

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

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2012**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Kenston Local School District, Geauga County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 29, 2013

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Board of Education
Kenston Local School District
Chagrin Falls, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2012, which collectively comprise the Kenston Local School District, Ohio's basic financial statements and have issued our report thereon dated December 7, 2012. 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 Control Over Financial Reporting

Management of the Kenston Local School District, Ohio, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Kenston Local School District, Ohio'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 Kenston Local School District, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kenston Local School District, Ohio's internal control over financial reporting.

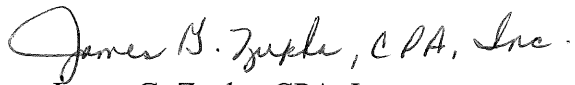
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Kenston Local School District, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, 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.


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

December 7, 2012

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

Certified Public Accountants

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Garfield Hts., Ohio 44125

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Kenston Local School District
Chagrin Falls, Ohio

Compliance

We have audited the Kenston Local School District, Geauga County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Kenston Local School District, Ohio's major federal program for the year ended June 30, 2012. The Kenston Local School District, Ohio's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Kenston Local School District, Ohio's management. Our responsibility is to express an opinion on the Kenston Local School District, Ohio'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 federal program occurred. An audit includes examining, on a test basis, evidence about the Kenston Local School District, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Kenston Local School District, Ohio's compliance with those requirements.

In our opinion, the Kenston Local School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Kenston Local School District, Ohio, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, 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.



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

December 7, 2012

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster						
National School Lunch Program	10.555	n/a	\$ 182,537	\$ 55,891	\$ 182,537	\$ 55,891
<i>Total Child Nutrition Cluster</i>			<u>182,537</u>	<u>55,891</u>	<u>182,537</u>	<u>55,891</u>
Total U.S. Department of Agriculture			<u>182,537</u>	<u>55,891</u>	<u>182,537</u>	<u>55,891</u>
U.S. Department of Education						
Direct Award						
Fund for the Improvement of Education - PEP Grant	84.215	n/a	<u>575,829</u>	<u>0</u>	<u>582,780</u>	<u>0</u>
Passed through Ohio Department of Education						
<i>Special Education Cluster:</i>						
Grants to States, IDEA, Part B, Special Education	84.027	2011	25,493	0	25,493	0
Grants to States, IDEA, Part B, Special Education	84.027	2012	<u>456,111</u>	<u>0</u>	<u>456,111</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>481,604</u>	<u>0</u>	<u>481,604</u>	<u>0</u>
Title I - Grants to Local Educational Agencies	84.010	2011	14,579	0	14,579	0
Title I - Grants to Local Educational Agencies	84.010	2012	<u>167,604</u>	<u>0</u>	<u>164,287</u>	<u>0</u>
<i>Total CFDA #84.010</i>			<u>182,183</u>	<u>0</u>	<u>178,866</u>	<u>0</u>
Title II-A - Improving Teacher Quality State Grants	84.367	2012	<u>58,952</u>	<u>0</u>	<u>58,952</u>	<u>0</u>
Title II-D - Educational Technology State Grants	84.318	2012	<u>1,507</u>	<u>0</u>	<u>1,507</u>	<u>0</u>
Safe and Drug Free Schools	84.186	2012	<u>0</u>	<u>0</u>	<u>285</u>	<u>0</u>
English Language Acquisition	84.365	2012	<u>3,393</u>	<u>0</u>	<u>3,393</u>	<u>0</u>
Education Jobs	84.410	2012	<u>157,833</u>	<u>0</u>	<u>157,833</u>	<u>0</u>
ARRA - State Fiscal Stabilization Fund - Race to the Top, Recovery Act	84.395A	2012	<u>268,928</u>	<u>0</u>	<u>39,382</u>	<u>0</u>
Total U.S. Department of Education			<u>1,730,229</u>	<u>0</u>	<u>1,504,602</u>	<u>0</u>
U.S. Department of Energy						
Pass Through the Ohio Department of Development						
ARRA - State Energy Program	81.041	n/a	<u>534,750</u>	<u>0</u>	<u>192,632</u>	<u>0</u>
Total U.S. Department of Energy			<u>534,750</u>	<u>0</u>	<u>192,632</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,447,516</u>	<u>\$ 55,891</u>	<u>\$ 1,879,771</u>	<u>\$ 55,891</u>

See accompanying notes to Supplemental Schedule of Expenditures of Federal Awards.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. Consequently, certain expenditures are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 2: FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed Federal monies are expended first. At June 30, 2012, the District had commodities in inventory recorded in the Food Service Fund.

NOTE 3: MATCHING REQUIREMENTS

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

**KENSTON LOCAL SCHOOL DISTRICT
 GEAUGA COUNTY, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & §.505
 JUNE 30, 2012**

1. SUMMARY OF AUDITOR’S RESULTS

2012(i)	Type of Financial Statement Opinion	Unqualified
2012(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2012(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2012(v)	Type of Major Program’s Compliance Opinion	Unqualified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list): Fund for the Improvement of Education - PEP Grant - CFDA #84.215	
2012(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2012(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no audit findings or management letter recommendations as of June 30, 2011.

Kenston Local School District

Chagrin Falls, Ohio

Issued By: Treasurer’s Office – Linda M. Hein, Treasurer



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



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

**The Kenston Brand and Logos are pictured throughout this
Comprehensive Annual Financial Report**

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Introductory Section



Kenston Local School District

“Bomber Blue”

Kenston Local School District

Chagrin Falls, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

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

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KENSTON LOCAL SCHOOL DISTRICT

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KENSTON LOCAL SCHOOL DISTRICT

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KENSTON LOCAL SCHOOL DISTRICT

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KENSTON LOCAL SCHOOL DISTRICT

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**Kenston
Local Schools**

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Robert A. Lee, Ph.D.
Superintendent

Nancy R. Santilli
Assistant Superintendent

Linda M. Hein
Treasurer

December 7, 2012

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

We are pleased to submit to you the twelfth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unqualified (“clean”) opinion from James G. Zupka, CPA, Inc., conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2012.

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 James G. Zupka, CPA, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2012, 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 Geauga County adjacent to the Village of Chagrin Falls (Cuyahoga County) and Aurora (Portage County). It is approximately 35 miles southeast of Cleveland, 25 miles west of Youngstown, and 20 miles north of Akron.

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

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

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

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

The school district is associated with four jointly governed organizations and one public entity risk pool. The jointly governed organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, the Ohio Schools' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 of the basic financial statements.

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

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

KENSTON LOCAL SCHOOL DISTRICT

Economic Condition and Outlook

The school district is actively involved with individuals, organizations, and businesses in decision making. The school district maintains regular dialogue with many community organizations, including the Kenston Business Advisory Council. This council is comprised of residents of the community whose careers cover many facets of the business world. These community members meet every other month with the school district administrators to share information and ideas about the school district and the business community. The superintendent and treasurer are council members and, through this council, maintain school-business communications. In addition, the trustees of both Auburn and Bainbridge townships are regular participants in the school district's Business Advisory Council. The superintendent is an elected board of directors member of the Chagrin Valley Chamber of Commerce and serves as president in 2012.

In 2007, the Kenston Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to serve as a conduit between the Kenston Board of Education and the Kenston community by communicating, researching and providing education on strategic matters. Since 2007, the committee has maintained an active role in meeting the mission of this committee.

The composition of KCAC is nine community members, the school district treasurer, superintendent and one board of education member. Community members serve for three years (initially, three members for one year, three for two years, and three for three years in order to create staggered terms).

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

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 begin to be phased out by 2013.

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

During the 2011-2012 school year, Kenston experienced major state reductions in funding and reimbursements. These state cuts will lead to further belt tightening measures to offset these losses. As of the end of the year, financial forecasts indicate that the need for an operating levy will be in 2013 or 2014. Kenston's timetable will again be influenced by the next state budget.

Major Initiatives

As a result of the state cuts, major capital projects were curtailed to health and safety items – HVAC and paving. Significant progress was made on our 750kW wind turbine that is primarily funded by state and federal funds. By June, the foundation and erection of the tower were completed.

Another major project was the federally funded Carol M. White Physical Education Grant. This \$677,706 grant was awarded to reduce childhood obesity. During the second year of a three year grant, Kenston acquired physical education equipment that created fitness centers in all of our student school facilities. A *Play Blue Day* was developed in April to provide a public awareness of fitness and nutrition. This venue enabled Kenston to showcase its programs and equipment. The event drew over 1100 people and was a great success.

Future Projects

Renewable energy initiatives were at the top of Kenston's "to do" list. The completion of the 750kW wind turbine is expected to happen in the fall of 2012. In addition, Kenston also received a Federal Race to the Top STEM Grant of \$250,000 to implement a K-12 renewable energy curriculum and add solar power to Kenston's renewable energy portfolio. The solar project is scheduled to be installed on the Kenston Intermediate School site and power the facility. Kenston is also looking to retrofit the Kenston Intermediate School facility with LED lighting.

