 2007 and 1998

Name of Taxpayer	December 31, 2007	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Cedar Fair	\$7,822,380	75.32%
Windstream Western Reserve, Inc.	1,565,350	15.07%
Stock Equipment Co.	1,236,820	11.91%
Wal-Mart	760,360	7.32%
Johnsonite	627,090	6.04%
MarBal, Inc.	537,820	5.18%
Kohl's Department Store	426,620	4.11%
Neveon, Inc.	399,210	3.84%
Riser Foods	357,720	3.44%
Circuit City	276,260	2.66%
Total (1)	\$14,009,630	134.90%
Total Assessed Valuation (1)	\$10,385,400	

Name of Taxpayer	December 31, 1998	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Funtime, Inc.	\$3,961,590	17.52%
General Signal Corp.	2,085,620	9.22%
Sea World, Inc.	1,877,510	8.30%
Duramax, Inc.	1,140,700	5.05%
Nalco Diversified Technologies	502,040	2.22%
MarBal, Inc.	488,760	2.16%
Speed Selector, Inc.	451,760	2.00%
Beck Mfg., Inc.	417,530	1.85%
ETNA Products, Inc.	408,970	1.81%
Electrolock, Inc.	406,030	1.80%
Total	\$11,740,510	51.93%
Total Assessed Valuation	\$22,608,970	

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

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

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Public Utility Personal Property Tax 2007 and 1998

Name of Taxpayer	December 31, 2007	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$6,369,690	77.04%
Western Reserve Telephone Co.	2,503,740	30.28%
American Transmission	718,540	8.69%
East Ohio Gas Co.	499,380	6.04%
Total (1)	<u>\$10,091,350</u>	<u>122.06%</u>
Total Assessed Valuation (1)	<u>\$8,267,540</u>	

Name of Taxpayer	December 31, 1998	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$8,645,620	55.49%
Western Reserve Telephone Co.	4,472,890	28.71%
East Ohio Gas Co.	1,483,360	9.52%
Total	<u>\$14,601,870</u>	<u>93.72%</u>
Total Assessed Valuation	<u>\$15,580,050</u>	

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

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

KENSTON LOCAL SCHOOL DISTRICT

Computation of Direct and Overlapping Debt Attributable to Governmental Activities as of December 31, 2007

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct Debt			
Kenston Local School District	\$ 47,410,500	100.00%	\$ 47,410,500
Total Direct Debt	<u>47,410,500</u>		<u>47,410,500</u>
Overlapping Debt:			
Geauga County	7,520,647	23.93%	\$1,799,691
Total Overlapping Debt	<u>7,520,647</u>		<u>1,799,691</u>
Total Direct and Overlapping Debt	<u>\$54,931,147</u>		<u>\$49,210,191</u>

Source: Office of the Auditor, Geauga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2007 collection year.

KENSTON LOCAL SCHOOL DISTRICT

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

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt			Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
				General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt		
1999	12,992	a	\$1,221,104,368	10,789,000	\$714,056	\$10,074,944	0.83%	\$775.47
2000	12,992	a	1,407,669,354	10,255,000	1,039,861	9,215,139	0.65%	709.29
2001	16,074	a	1,472,980,782	9,697,000	1,409,206	8,287,794	0.56%	515.60
2002	16,074	a	1,556,597,589	8,891,500	1,776,606	7,114,894	0.46%	442.63
2003	16,074	b	1,756,500,129	53,063,000	3,181,198	49,881,802	2.84%	3,103.26
2004	16,074	b	1,833,637,245	51,749,500	3,071,859	48,677,641	2.65%	3,028.35
2005	16,074	b	1,825,738,446	50,826,000	3,773,298	47,052,702	2.58%	2,927.26
2006	16,074	b	2,112,672,869	49,832,500	4,248,531	45,583,969	2.16%	2,835.88
2007	16,074	b	2,124,927,479	48,664,000	4,626,333	44,037,667	2.07%	2,739.68
2008	16,074	b	2,247,144,389	47,410,500	4,759,815	42,650,685	1.90%	2,653.40