KENSTON LOCAL SCHOOL DISTRICT

In respect to facilities, Kenston has been monitoring our enrollment and have been experiencing a decline of elementary aged students for the last three years. In 2012-2013 school year, Kenston will study the feasibility of transitioning the PreK-K students to Timmons Elementary School. This initiative would require the construction of a 2 to 4 classroom addition to Timmons Elementary School in order to handle the additional students. If the plan is implemented the transition would occur for the 2013-2014 school year and the Gardiner Early Learning Center would close for school purposes.

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.

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

Federal funds are used by the school district to improve the academic achievement of students through research-based practices of targeted intervention and focused staff development programs. The school district's twelfth consecutive designation as an "Excellent District" by the Ohio Department of Education makes it one of only a handful of districts in the state to have achieved an "Excellent" rating for 12 straight years. The school district applied and was granted two waiver days by the state department of education for the purpose of engaging in high quality staff development. These days will be dedicated to raising student achievement through the development of a collaborative culture where teachers analyze curriculum, instruction and performance data to improve their attainment mapping, the development of essential understandings and common assessments.

To best meet the educational needs of low achieving disadvantaged children, reading and math assistance is provided by intervention tutors at the kindergarten through 5th grade levels. These teachers are charged with the responsibility to ensure such students have access to curriculum and instructional materials aligned with the state academic standards so that students, teachers, parents and administrators can measure progress against common expectations for student academic achievement. In addition, title monies are used to reduce class size and increase the quality of the educational services provided. Substantial sustained professional development is provided both individually and school-wide to ensure students are given effective, scientifically-based instruction to maximize their individual growth and meet their academic potential. For the 2012-2013 school year, the teacher workday and student day will be modified to create teacher collaboration time outside of the student day.

KENSTON LOCAL SCHOOL DISTRICT

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

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

Kenston Schools applied jointly with the Kenston Education Association for the Race to the Top Grant. This \$100,000 grant was developed to collaboratively develop an effective teacher evaluation system. The committee includes teacher association representatives, administrators and a board member. The design of this evaluation system will incorporate model guidelines established at the state level. The committee has been working together for several years to develop the teacher evaluation model. This model is scheduled to be implemented in the 2013-2014 school year.

As a Race to the Top school district, Kenston qualified for other grant opportunities. In the summer of 2011, Kenston was rated as one of the top applicants for a \$250,000 Innovative Grant. The grant will enable Kenston to add solar power to its renewable energy portfolio and include renewable energy in our K-12 curriculum. The 30kW solar power project is scheduled to be operating by the fall of 2012, and curriculum developed for the 2012-2013 school year.

Personnel and programming are assessed annually, and new plans are made for continued progress. Input from all stakeholders and data from student testing is used to make necessary improvements. The inclusion of the Business Advisory Council, Citizens Advisory Committee, PTO Council, students, parents and faculty have all contributed to the school district's initiatives.

KENSTON LOCAL SCHOOL DISTRICT

Financial Information

Internal Accounting and Controls

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

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

Long-Term Financial Planning

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

Relevant Financial Policies

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

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. 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.

KENSTON LOCAL SCHOOL DISTRICT

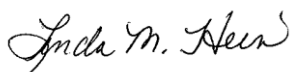
Acknowledgments

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, 2011

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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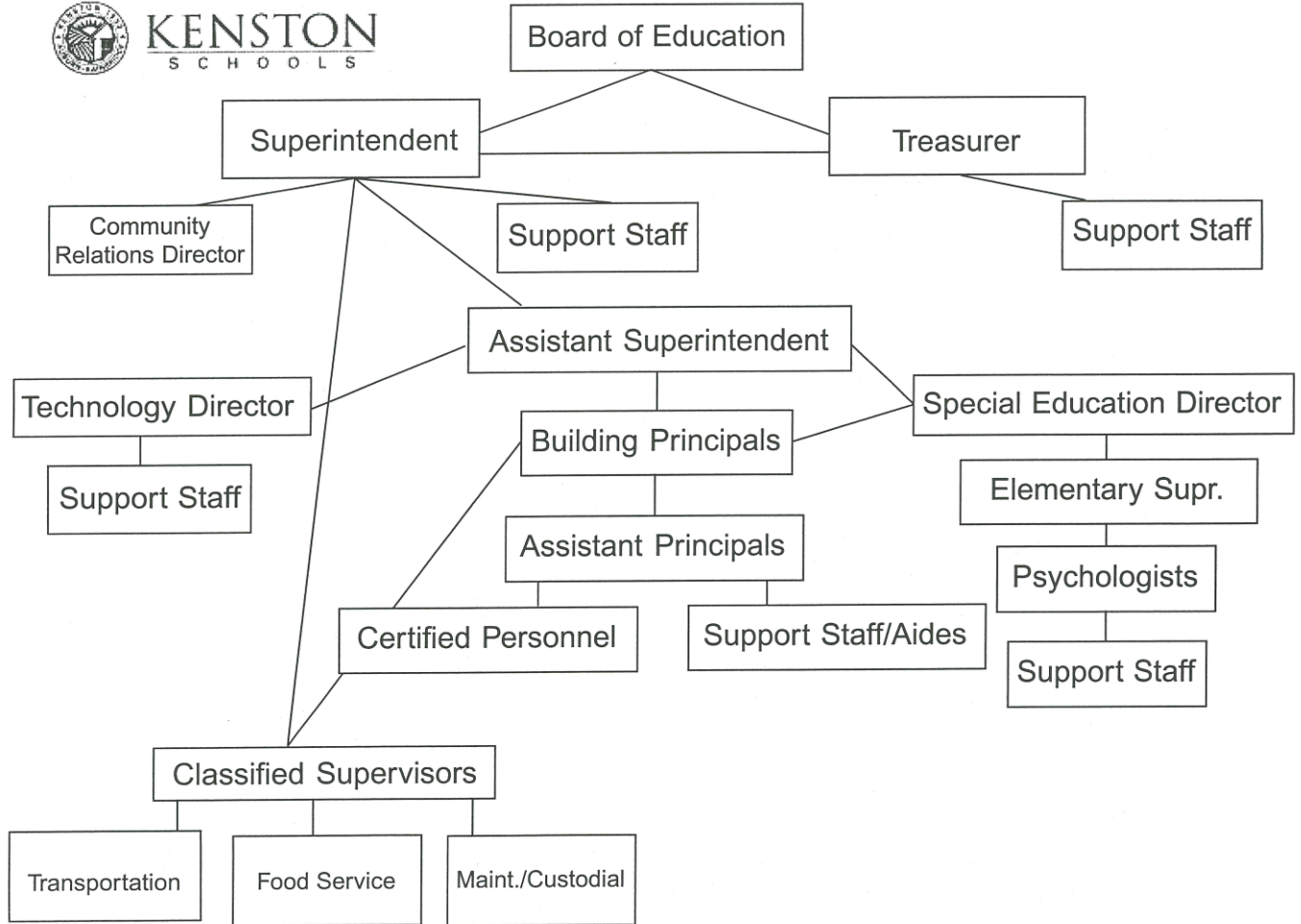
TREASURER

Mrs. Linda M. Hein

ADMINISTRATION

Dr. Robert A. Lee, Ph.D.
Mrs. Nancy Santilli
Mrs. Rita Pressman

Superintendent
Assistant Superintendent
Director, Special Education



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Financial Section



Kenston Local School District

“Teach Blue”

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Kenston Local School District
Chagrin Falls, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kenston Local School District, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Ohio, as of June 30, 2012, and the respective changes in financial position, and, where applicable cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, on our consideration of the Kenston Local School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenston Local School District, Ohio's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them



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

December 7, 2012

KENSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2012

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, 2012. 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 2012 are as follows:

- In total, net assets increased \$2,539,180. Net assets of governmental activities increased \$2,659,538, which represents a 10 percent increase from 2011. The increase in net assets of governmental activities is due to revenues exceeding expenses for fiscal year 2012. Net assets of business-type activities decreased \$120,358 or 24 percent from 2011. The decrease in net assets is related to increases in all of the business-type activities' expenses.
- Total general revenues accounted for \$38,404,013 or 89 percent of all revenues. Total program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$4,811,358 or 11 percent of total revenues of \$43,215,371.
- The School District had \$38,843,878 in expenses related to governmental activities; only \$3,230,015 of these expenses were offset by program specific charges for services, operating and capital grants and contributions. General revenues (primarily taxes) of \$38,273,401 were adequate to provide for these programs.
- Among major funds, the general fund had 34,773,855 in revenues (not including other financing sources) and \$32,125,027 in expenditures (not including other financing uses). The general fund's fund balance increased to \$12,679,836 from \$10,171,385. The bond retirement fund experienced an increase in its fund balance to \$5,063,148 from \$4,759,184.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

KENSTON LOCAL SCHOOL DISTRICT

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 2012?” The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets* and *all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 8. Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the general fund and the bond retirement fund.

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

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

KENSTON LOCAL SCHOOL DISTRICT

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 2012 compared to 2011:

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	\$ 49,129,343	\$ 47,740,312	\$ 263,432	\$ 313,475	\$ 49,392,775	\$ 48,053,787
Capital assets, net	53,045,787	53,999,010	361,594	390,757	53,407,381	54,389,767
Total Assets	102,175,130	101,739,322	625,026	704,232	102,800,156	102,443,554
LIABILITIES						
Current and other liabilities	27,785,901	28,946,794	211,039	169,772	\$ 27,996,940	\$ 29,116,566
Long-term liabilities:						
Due within one year	3,345,508	2,626,086	8,157	8,720	3,353,665	2,634,806
Due in more than one year	42,422,586	44,204,845	23,195	22,747	42,445,781	44,227,592
Total Liabilities	73,553,995	75,777,725	242,391	201,239	73,796,386	75,978,964
NET ASSETS						
Invested in capital assets, net of related debt	11,151,201	10,433,900	361,594	390,757	11,512,795	10,824,657
Restricted	5,444,367	4,981,601	-	-	5,444,367	4,981,601
Unrestricted	12,025,567	10,546,096	21,041	112,236	12,046,608	10,658,332
Total Net Assets	\$ 28,621,135	\$ 25,961,597	\$ 382,635	\$ 502,993	\$ 29,003,770	\$ 26,464,590

Total assets increased by \$356,602. Both equity in pooled cash, cash equivalents, and investments, property taxes receivable, and deferred charges saw increases of \$480,630, \$637,710, and \$420,843 respectively. These increases can be attributed to revenues exceeding expenses, an anticipated increase in property tax revenues, and the amortization of bond issuance costs from refunding of debt during the fiscal year. These increases were offset by decreases in intergovernmental receivable and capital assets of \$215,028 and \$982,386, respectively. The decrease in the intergovernmental receivable can be attributed to the timing requirements of various federal grants. The decrease in capital assets is due to current year depreciation expenses exceeding current year additions.

Total liabilities decreased by \$2,182,578. Both deferred revenues and long-term liabilities experienced significant decreases of \$850,990 and \$1,062,952, respectively. The deferred revenue decrease is mainly attributed to property taxes available for advance as of June 30, 2012 was significantly higher than at June 30, 2011. The decrease in long-term liabilities is related to the retirement of annual debt service requirements and the School District's refunding of debt.

The net assets of the School District's business-type activities decreased by \$120,358 or 24 percent. All business-type activities experienced decreases in net assets, with the largest occurring in the kindergarten activity.

KENSTON LOCAL SCHOOL DISTRICT

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

Table 2 - Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues:						
Charges for services	\$ 902,414	\$ 867,916	\$ 1,367,976	\$ 1,353,693	\$ 2,270,390	\$ 2,221,609
Operating grants and contributions	1,845,551	1,522,678	213,367	237,038	2,058,918	1,759,716
Capital grants and contributions	482,050	385,775	-	-	482,050	385,775
Total Program Revenues	3,230,015	2,776,369	1,581,343	1,590,731	4,811,358	4,367,100
General Revenues:						
Property taxes	28,364,310	27,189,044	-	-	28,364,310	27,189,044
Grants and entitlements	9,733,171	10,817,773	-	-	9,733,171	10,817,773
Investment income	40,881	61,275	1,018	1,131	41,899	62,406
All other revenues	135,039	52,221	129,594	124,558	264,633	176,779
Total General Revenues	38,273,401	38,120,313	130,612	125,689	38,404,013	38,246,002
Total Revenues	41,503,416	40,896,682	1,711,955	1,716,420	43,215,371	42,613,102
EXPENSES						
Program Expenses:						
Instruction:						
Regular	16,625,219	16,493,789	-	-	16,625,219	16,493,789
Special	3,907,785	4,204,140	-	-	3,907,785	4,204,140
Vocational	149,673	161,233	-	-	149,673	161,233
Other	527,141	575,753	-	-	527,141	575,753
Supporting Services:						
Pupils	2,383,930	2,539,465	-	-	2,383,930	2,539,465
Instructional Staff	1,334,882	1,272,173	-	-	1,334,882	1,272,173
Board of Education	77,522	42,834	-	-	77,522	42,834
Administration	2,752,700	2,725,919	-	-	2,752,700	2,725,919
Fiscal Services	1,071,883	1,032,472	-	-	1,071,883	1,032,472
Business	68,479	38,411	-	-	68,479	38,411
Operation and Maintenance of Plant	3,951,623	3,938,563	-	-	3,951,623	3,938,563
Pupil Transportation	2,635,235	2,649,205	-	-	2,635,235	2,649,205
Central	35,565	32,085	-	-	35,565	32,085
Operation of Non-Instructional Services	153,554	143,730	-	-	153,554	143,730
Extracurricular Activities	1,551,945	1,526,057	-	-	1,551,945	1,526,057
Interest and Fiscal Charges	1,616,742	2,059,380	-	-	1,616,742	2,059,380
Food Services	-	-	1,183,761	1,154,868	1,183,761	1,154,868
Uniform School Supplies	-	-	166,103	145,880	166,103	145,880
Kindergarten Fees	-	-	346,097	317,659	346,097	317,659
Adult Education	-	-	136,352	113,858	136,352	113,858
Total Expenses	38,843,878	39,435,209	1,832,313	1,732,265	40,676,191	41,167,474
Change in Net Assets	2,659,538	1,461,473	(120,358)	(15,845)	2,539,180	1,445,628
Net Assets - Beginning of Year	25,961,597	24,500,124	502,993	518,838	26,464,590	25,018,962
Net Assets - End of Year	\$ 28,621,135	\$ 25,961,597	\$ 382,635	\$ 502,993	\$ 29,003,770	\$ 26,464,590

Total revenues increased \$602,269. The School District's operating grants and contributions had an increase of \$299,202 or 17 percent. The operating grants and contributions increase is mainly due to the School District receiving a Race to the Top grant for energy conservation projects. Property taxes increased by \$1,175,266 or 4 percent due to property tax revenues being higher than anticipated. Grants and entitlements suffered the largest decrease of \$1,084,602 or 10 percent. This decrease is mainly attributable to decrease in funding from the State's Foundation program.

KENSTON LOCAL SCHOOL DISTRICT

Total expenses decreased by \$491,283 or 1 percent over fiscal year 2011. Interest and fiscal charges experienced the largest decrease of \$442,638 or 21 percent. This decrease is the School District reducing interest expenses as a result of refunding prior debt. Food Services, Uniform School Supplies, Kindergarten Fees, and Adult Education expenses increased \$100,048 due to increased activity during the fiscal year.

Governmental Activities

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 68 percent of revenues for governmental activities for the District in fiscal year 2012.

Instruction comprises 55 percent of governmental program expenses. Interest and fiscal charges were 4 percent. Interest and fiscal charges were attributable to the outstanding bond and borrowing for capital projects. The increase in net assets of \$2,659,538 is mainly due to revenues continually exceeding expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2012 and 2011. 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 2012	Total Cost of Services 2011	Net Cost of Services 2012	Net Cost of Services 2011
Instruction	\$ 21,209,818	\$ 21,434,915	\$ 19,822,992	\$ 20,333,212
Supporting Services:				
Pupils and Instructional Staff	3,718,812	3,811,638	3,417,513	3,528,181
Board of Education, Administration, Fiscal Services, and Business	3,970,584	3,839,636	3,748,785	3,619,136
Operation and Maintenance of Plant	3,951,623	3,938,563	3,484,573	3,602,088
Pupil Transportation	2,635,235	2,649,205	2,635,235	2,634,467
Central	35,565	32,085	35,565	32,085
Operation of Non-Instructional Services	153,554	143,730	153,554	128,323
Extracurricular Activities	1,551,945	1,526,057	713,904	736,968
Interest and fiscal charges	1,616,742	2,059,380	1,601,742	2,044,380
Total cost of service	<u>\$ 38,843,878</u>	<u>\$ 39,435,209</u>	<u>\$ 35,613,863</u>	<u>\$ 36,658,840</u>

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

KENSTON LOCAL SCHOOL DISTRICT

Business-Type Activities

Business-type activities include adult/community education, the food services operation, the sale of uniform school supplies, and kindergarten fees. These programs had revenues of \$1,711,955 and expenses of \$1,832,313 for fiscal year 2012. The decrease in operations of \$120,358 is due to increases in all of the business-type activities' program expenses. The School District is also taking steps to reduce expenses. Business-type activities receive no support from tax revenues.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$41,152,061 (not including other financing sources) and expenditures of \$38,634,635 (not including other financing uses). The net change in fund balance for the year in the general fund experienced an increase of \$2,508,451 due to an increase in property tax revenues and significant decreases in expenditures. The increase in the net change in fund balance for the bond retirement fund, in the amount of \$303,964, was due to property tax and related revenues not 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 2012, 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 \$33,388,798 (including other financing sources), which was lower than the original budget estimate of \$34,269,437. Of this \$880,639 difference, most was due to the School District's conservative estimates of intergovernmental and other miscellaneous revenues.