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

KENSTON LOCAL SCHOOL DISTRICT

Net Assets by Component Computation of Legal Debt Margin Last Ten Fiscal Years

	1999	2000	2001	2002
Tax Valuation	<u>\$427,726,380</u>	<u>\$492,188,580</u>	<u>\$514,370,530</u>	<u>\$540,071,680</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>\$38,495,374</u>	<u>\$44,296,972</u>	<u>\$46,293,348</u>	<u>\$48,606,451</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	10,789,000	10,255,000	9,697,000	8,891,500
Less Amount Available in Debt Service	(714,056)	(1,039,861)	(1,409,206)	(1,776,606)
Amount of Debt Subject to Limit	<u>10,074,944</u>	<u>9,215,139</u>	<u>8,287,794</u>	<u>7,114,894</u>
Legal Debt Margin	<u>\$28,420,430</u>	<u>\$35,081,833</u>	<u>\$38,005,554</u>	<u>\$41,491,557</u>
Legal Debt Margin as a Percentage of the Debt Limit	73.83%	79.20%	82.10%	85.36%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$427,726	\$492,189	\$514,371	\$540,072
Amount of Debt Subject to Limit	0	0	0	0
Unvoted Legal Debt Margin	<u>\$427,726</u>	<u>\$492,189</u>	<u>\$514,371</u>	<u>\$540,072</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Geauga County Auditor and School District Financial Records

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

KENSTON LOCAL SCHOOL DISTRICT

2003	2004	2005	2006	2007	2008
<u>\$608,266,890</u>	<u>\$636,495,800</u>	<u>\$637,821,330</u>	<u>\$723,154,010</u>	<u>\$724,501,345</u>	<u>\$743,707,010</u>
<u>\$54,744,020</u>	<u>\$57,284,622</u>	<u>\$57,403,920</u>	<u>\$65,083,861</u>	<u>\$65,205,121</u>	<u>\$66,933,631</u>
53,063,000	51,749,500	50,826,000	49,832,500	48,664,000	47,410,500
(3,181,198)	(3,071,859)	(3,773,298)	(4,248,531)	(4,626,333)	(4,759,815)
<u>49,881,802</u>	<u>48,677,641</u>	<u>47,052,702</u>	<u>45,583,969</u>	<u>44,037,667</u>	<u>42,650,685</u>
<u>\$4,862,218</u>	<u>\$8,606,981</u>	<u>\$10,351,218</u>	<u>\$19,499,892</u>	<u>\$21,167,454</u>	<u>\$24,282,946</u>
8.88%	15.02%	18.03%	29.96%	32.46%	36.28%
\$608,267	\$636,496	\$637,821	\$723,154	\$724,501	\$743,707
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$608,267</u>	<u>\$636,496</u>	<u>\$637,821</u>	<u>\$723,154</u>	<u>\$724,501</u>	<u>\$743,707</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

KENSTON LOCAL SCHOOL DISTRICT

Demographic and Economic Statistics Last Nine Years (1)

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

- Sources:**
- 1) Information prior to 2000 is not available
 - 2) U.S. Census Bureau
 - a) 1990 Federal Census Bureau
 - b) 2000 Federal Census Bureau
 - 3) Computation of per capital personal income multiplied by population.

KENSTON LOCAL SCHOOL DISTRICT

Principal Employers Current Year and 2005 (1)

Employer	December 31, 2007			December 31, 2005		
	Number of Employees (2)	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Johnsonite, Inc.	450	1	6.04%	450	1	6.04%
Kenston Local School District	260	2	3.49%	260	2	3.49%
Stock Equipment, Inc.	240	3	3.22%	200	4	2.68%
Heinen's, Inc.	233	4	3.13%	233	3	3.13%
Giant Eagle, Inc.	123	5	1.65%	123	5	1.65%
DCI Management Group, Inc.	100	6	1.34%	100	6	1.34%
Chagrin Valley Athletic Club	100	7	1.34%	100	7	1.34%
MarBal, Inc.	93	8	1.25%	93	8	1.25%
Kmart Corp.	75	9	1.01%	75	10	1.01%
D.E. Williams Electric, Inc.	65	10	0.87%	90	9	1.21%
Total	<u>1,739</u>		<u>23.34%</u>	<u>1,724</u>		<u>23.14%</u>
Total Employment within the School District (3)	<u>7,451</u>			<u>7,451</u>		

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

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

Source: Information provided by the Kenston Local School District
(1) Information prior to 2006 is not available.