The original appropriations of \$37,930,841 (including other financing uses) remained the same throughout the fiscal year. Actual expenditures exceeded the final appropriations by \$3,338,513.

KENSTON LOCAL SCHOOL DISTRICT

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2012, the School District had \$53,407,381 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, \$53,045,787 in governmental activities. Table 4 shows fiscal 2012 balances compared to 2011:

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,207,191	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191	\$ 1,207,191
Construction in progress	1,730,634	1,186,644	-	-	1,730,634	1,186,644
Land Improvements	1,271,128	1,373,765	-	-	1,271,128	1,373,765
Buildings and Improvements	47,482,030	48,760,169	-	-	47,482,030	48,760,169
Furniture and Equipment	939,377	858,673	361,594	390,757	1,300,971	1,249,430
Vehicles	415,427	612,568	-	-	415,427	612,568
Total Capital Assets	\$ 53,045,787	\$ 53,999,010	\$ 361,594	\$ 390,757	\$ 53,407,381	\$ 54,389,767

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

In fiscal year 2003, a change in Ohio law allows school districts to take the student population times the prior year's base cost per pupil times 3 percent to determine the amount to set aside for capital improvements. For fiscal year 2012, this amounted to \$536,783. For fiscal year 2012, the School District had qualifying disbursements or offsets exceeding this requirement for capital improvements.

See Note 10 for additional information on capital assets.

KENSTON LOCAL SCHOOL DISTRICT

Debt

At June 30, 2012, the District had \$41,805,415 in debt outstanding, with \$2,372,864 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at June 30,

	Governmental Activities	
	2012	2011
General Obligation Bonds	\$ 41,615,000	\$ 43,095,000
2010 Capital Lease	190,415	253,241
Total Outstanding Debt	\$ 41,805,415	\$ 43,348,241

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.

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

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

At June 30, 2012, the School District's overall voted legal debt margin was \$31,328,267 with an unvoted debt margin of \$754,224.

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

Current Issues

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

In March 2003, the Governor of the State announced reductions in K-1 funding to reduce an anticipated State budget deficit. The School District's financial challenge is to continue to comply with State and Federal mandates while funding is reduced. Proceeds from the 9.3 mill operating levy, passed in 2005, will fund the School District's operations until fiscal year 2014-2015.

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT**Statement of Net Assets****June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 20,150,036	\$ 243,215	\$ 20,393,251
Property Taxes Receivable	28,205,394	-	28,205,394
Accounts Receivable	40,168	1,656	41,824
Accrued Interest Receivable	5,446	-	5,446
Intergovernmental Receivable	169,895	-	169,895
Inventory Held for Resale	-	8,886	8,886
Materials and Supplies Inventory	91,796	9,675	101,471
Prepaid Items	45,765	-	45,765
Deferred Charges	420,843	-	420,843
Nondepreciable Capital Assets	2,937,825	-	2,937,825
Depreciable Capital Assets, Net	50,107,962	361,594	50,469,556
Total Assets	102,175,130	625,026	102,800,156
LIABILITIES			
Accounts Payable	72,038	115,344	187,382
Accrued Wages and Benefits	2,886,928	60,343	2,947,271
Intergovernmental Payable	888,803	35,352	924,155
Accrued Interest Payable	115,987	-	115,987
Matured Compensated Absences Payable	99,012	-	99,012
Claims Payable	569,087	-	569,087
Deferred Revenue	23,154,046	-	23,154,046
Long-term Liabilities:			
Due within one year	3,345,508	8,157	3,353,665
Due in more than one year	42,422,586	23,195	42,445,781
Total Liabilities	73,553,995	242,391	73,796,386
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	11,151,201	361,594	11,512,795
Restricted:			
Capital Projects	13,255	-	13,255
Debt Service	4,704,206	-	4,704,206
State Funded Programs	172	-	172
Federally Funded Programs	402,272	-	402,272
Student Activities	324,294	-	324,294
Other Purposes	168	-	168
Unrestricted	12,025,567	21,041	12,046,608
Total Net Assets	\$ 28,621,135	\$ 382,635	\$ 29,003,770

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 16,625,219	\$ 117,888	\$ 826,501	\$ -	\$ (15,680,830)	\$ -	\$ (15,680,830)
Special	3,907,785	53,440	388,997	-	(3,465,348)	-	(3,465,348)
Vocational	149,673	-	-	-	(149,673)	-	(149,673)
Other	527,141	-	-	-	(527,141)	-	(527,141)
Supporting Services:							
Pupils	2,383,930	-	218,554	-	(2,165,376)	-	(2,165,376)
Instructional Staff	1,334,882	-	82,745	-	(1,252,137)	-	(1,252,137)
Board of Education	77,522	-	-	-	(77,522)	-	(77,522)
Administration	2,752,700	-	221,799	-	(2,530,901)	-	(2,530,901)
Fiscal Services	1,071,883	-	-	-	(1,071,883)	-	(1,071,883)
Business	68,479	-	-	-	(68,479)	-	(68,479)
Operation and Maintenance of Plant	3,951,623	-	-	467,050	(3,484,573)	-	(3,484,573)
Pupil Transportation	2,635,235	-	-	-	(2,635,235)	-	(2,635,235)
Central	35,565	-	-	-	(35,565)	-	(35,565)
Operation of Non-Instructional Services	153,554	-	-	-	(153,554)	-	(153,554)
Extracurricular Activities	1,551,945	731,086	106,955	-	(713,904)	-	(713,904)
Interest and Fiscal Charges	1,616,742	-	-	15,000	(1,601,742)	-	(1,601,742)
Total Governmental activities	<u>38,843,878</u>	<u>902,414</u>	<u>1,845,551</u>	<u>482,050</u>	<u>(35,613,863)</u>	<u>-</u>	<u>(35,613,863)</u>
Business-type activities:							
Food Services	1,183,761	923,226	213,367	-	-	(47,168)	(47,168)
Uniform School Supplies	166,103	150,073	-	-	-	(16,030)	(16,030)
Kindergarten Fees	346,097	294,677	-	-	-	(51,420)	(51,420)
Adult Education	136,352	-	-	-	-	(136,352)	(136,352)
Total Business-type activities	<u>1,832,313</u>	<u>1,367,976</u>	<u>213,367</u>	<u>-</u>	<u>-</u>	<u>(250,970)</u>	<u>(250,970)</u>
Totals	<u>\$ 40,676,191</u>	<u>\$ 2,270,390</u>	<u>\$ 2,058,918</u>	<u>\$ 482,050</u>	<u>(35,613,863)</u>	<u>(250,970)</u>	<u>(35,864,833)</u>
General Revenues:							
Property Taxes levied for:							
General Purposes					25,194,039	-	25,194,039
Debt Service					3,170,271	-	3,170,271
Grants & Entitlements not restricted to specific programs					9,733,171	-	9,733,171
Investment Income					40,881	1,018	41,899
All Other Revenues					135,039	129,594	264,633
Total General Revenues					<u>38,273,401</u>	<u>130,612</u>	<u>38,404,013</u>
Change in Net Assets					2,659,538	(120,358)	2,539,180
Net Assets - Beginning of Year					25,961,597	502,993	26,464,590
Net Assets - End of Year					<u>\$ 28,621,135</u>	<u>\$ 382,635</u>	<u>\$ 29,003,770</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Balance Sheet Governmental Funds

June 30, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 12,500,794	\$ 4,027,922	\$ 1,442,691	\$ 17,971,407
Materials and Supplies Inventory	91,796	-	-	91,796
Accrued Interest Receivable	5,446	-	-	5,446
Accounts Receivable	40,168	-	-	40,168
Interfund Receivable	639,275	600,000	-	1,239,275
Intergovernmental Receivable	-	-	169,895	169,895
Property Taxes Receivable	24,990,587	3,214,807	-	28,205,394
Total Assets	<u>\$ 38,268,066</u>	<u>\$ 7,842,729</u>	<u>\$ 1,612,586</u>	<u>\$ 47,723,381</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 64,703	\$ -	\$ 7,335	\$ 72,038
Accrued Wages and Benefits	2,884,335	-	2,593	2,886,928
Intergovernmental Payable	885,960	-	2,843	888,803
Matured Compensated Absences Payable	99,012	-	-	99,012
Interfund Payable	-	-	1,239,275	1,239,275
Deferred Revenue	21,654,220	2,779,581	169,895	24,603,696
Total Liabilities	<u>25,588,230</u>	<u>2,779,581</u>	<u>1,421,941</u>	<u>29,789,752</u>
Fund Balances:				
Nonspendable	91,796	-	-	91,796
Restricted	-	5,063,148	570,289	5,633,437
Assigned	8,626,626	-	-	8,626,626
Unassigned (Deficit)	3,961,414	-	(379,644)	3,581,770
Total Fund Balances	<u>12,679,836</u>	<u>5,063,148</u>	<u>190,645</u>	<u>17,933,629</u>
Total Liabilities and Fund Balances	<u>\$ 38,268,066</u>	<u>\$ 7,842,729</u>	<u>\$ 1,612,586</u>	<u>\$ 47,723,381</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, 2012