KENSTON LOCAL SCHOOL DISTRICT

Cost Per Pupil Last Ten Fiscal Years

Fiscal Year	Student Enrollment		General Government (2)		Governmental Activities (3)	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
1999	3,052	0.73%	\$20,373,630	\$ 6,676	N/A	N/A
2000	3,058	0.20%	21,634,764	7,075	N/A	N/A
2001	3,085	0.88%	23,378,180	7,578	N/A	N/A
2002	3,101	0.52%	24,768,900	7,987	N/A	N/A
2003	3,181	2.58%	26,773,700	8,417	\$ 28,055,884	\$ 8,820
2004	3,134	-1.48%	30,424,522	9,708	31,381,902	10,013
2005	3,169	1.12%	45,323,029	14,302	31,915,997	10,071
2006	3,220	1.61%	50,324,040	15,629	34,855,937	10,825
2007	3,060	-4.97%	40,024,296	13,080	36,481,095	11,922
2008	3,122	2.03%	35,643,740	11,417	37,493,510	12,009

Source: Kenston Local School District Records

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

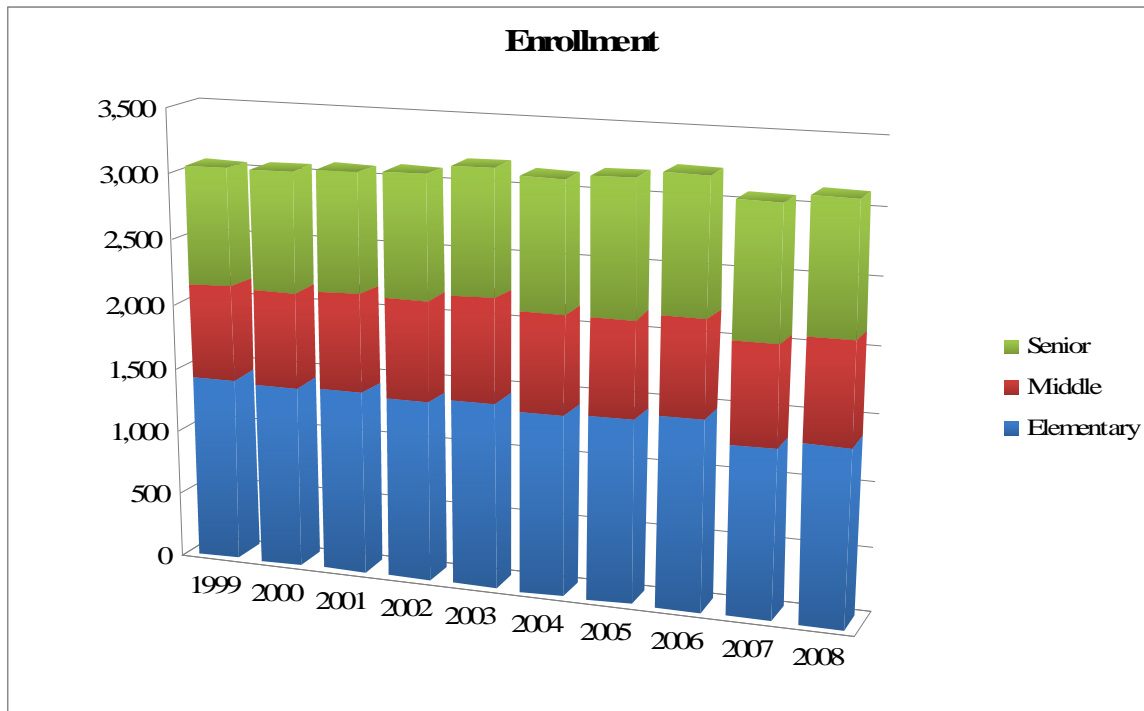
(2) Debt Service expenditures have been excluded

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

KENSTON LOCAL SCHOOL DISTRICT

Enrollment Statistics Last Ten Fiscal Years

Fiscal Year	Elementary Schools (1)	Middle School	Senior High School	Total
1999	1,426	727	899	3,052
2000	1,406	733	919	3,058
2001	1,421	751	913	3,085
2002	1,390	770	941	3,101
2003	1,429	795	957	3,181
2004	1,392	756	986	3,134
2005	1,415	732	1,022	3,169
2006	1,456	740	1,024	3,220
2007	1,299	757	1,005	3,061
2008	1,357	772	993	3,122