Total Governmental Fund Balances \$ 17,933,629

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

Capital Assets used in Governmental Activities are not financial resources
and, therefore, are not reported in the funds 53,045,787

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

Property taxes	\$ 1,271,755	
Intergovernmental	169,895	
Miscellaneous Revenues	<u>8,000</u>	
Total		1,449,650

Internal Service funds are used by management to charge the costs
of certain activities, such as insurance to individual funds. The assets
and liabilities of the District Internal Service funds are included in
Governmental Activities in the Statement of Net Assets. 1,655,307

Bond issuance costs on the refunding of the bonds in governmental activities
is deferred and to be amortized over the remaining life of the refunded
bonds. 420,843

Bond premium on the refunding of the bonds in governmental activities
is deferred and to be amortized over the remaining life of the refunded
bonds. (2,950,105)

Bond discounts on the refunding of the bonds in governmental activities
is deferred and to be amortized over the remaining life of the refunded
bonds. 98,502

Loss on early retirement of the bonds in governmental activities is deferred
and to be amortized over the remaining life of the refunded bonds. 2,341,589

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	(41,615,000)	
Bond Accretion	(399,497)	
Accrued Interest payable	(115,987)	
Capital leases	(190,415)	
Compensated absences	<u>(3,053,168)</u>	
Total		<u>(45,374,067)</u>

Net Assets of Governmental Activities \$ 28,621,135

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, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 24,785,986	\$ 3,109,364	\$ -	\$ 27,895,350
Intergovernmental	9,459,276	399,473	2,197,673	12,056,422
Interest	40,864	-	17	40,881
Tuition	171,328	-	-	171,328
Extracurricular Activities	115,950	-	604,996	720,946
Miscellaneous	200,451	-	66,683	267,134
Total Revenues	34,773,855	3,508,837	2,869,369	41,152,061
EXPENDITURES				
Current:				
Instruction:				
Regular	14,129,121	-	765,697	14,894,818
Special	3,575,321	-	248,665	3,823,986
Vocational	143,895	-	-	143,895
Other	509,829	-	-	509,829
Supporting Services:				
Pupils	2,141,772	-	198,730	2,340,502
Instructional Staff	1,158,588	-	102,186	1,260,774
Board of Education	77,082	-	-	77,082
Administration	2,324,588	-	226,362	2,550,950
Fiscal Services	992,391	57,978	-	1,050,369
Business	67,323	-	-	67,323
Operation and Maintenance of Plant Services	3,413,159	-	-	3,413,159
Pupil Transportation	2,367,853	-	11	2,367,864
Central	7,152	-	-	7,152
Operation of Non-Instructional Services:				
Food Service Operations	979	-	-	979
Community Services	114,769	-	10,256	125,025
Other Operations	17,699	-	-	17,699
Extracurricular Activities	730,150	-	719,035	1,449,185
Capital Outlay	278,112	-	585,662	863,774
Debt Service:				
Principal Retirement	62,826	1,595,000	-	1,657,826
Interest and Fiscal Charges	12,418	1,568,244	-	1,580,662
Bond Issuance Costs	-	431,782	-	431,782
Total Expenditures	32,125,027	3,653,004	2,856,604	38,634,635
Excess of Revenues Over (Under) Expenditures	2,648,828	(144,167)	12,765	2,517,426
OTHER FINANCING SOURCES (USES)				
Refunding Debt Issued	-	36,970,000	-	36,970,000
Discounts on Debt Issued	-	(100,953)	-	(100,953)
Premiums on Debt Issued	-	3,071,774	-	3,071,774
Payment to Refunded Debt Escrow Agent	-	(39,492,690)	-	(39,492,690)
Transfers In	-	-	140,377	140,377
Transfers Out	(140,377)	-	-	(140,377)
Total Other Financing Sources (Uses)	(140,377)	448,131	140,377	448,131
Net Change in Fund Balances	2,508,451	303,964	153,142	2,965,557
Fund Balances - Beginning of Year	10,171,385	4,759,184	37,503	14,968,072
Fund Balances - End of Year	\$ 12,679,836	\$ 5,063,148	\$ 190,645	\$ 17,933,629

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, 2012

Net Change in Fund Balances-Total Governmental Funds \$ 2,965,557

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

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

Capital Outlay	\$ 728,257	
Depreciation	<u>(1,681,480)</u>	
Total		(953,223)

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

Property taxes	468,960	
Intergovernmental	<u>(117,605)</u>	
Total		351,355

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the issuance of refunding debt. (39,940,821)

Repayment of debt principal and payment to the refunded debt escrow agent are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Assets. 41,582,298

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

Compensated absences	(71,616)	
Bond Accretion	(115,228)	
Accrued interest	50,101	
Amortization of bond premiums	121,669	
Amortization of bond discounts	(2,451)	
Amortization of bond issuance costs	(10,939)	
Amortization of losses on refunding	<u>(79,232)</u>	
Total		(107,696)

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service fund are reported in the Governmental Activities. (1,237,932)

Change in Net Assets of Governmental Activities \$ 2,659,538

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund
For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 23,873,672	\$ 23,844,945	\$ 23,894,369	\$ 49,424
Intergovernmental	9,735,765	9,009,614	9,459,276	449,662
Interest	-	45,049	43,958	(1,091)
Tuition	-	141,160	141,160	-
Miscellaneous	660,000	54,215	54,215	-
Total Revenues	34,269,437	33,094,983	33,592,978	497,995
Expenditures				
Current:				
Instruction				
Regular	16,163,802	16,331,964	14,493,451	1,838,513
Special	4,230,258	3,991,120	3,991,120	-
Vocational	161,468	146,276	146,276	-
Other	577,432	510,935	510,935	-
Total Instruction	21,132,960	20,980,295	19,141,782	1,838,513
Supporting Services				
Pupils	2,319,035	2,110,939	2,110,939	-
Instructional Staff	1,312,727	1,209,416	1,209,416	-
Board of Education	93,733	91,598	91,598	-
Administration	2,614,301	2,402,971	2,402,971	-
Fiscal Services	1,162,350	1,063,265	1,063,265	-
Business	40,508	41,668	41,668	-
Operation and Maintenance of Plant Services	4,212,679	3,536,244	3,536,244	-
Pupil Transportation	2,763,479	2,601,190	2,601,190	-
Central	9,800	7,452	7,452	-
Total Supporting Services	14,528,612	13,064,743	13,064,743	-
Operation of Non-Instructional Services				
Community Services	217,927	226,397	226,397	-
Other	22,094	17,391	17,391	-
Total Operation of Non-Instructional Services	240,021	243,788	243,788	-
Extracurricular Activities	746,278	741,804	741,804	-
Capital Outlay	1,165,900	1,199,041	1,199,041	-
Total Expenditures	37,813,771	36,229,671	34,391,158	1,838,513

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
General Fund (Continued)
For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues (Under) Expenditures	(3,544,334)	(3,134,688)	(798,180)	2,336,508
Other Financing Sources (Uses)				
Sale of Capital Assets	-	3,715	3,715	-
Refund of Prior Year Expenditures	-	73,246	73,246	-
Advances In	-	216,854	534,750	317,896
Advances Out	-	(98,000)	(98,000)	-
Transfers Out	(117,070)	(1,603,170)	(103,170)	1,500,000
Total Other Financing Sources (Uses)	(117,070)	(1,407,355)	410,541	1,817,896
Net Change in Fund Balance	(3,661,404)	(4,542,043)	(387,639)	4,154,404
Fund Balance - Beginning of Year	8,022,133	8,022,133	8,022,133	-
Prior Year Encumbrances Appropriated	2,547,841	2,547,841	2,547,841	-
Fund Balance - End of Year	\$ 6,908,570	\$ 6,027,931	\$ 10,182,335	\$ 4,154,404

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Fund Net Assets Proprietary Funds

June 30, 2012

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 243,215	\$ 2,178,629
Inventory Held for Resale	8,886	-
Materials and Supplies Inventory	9,675	-
Accounts Receivable	1,656	-
Prepaid Items	-	45,765
Total Current Assets	<u>263,432</u>	<u>2,224,394</u>
Noncurrent Assets:		
Capital Assets:		
Depreciable Capital Assets, Net of Depreciation	361,594	-
Total Noncurrent Assets	<u>361,594</u>	<u>-</u>
Total Assets	<u>625,026</u>	<u>2,224,394</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	115,344	-
Accrued Wages and Benefits	60,343	-
Compensated Absences Payable	8,157	-
Intergovernmental Payable	35,352	-
Claims Payable	-	569,087
Total Current Liabilities	<u>219,196</u>	<u>569,087</u>
Noncurrent Liabilities:		
Compensated Absences Payable	23,195	-
Total Liabilities	<u>242,391</u>	<u>569,087</u>
NET ASSETS		
Invested in Capital Assets	361,594	-
Unrestricted	21,041	1,655,307
Total Net Assets	<u>\$ 382,635</u>	<u>\$ 1,655,307</u>

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Food Services	\$ 923,226	\$ -
Charges for Services	-	3,010,695
Miscellaneous	129,594	-
Classroom Materials and Fees	150,073	-
Tuition	294,677	-
Total Operating Revenues	<u>1,497,570</u>	<u>3,010,695</u>
OPERATING EXPENSES		
Salaries	687,136	-
Fringe Benefits	181,836	-
Purchased Services	684,603	-
Materials and Supplies	248,129	-
Depreciation	29,163	-
Claims	-	4,248,627
Other	1,446	-
Total Operating Expenses	<u>1,832,313</u>	<u>4,248,627</u>
Operating Income (Loss)	<u>(334,743)</u>	<u>(1,237,932)</u>
NONOPERATING REVENUES		
Interest	1,018	-
Intergovernmental	163,223	-
Donated Commodities	50,144	-
Total Nonoperating Revenues	<u>214,385</u>	<u>-</u>
Change in Net Assets	(120,358)	(1,237,932)
Net Assets - Beginning of Year	<u>502,993</u>	<u>2,893,239</u>
Net Assets - End of Year	<u>\$ 382,635</u>	<u>\$ 1,655,307</u>

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,497,546	\$ 3,010,695
Cash Payments to Employees for Services	(685,581)	-
Cash Payments for Employee Benefits	(184,890)	-
Cash Payments for Goods and Services	(822,838)	-
Cash Payments for Claims	-	(4,244,432)
Cash Payments for Other Expenses	(1,446)	-
Net Cash Provided by (Used in) Operating Activities	(197,209)	(1,233,737)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants Received	185,739	-
Net Cash Provided by (Used in) Noncapital Financing Activities	185,739	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	1,018	-
Net Cash Provided by Investing Activities	1,018	-
Net Increase (Decrease) in Cash and Cash Equivalents	(10,452)	(1,233,737)
Cash and Cash Equivalents - Beginning of Year	253,667	3,412,366
Cash and Cash Equivalents - End of Year	\$ 243,215	\$ 2,178,629
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (334,743)	\$ (1,237,932)
Adjustments:		
Depreciation	29,163	-
Federal Donated Commodities	50,144	-
(Increase) Decrease in Assets:		
Accounts Receivable	(24)	-
Inventory Held for Resale	11,351	-
Materials and Supplies Inventory	5,748	-
Prepaid Items	-	5,470
Increase (Decrease) in Liabilities:		
Accounts Payable	42,339	-
Accrued Wages and Benefits	1,323	-
Compensated Absences Payable	(115)	-
Intergovernmental Payable	(2,395)	-
Claims Payable	-	(1,275)
Net Cash Provided by (Used in) Operating Activities	\$ (197,209)	\$ (1,233,737)

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Service enterprise fund received noncash items of donated commodities in the amount of \$50,144.

See accompany notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Assets and Liabilities
Fiduciary Funds**

June 30, 2012

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$ 86,268</u>
Liabilities	
Deposits Held and Due to Others	\$ 28,906
Due to Students	<u>57,362</u>
Total Liabilities	<u>\$ 86,268</u>

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Kenston Local School District (the "School District") operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the School District's 5 instructional and support facilities staffed by 172 non-certificated full and part-time employees and 226 certificated full and part-time teaching personnel that provide services to 3,117 students and other community members.

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

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

Reporting Entity

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

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

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Workers' Compensation Group Rating Plan. The organization is presented in Note 18 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 19 to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

KENSTON LOCAL SCHOOL DISTRICT

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Enterprise Funds

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

Internal Service Fund

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

KENSTON LOCAL SCHOOL DISTRICT

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

Fiduciary Funds

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred 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, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Equity in Pooled Cash and Cash Equivalents

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

During fiscal year 2012, investments were limited to a money market mutual fund, a nonnegotiable certificate of deposit, STAR Ohio, and U.S. Governmental Agency and Discount notes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates or repurchase agreements with a maturity of one year or less are reported at amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price which is the price the investment could be sold for on June 30, 2012.

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 2012 amounted to \$40,864, which includes \$15,379 assigned from other School District funds.

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

F. Restricted Assets

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets

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

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

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

<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.

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 all eligible classified, certified, and administrative employees within the School District.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Bond Issuance Costs

Bond issuance costs for underwriting fees and other costs for the refunding bonds are being amortized using the straight-line method over the life of the agreement on the government-wide financial statements. The straight-line method of amortization is not materially different from the effective-interest method.

As permitted by State statute, the School District paid bond issuance costs from the refunding bond proceeds and therefore does not consider that portion of the debt to be capital-related. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of net assets restricted for debt service. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

N. Deferred Loss on Refunding

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

O. Bond Premiums and Discounts

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

KENSTON LOCAL SCHOOL DISTRICT

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

P. **Fund Balance**

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

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

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the District’s Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. This fund classification was not utilized in fiscal year 2012.

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

Q. **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, 2012.

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

R. **Operating Revenues and Expenses**

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

S. **Interfund Activity**

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

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

T. **Estimates**

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

U. **Budgetary Data**

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2012.

Appropriations

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

Encumbrances

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

KENSTON LOCAL SCHOOL DISTRICT

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

Lapsing of Appropriations

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

NOTE 3: **ACCOUNTABILITY**

Fund balances at June 30, 2012, included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Special Revenue Funds</u>	
Management Information System	\$ 2,619
Drug-Free School Grant	299
Improving Teacher Quality	23
Miscellaneous Federal Grants	242,448
Building	134,255

The fund deficits in the nonmajor 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.

NOTE 4: **CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2012, the School District has implemented GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*.

GASB Statement No. 64 enhances the comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The implementation of this Statement did not have an effect on the School District’s financial statements.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 5: FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>				
Inventories	\$ 91,796	\$ -	\$ -	\$ 91,796
<i>Total Nonspendable</i>	<u>91,796</u>	<u>-</u>	<u>-</u>	<u>91,796</u>
<i>Restricted for</i>				
Athletics	-	-	324,294	324,294
Race to the Top	-	-	228,106	228,106
Special Education	-	-	953	953
Disadvantaged Children	-	-	3,341	3,341
Debt Service	-	5,063,148	-	5,063,148
Capital Improvements	-	-	13,255	13,255
Other Purposes	-	-	340	340
<i>Total Restricted</i>	<u>-</u>	<u>5,063,148</u>	<u>570,289</u>	<u>5,633,437</u>
<i>Assigned to</i>				
Fiscal Year 2013 Appropriations	6,331,535	-	-	6,331,535
Other Purposes	2,295,091	-	-	2,295,091
<i>Total Assigned</i>	<u>8,626,626</u>	<u>-</u>	<u>-</u>	<u>8,626,626</u>
<i>Unassigned (Deficit)</i>	<u>3,961,414</u>	<u>-</u>	<u>(379,644)</u>	<u>3,581,770</u>
Total Fund Balances	<u><u>\$ 12,679,836</u></u>	<u><u>\$ 5,063,148</u></u>	<u><u>\$ 190,645</u></u>	<u><u>\$ 17,933,629</u></u>

NOTE 6: BUDGETARY BASIS OF ACCOUNTING

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: BUDGETARY BASIS OF ACCOUNTING (continued)

- D. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ 2,508,451
Net Adjustment for Revenue Accruals	(398,868)
Net Adjustments for Expenditure Accruals	(344,642)
Fund with Separate Legally Adopted Budget	67,759
Adjustment for Encumbrances	<u>(2,220,339)</u>
Budget Basis	<u><u>\$ (387,639)</u></u>

NOTE 7: DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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;

KENSTON LOCAL SCHOOL DISTRICT

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

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*.

Cash on Hand

At June 30, 2012, the School District had \$836 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "Equity in Pooled Cash, Cash Equivalents, and Investments".

Deposits

At June 30, 2012, the carrying amount of the School District's deposits was \$18,014,113, (including \$378,409 in non-negotiable certificates of deposits) and the bank balance was \$18,261,394. \$4,104,613 of the School District's bank balance was covered by Federal Depository Insurance and \$14,156,781 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, 2012, fair value was \$1,658 higher than the School District's net cost for investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: DEPOSITS AND INVESTMENTS (continued)

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.