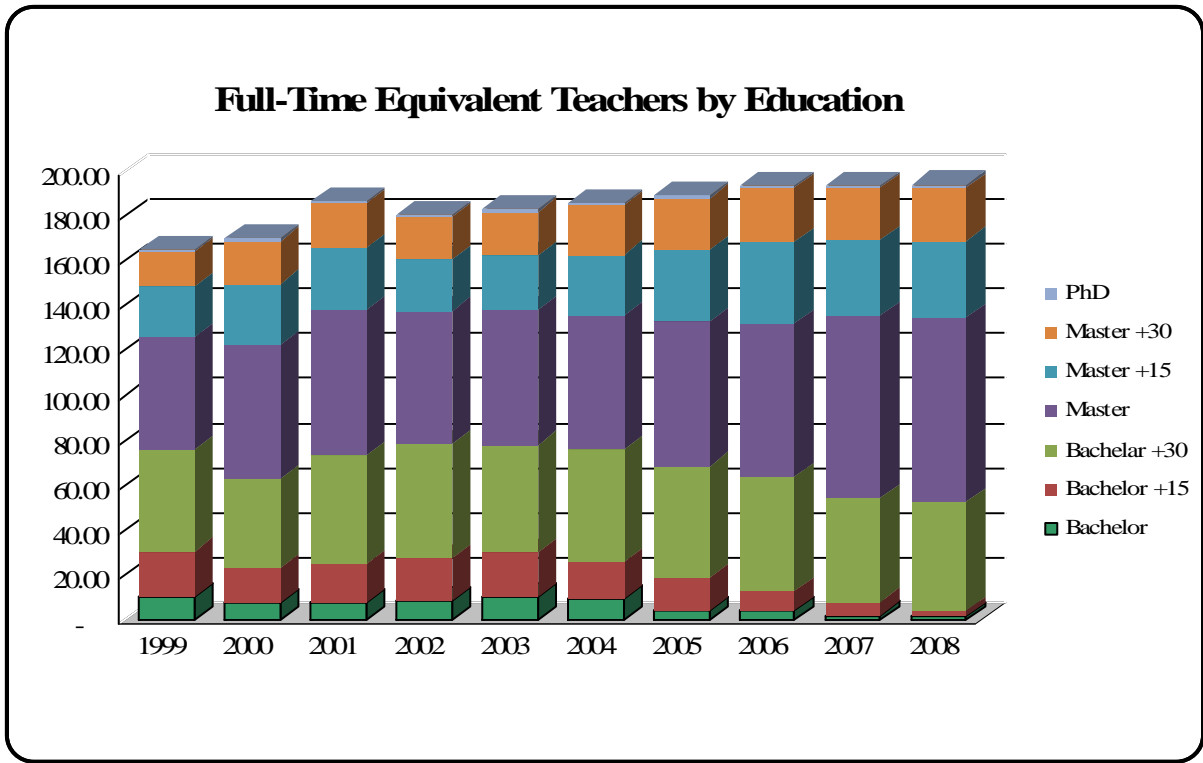


Source: Based upon EMIS information provided to the Ohio Department of Education
(1) Includes Pre-School Students

KENSTON LOCAL SCHOOL DISTRICT

Full-Time Equivalent Teachers by Education Last Ten Fiscal Years

Fiscal Year	Bachelor's			Master's			PhD	Total
	Degree	Degree +15	Degree +30	Degree	Degree +15	Degree +30		
1999	11.00	20.00	45.00	50.00	23.00	15.00	1.00	165.00
2000	8.00	16.00	39.00	60.00	27.00	19.00	1.00	170.00
2001	8.00	17.50	48.50	64.50	27.50	20.00	1.00	187.00
2002	9.00	19.00	51.00	59.00	23.00	19.00	1.00	181.00
2003	10.50	20.00	48.00	60.00	24.00	19.50	1.00	183.00
2004	10.00	16.00	50.00	60.00	27.00	22.00	1.00	186.00
2005	5.00	14.00	50.00	64.00	32.00	23.00	1.00	189.00
2006	4.50	9.00	51.00	68.00	36.00	24.00	1.00	193.50
2007	2.50	6.00	46.00	81.50	33.50	23.00	1.00	193.50
2008	2.00	3.00	48.00	82.00	34.00	24.00	1.00	194.00



Source: Kenston Local School District Payroll Department

KENSTON LOCAL SCHOOL DISTRICT

Average Number of Students per Teacher Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Average</u>	<u>State Average</u>
1999	19.2	18.6
2000	19.2	18.1
2001	18.6	18.0
2002	18.4	16.9
2003	18.0	16.5
2004	19.1	18.5
2005	17.9	18.5
2006	17.7	18.6
2007	18.4	19.6
2008	18.1	18.6

Source: Ohio Department of Education, EMIS Reports

KENSTON LOCAL SCHOOL DISTRICT

Attendance and Graduation Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
1999	96.0%	93.5%	93.5%	81.4%
2000	94.9%	93.6%	95.1%	80.7%
2001	94.9%	93.9%	95.5%	81.2%
2002	95.0%	94.3%	96.8%	82.8%
2003	95.8%	94.5%	96.9%	83.9%
2004	96.1%	94.5%	96.5%	84.3%
2005	96.1%	94.3%	96.6%	85.9%
2006	96.1%	94.1%	97.5%	86.2%
2007	96.3%	94.1%	95.9%	86.1%
2008	96.4%	94.2%	99.2%	86.9%

Source: Ohio Department of Education Local Report Cards

KENSTON LOCAL SCHOOL DISTRICT

SAT Composite Scores Last Ten School Years

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Kenston Verbal	Ohio Verbal	National Verbal	Kenston Math	Ohio Math	National Math
1999 (1)	-	-	-	515	534	505	532	538	511
2000	113	232	49%	511	533	505	532	539	514
2001	98	214	46%	517	534	506	537	539	514
2002	110	211	52%	509	533	504	533	540	516
2003	106	227	47%	518	536	507	520	541	519
2004	102	229	45%	537	538	508	541	542	518
2005	116	231	50%	536	539	508	551	543	520
2006	105	211	50%	531	535	503	539	544	518
2007	130	263	49%	525	536	502	571	542	515
2008	184	262	70%	520	534	502	541	544	515

Source: High School Guidance Office, Kenston Local School District
(1) Number of Students not available for school year 1999

KENSTON LOCAL SCHOOL DISTRICT

ACT Composite Scores Last Ten School Years

<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Composite</u>	<u>Ohio Composite</u>	<u>National Composite</u>
1999 (1)	-	-	0%	22.9	21.4	21.0
2000 (1)	-	232	0%	22.7	21.4	21.0
2001 (1)	-	214	0%	22.9	21.4	21.0
2002 (1)	-	211	0%	22.1	21.4	20.8
2003	88	227	39%	22.4	21.4	20.8
2004	87	229	38%	22.8	21.4	20.9
2005	140	231	61%	23.3	21.4	20.9
2006	81	211	38%	22.8	21.5	21.1
2007	175	265	66%	23.1	21.5	21.2
2008	179	262	68%	22.5	21.7	21.1