Custodial Credit Risk

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

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investment in the money market mutual fund, STAR Ohio, and U.S. Government Agency and Discount notes represents 1.8 percent, 37.4 percent, and 60.8 percent, respectively, of the School District's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2012, the School District had no exposure to foreign currency risk.

KENSTON LOCAL SCHOOL DISTRICT

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

Cash and investments at year-end were as follows:

	Fair Value	Credit Rating *	Investment Maturities in Years	
			< 1	1 - 3
STAR Ohio	\$ 921,862	AAAm	\$ 921,862	\$ -
U.S. Agency Notes	1,124,706	AA+	294,866	829,840
U.S. Agency Discount Notes	374,448	AA+	374,448	-
Money Market Mutual Fund	43,554	N/A	43,554	-
Total Investments	<u>2,464,570</u>		<u>\$ 1,634,730</u>	<u>\$ 829,840</u>
Carrying Amount of Deposits	18,014,113			
Petty Cash	836			
Total Cash and Investments	<u>\$ 20,479,519</u>			

*Credit ratings were obtained from Standard & Poor's

NOTE 8: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and certain tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2011 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 in the School District's fiscal year ended June 30, 2012 (other than public utility property) generally represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing machinery and equipment, furniture and fixtures are no longer levied and collected. Calendar year 2010 was the last year for the collection of tangible personal property taxes from telephone companies.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 8: PROPERTY TAXES (continued)

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, 2012, are available to finance fiscal year 2012 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, 2012, 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, 2012, was \$3,344,367 in the general fund and \$435,226 in the bond retirement debt service fund. The amount available as an advance at June 30, 2011, was \$2,452,750 in the general fund and \$307,103 in the bond retirement debt service fund.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011		2012	
	Second Half Collections		First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 771,280,260	98.69%	\$ 743,359,800	98.56%
Public Utility	10,243,870	1.31%	10,863,740	1.44%
Total Assessed Value	<u>\$ 781,524,130</u>	<u>100.00%</u>	<u>\$ 754,223,540</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 86.27		\$ 86.69	

NOTE 9: RECEIVABLES

Receivables at June 30, 2012, 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191
Construction in Progress	1,186,644	543,990	-	1,730,634
Total Capital Assets, not being depreciated	2,393,835	543,990	-	2,937,825
Capital Assets, being depreciated:				
Land Improvements	2,351,726	-	-	2,351,726
Building and Improvements	58,635,243	-	-	58,635,243
Furniture and Equipment	1,949,513	184,267	-	2,133,780
Vehicles	3,398,728	-	(16,900)	3,381,828
Total Capital Assets, being depreciated	66,335,210	184,267	(16,900)	66,502,577
Less Accumulated Depreciation:				
Land Improvements	(977,961)	(102,637)	-	(1,080,598)
Building and Improvements	(9,875,074)	(1,278,139)	-	(11,153,213)
Furniture and Equipment	(1,090,840)	(103,563)	-	(1,194,403)
Vehicles	(2,786,160)	(197,141)	16,900	(2,966,401)
Total Accumulated Depreciation	(14,730,035)	(1,681,480)	16,900	(16,394,615)
Total Capital Assets, being depreciated, Net	51,605,175	(1,497,213)	-	50,107,962
Governmental Activities Capital Assets, Net	\$ 53,999,010	\$ (953,223)	\$ -	\$ 53,045,787
<u>Business-Type Activities</u>				
Furniture and Equipment	\$ 656,641	\$ -	\$ -	\$ 656,641
Less: Accumulated Depreciation	(265,884)	(29,163)	-	(295,047)
Total Business-Type Activities Capital Assets, Net	\$ 390,757	\$ (29,163)	\$ -	\$ 361,594

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,235,767
Supporting Services:	
Pupils	1,043
Instructional Staff	318
Board of Education	440
Administration	8,707
Fiscal Services	1,047
Business	845
Operation and Maintenance of Plant	118,691
Pupil Transportation	198,388
Central	28,413
Operation of Non-Instructional Services	5,190
Extracurricular Activities	82,631
Total Depreciation Expense	\$ 1,681,480

KENSTON LOCAL SCHOOL DISTRICT

NOTE 11: RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2012, the School District contracted with Ohio Casualty Group, Traveler's Insurance, and Cincinnati Insurance for various coverages, which are outlined below:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Casualty Group	Property, Inland Marine, and Flood & Earthquake	\$ 117,802,756
	Crime	115,000
	General Liability	1,000,000
	In aggregate:	2,000,000
	Comprehensive:	
	Combined Single Limit	1,000,000
	Uninsured Motorists Limit	1,000,000
	Comprehensive	Actual cash value
	Collision	Actual cash value
	Employee Benefit Liability	1,000,000
	In aggregate:	3,000,000
	Employer's (Stop Gap) Liability	1,000,000
	In aggregate:	2,000,000
	School Leaders Errors & Omissions (Professional) Liability	1,000,000
	In aggregate:	1,000,000
	Non-monetary Relief Defense Limit	100,000
	Sexual Misconduct & Molestation	1,000,000
	In aggregate:	1,000,000
	Innocent Party Defense Limit	300,000
	Data Compromise:	
	Response Expense (Annual Aggregate)	50,000
	Liability/Defense Expense (Annual Aggregate)	50,000
	Violent Event Response:	
	Each Person - Death Benefit	15,000
	Each Person Limit - Loss	25,000
	Each Violent Event Limit	1,000,000
	Each Violent Event Aggregate Limit	1,000,000
	Law Enforcement	1,000,000
	In aggregate:	1,000,000
	Umbrella	7,000,000
	Self-Insured Retention	10,000
Traveler's Insurance Co	Boiler and Machinery	50,000,000
Cincinnati Insurance Co.	Employee Dishonesty	250,000

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

KENSTON LOCAL SCHOOL DISTRICT

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

B. Workers' Compensation

For fiscal year 2012, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP. Each year the School District pays an enrollment fee to the Plan to cover costs of administering the program.

C. Employee Insurance Benefits

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

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>End of Year</u>
2011	\$ 564,679	\$ 4,614,649	\$ (4,608,966)	\$ 570,362
2012	\$ 570,362	\$ 4,243,157	\$ (4,244,432)	\$ 569,087

NOTE 12: **DEFINED BENEFIT PENSION PLANS**

State Teachers Retirement System

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)

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

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.20 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.50 percent with an additional one-tenth of a percent added to the calculation for every year over 31 years (2.60 percent for 32 years, 2.70 percent for 33 years and so on) until 100.00 percent of the final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.50 percent instead of 2.20 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

For fiscal year ended June 30, 2011 (the latest information available), members were required to contribute 10.00 percent of their annual covered salary and the District was required to contribute 14.00 percent. Member and employer contribution rates were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.00 percent for members and 14.00 percent for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14.00 percent contributed by the District, 13.00 percent was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$2,082,814, \$2,155,466, \$2,097,364, respectively; 83.13 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Member and employer contributions actually made for the Defined Contribution and Combined Plan participants will be provided upon written request.

School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10.00 percent of their annual covered salary and the District is required to contribute 14.00 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14.00 percent employer contribution rate is allocated to the Health Care and Medicare B funds. The District's pension and death benefits contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were \$657,625, \$621,798, \$655,378, respectively; 51.19 percent has been contributed for fiscal year 2012 and 100 percent for fiscal year 2011 and 2010.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 13: POST-EMPLOYMENT BENEFITS

State Teachers Retirement System

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

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

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

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

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14.00 percent employer contribution rate, 1.00 percent of covered payroll was allocated to post-employment health care for years ended June 30, 2011, 2010 and 2009 (the latest information available). The 14.00 percent employer contribution rate is the maximum rate established under Ohio law. For the fiscal years ended June 30, 2012, 2011, and 2010, the District's contributions to post-employment health care were \$160,216, \$165,805, \$161,336, respectively; 83.13 percent has been contributed for 2012 and 100 percent for fiscal years 2011 and 2010.

School Employees Retirement System

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

Medicare Part B Plan - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation is 0.75 percent. For the fiscal years ended June 30, 2012, 2011, and 2010, the District's contributions to the Medicare Part B Plan were \$38,836, \$40,014, \$38,974, respectively; 51.19 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 13: POST-EMPLOYMENT BENEFITS (continued)

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code § 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14.00 percent contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation is 0.55 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14.00 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2012, 2011 and 2010 were \$111,592, \$159,837, \$135,764, respectively; 51.19 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

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

NOTE 14: EMPLOYEE BENEFITS

A. Compensated Absences

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

Vacation Leave

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 275 days. An employee is paid a severance benefit equal 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 employees and administrators, \$25,000 for non-teaching employees working 6 or more hours per day, and \$10,000 for non-teaching employees working at least 4 hours but less than 6 hours per day.