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

KENSTON LOCAL SCHOOL DISTRICT

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

Function/Program	2005	2006	2007	2008
Regular Instruction				
Elementary Classroom Teachers	59.00	60.00	62.00	56.00
Middle School Classroom Teachers	40.69	42.69	47.00	47.50
High School Classroom Teachers	55.16	53.50	62.54	63.66
Districtwide Classroom Teachers	4.00	2.00	2.00	2.00
Specials - Art, Music, Health and Physical Education	15.65	15.66	14.86	14.86
Special Instruction				
Elementary Classroom Teachers	5.72	6.08	5.85	7.42
Gifted Education Teachers	5.00	5.00	5.00	5.00
Middle School Classroom Teachers	4.83	7.65	8.84	3.84
High School Classroom Teachers	4.00	5.00	7.00	6.00
Vocational Instruction				
High School Classroom Teachers	2.00	2.00	2.00	2.00
Other Instruction				
Elementary Tutors	12.48	11.18	12.30	10.64
Middle School Tutors	3.51	2.88	3.32	2.66
High School Tutors	3.00	2.00	3.00	2.00
Districtwide Tutors	2.80	0.80	1.09	1.59
Pupil Support Services				
Guidance Counselors	7.00	7.00	7.00	7.00
Speech and Language Pathologists	3.54	3.83	3.82	3.82
Nurse	1.00	1.00	1.00	1.00
Non-Teaching Support Staff Elementary	9.88	6.31	7.50	8.74
Non-Teaching Support Staff Middle School	3.15	3.89	4.19	2.80
Non-Teaching Support Staff High School	5.20	4.60	4.99	7.30
Non-Teaching Support Staff Districtwide	3.58	5.83	1.45	2.77
Instructional Support Services				
Librarian	1.00	1.00	1.00	1.00
Technology	1.00	1.00	1.00	1.00
Non-Teaching Support Staff Elementary-Aides	12.48	14.45	12.55	15.05
Non-Teaching Support Staff Middle School	2.80	4.70	2.90	3.47
Non-Teaching Support Staff High School	4.70	3.75	2.65	3.65
Non-Teaching Support Staff Central	3.15	1.80	2.95	3.95
Administrators, Supervisors and Support Staff				
Elementary	9.70	10.25	10.25	10.85
Middle School	4.80	4.80	4.80	4.80
High School	10.65	10.70	10.70	11.70
Central Office	9.88	10.69	11.20	11.20

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

Function/Program	2005	2006	2007	2008
Business				
Districtwide	2.00	2.00	2.00	2.00
Fiscal				
Treasurer's Office	5.00	5.00	5.00	5.00
Operation and Maintenance of Plant Services				
Custodial Department	24.00	24.28	30.13	30.13
Maintenance Department	4.00	4.00	5.00	5.00
Pupil Transportation				
Bus Drivers	28.02	26.18	28.59	28.30
Bus Aides	1.10	2.35	2.65	1.80
Mechanics	3.00	3.00	3.00	3.00
Transportation Support Staff	2.00	2.00	2.00	2.00
Central				
Community Relations	0.50	0.50	0.50	0.50
Food Service Program				
Elementary Cooks	6.00	4.48	5.94	4.03
Middle School Cooks	3.13	4.58	3.60	3.60
High School Cooks	5.15	5.15	4.36	5.73
Totals:	395.25	395.56	419.52	416.36

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

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

KENSTON LOCAL SCHOOL DISTRICT

Capital Assets (Net of Depreciation) Last Six Fiscal Years (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Capital Assets:						
Land	\$ 125,211	\$ 125,211	\$ 125,211	\$ 704,063	\$ 704,063	\$ 704,063
Land Improvements	171,606	331,261	266,317	230,017	202,973	214,459
Building and Improvements	11,429,739	10,763,236	10,268,462	9,853,883	9,474,445	9,134,399
Furniture and Equipment	1,184,314	766,539	673,164	523,008	388,050	332,476
Vehicles	1,287,523	1,146,631	932,795	761,564	573,173	717,052
Construction in Progress	320,704	2,546,374	18,181,846	35,784,636	43,305,939	43,921,810
Total Capital Assets	<u>\$14,519,097</u>	<u>\$15,679,252</u>	<u>\$30,447,795</u>	<u>\$47,857,171</u>	<u>\$54,648,643</u>	<u>\$55,024,259</u>

Source: Information was obtained from the Kenston Local School District's financial records

(1) Information prior to 2003 is not available.

KENSTON LOCAL SCHOOL DISTRICT

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

School Year	Students	Students Applicable for Free Lunch	Percentage of Applicable Students for the Free Lunch Program	Students Applicable for Reduced Lunch	Percentage of Applicable Students for the Reduced Lunch Program	Total Students Applicable for the Free and Reduced Lunch Program	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs
2006	3,557	157	4.41%	66	1.86%	223	6.27%
2007	3,162	158	5.00%	76	2.40%	234	7.40%
2008	3,447	192	5.57%	84	2.44%	276	8.01%

Source: "Lunch MR Report for October 2007" obtained from the Ohio Department of Education
(1) Information prior to 2006 is not available.

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Mary Taylor, CPA
Auditor of State

KENSTON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 5, 2009**