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

A. Interfund Receivables and Payables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 639,275
Bond Retirement Fund	Nonmajor Governmental Fund	600,000
Totals		<u><u>\$ 1,239,275</u></u>

As of June 30, 2012, the general fund provided temporary funding in the amount of \$639,275 to two nonmajor governmental funds until funds are received from the various granting sources. In addition, the bond retirement fund provided temporary funding in the amount of \$600,000 to a nonmajor governmental fund until funds are received from the granting source. These interfund loans will be repaid within one year.

B. Interfund Transfers

As of June 30, 2012, interfund transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In</u> Nonmajor Governmental Funds
General Fund	<u><u>\$ 140,377</u></u>

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 16: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	Principal Outstanding June 30, 2011	Additions	Deductions	Principal Outstanding June 30, 2012	Due in One Year
Governmental Activities					
<u>General Long-Term Bonds</u>					
\$45,000,000 School Improvement Bonds 2003 - 2%, due 2029	39,380,000	-	38,075,000	1,305,000	1,305,000
\$6,610,000 School Improvement Refunding Bonds 2003 - 2.1-4.375% due 2017	3,715,000	-	490,000	3,225,000	545,000
\$115,000 Capital Appreciation Bonds - 15.136%, due 2013	115,000	-	-	115,000	-
\$27,210,000 School Improvement Refunding Bonds 2011 - 2.0 - 5.0%	-	27,210,000	-	27,210,000	325,000
\$1,150,000 Capital Appreciation Bonds - 6.455%, due 2021	-	1,150,000	-	1,150,000	-
\$7,885,000 School Improvement Refunding Bonds 2012 - 1.0 - 3.0%	-	7,885,000	-	7,885,000	170,000
\$725,000 Capital Appreciation Bonds - 8.458%, due 2027	-	725,000	-	725,000	-
Total General Long-Term Bonds	<u>43,210,000</u>	<u>36,970,000</u>	<u>38,565,000</u>	<u>41,615,000</u>	<u>2,345,000</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Capital Appreciation Bonds	284,269	115,228	-	399,497	-
Capital Lease	253,241	-	62,826	190,415	27,864
Unamortized Bond Premium	141,005	3,071,774	262,674	2,950,105	-
Unamortized Bond Discount	-	(100,953)	(2,451)	(98,502)	-
Loss on Refunding	(39,136)	(2,381,685)	(79,232)	(2,341,589)	-
Compensated Absences	2,981,552	972,644	901,028	3,053,168	972,644
Total Governmental Long-Term Liabilities	<u>\$ 46,830,931</u>	<u>\$ 38,647,008</u>	<u>\$ 39,709,845</u>	<u>\$ 45,768,094</u>	<u>\$ 3,345,508</u>
Business-Type Activities					
Compensated Absences	\$ 31,467	\$ 8,157	\$ 8,272	\$ 31,352	\$ 8,157
Total Business-Type Activities	<u>\$ 31,467</u>	<u>\$ 8,157</u>	<u>\$ 8,272</u>	<u>\$ 31,352</u>	<u>\$ 8,157</u>

In prior years, the School District issued \$6,725,000 in voted general obligation school improvement refunding bonds (\$6,610,000 are current interest bonds and \$115,000 are capital appreciation bonds) for the purpose of renovating, remodeling, rehabilitating, improving, furnishing, and equipping school facilities by providing a portion of the funds necessary to refund outstanding 1992 general obligation bonds of the School District issued for that purpose and authorizing an escrow agreement for that refunding. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the School District's government-wide financial statements. As of June 30, 2012, the amount of defeased debt outstanding but removed from the financial statements amounted to zero.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 16: LONG-TERM OBLIGATIONS (continued)

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

This issue is comprised of both serial bonds, par value \$27,210,000, and capital appreciation bonds, par value \$1,150,000. The interest rates on the serial bonds range from 2.0 percent to 5.0 percent. The capital appreciation bonds mature on December 1, 2021 (approximate initial offering yield at maturity 3.14 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,160,000. A total of \$31,233 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Assets at June 30, 2012.

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

This issue is comprised of both current interest serial and term bonds, par value \$7,885,000, and capital appreciation bonds, par value \$725,000. The interest rates on the current interest serial and term bonds range from 1.0 percent to 3.0 percent. The capital appreciation bonds mature on December 1, 2027 (approximate initial offering yield at maturity 3.92 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,695,000. A total of \$21,277 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Assets at June 30, 2012.

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

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

Payments of principal and interest relating to the liabilities of the School Improvement general obligation bonds will be made from the bond retirement debt service fund and will be repaid from property taxes. Payments of principal and interest relating to the capital lease liabilities will be made from the general fund.

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

The School District's voted legal debt margin was \$31,328,267 with an unvoted debt margin of \$754,224 at June 30, 2012.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 16: LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire general obligation debt at June 30, 2012, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 2,345,000	\$ 1,350,295	\$ 3,695,295
2014	1,815,000	1,740,675	3,555,675
2015	2,415,000	1,201,225	3,616,225
2016	2,715,000	1,091,541	3,806,541
2017	2,920,000	960,563	3,880,563
2018-2022	10,850,000	4,552,903	15,402,903
2023-2027	12,360,000	1,864,300	14,224,300
2028-2030	6,195,000	2,299,400	8,494,400
Total	<u>\$ 41,615,000</u>	<u>\$ 15,060,902</u>	<u>\$ 56,675,902</u>

NOTE 17: CAPITAL LEASE

In prior years, the School District entered into a capitalized lease obligation for the construction of a synthetic turf field. This lease meets the criteria for a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases* and has been recorded on the government-wide statements.

A capital lease consisting of land improvements have been capitalized in the amount of \$275,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements under governmental activities. Principal payments in fiscal year 2012 totaled \$62,826 paid by the general fund. Accumulated depreciation totaled \$55,000, resulting in a net book value of \$220,000 at June 30, 2012.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

Fiscal Year Ended June 30,	Governmental Activities
2013	\$ 35,244
2014	35,244
2015	138,785
Total minimum lease payments	\$ 209,273
Less: Amount representing imputed interest costs	18,858
Present value of minimum lease payments	<u>\$ 190,415</u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 18: INSURANCE PURCHASING POOL

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

NOTE 19: JOINTLY GOVERNED ORGANIZATIONS

Auburn Career Center

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

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$147,210 to LGCA during fiscal year 2012. 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 19: JOINTLY GOVERNED ORGANIZATIONS (continued)

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 179 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 35 northern Ohio counties. The jointly governed organization was created by various entities for the purpose of saving money through volume purchases. Each entity supports the Council by paying an annual participation fee. Each district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2012, the School District paid \$212,038 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

NOTE 20: CONTINGENCIES

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

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 21: SET-ASIDE REQUIREMENTS

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

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

	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2011	\$ -
Current Year Set-Aside Requirements	536,783
Qualifying Disbursements	<u>(818,005)</u>
Total	<u>\$ (281,222)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	 <u>\$ -</u>
Set-Aside Reserve Balance as of June 30, 2012	 <u>\$ -</u>

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

NOTE 22: OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of June 30, 2012, the School District's commitments for encumbrances in the governmental funds were as follows:

	<u>Encumbrances Outstanding</u>
General	\$ 2,207,220
Nonmajor Governmental	<u>568,057</u>
Total	<u>\$ 2,775,277</u>

KENSTON LOCAL SCHOOL DISTRICT

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012****General Fund**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 34,269,437	\$ 33,388,798	\$ 34,204,689	\$ 815,891
Total Expenditures and Other Uses	37,930,841	37,930,841	34,592,328	3,338,513
Net Change in Fund Balance	(3,661,404)	(4,542,043)	(387,639)	4,154,404
Fund Balance - Beginning of Year	8,022,133	8,022,133	8,022,133	-
Prior Year Encumbrances Appropriated	2,547,841	2,547,841	2,547,841	-
Fund Balance - End of Year	<u>\$ 6,908,570</u>	<u>\$ 6,027,931</u>	<u>\$ 10,182,335</u>	<u>\$ 4,154,404</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Bond Retirement Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Sources	\$ 4,154,047	\$ 3,397,063	\$ (756,984)
Total Expenditures and Other Uses	<u>4,152,913</u>	<u>3,821,222</u>	<u>331,691</u>
Net Change in Fund Balance	1,134	(424,159)	(425,293)
Fund Balance - Beginning of Year	4,452,081	4,452,081	-
Fund Balance - End of Year	<u>\$ 4,453,215</u>	<u>\$ 4,027,922</u>	<u>\$ (425,293)</u>

KENSTON LOCAL SCHOOL DISTRICT

Nonmajor Special Revenue Funds

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

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

Public School Support - This fund is used for the general support of the school building, staff, and students. As a result of the School District's implementation of GASB Statement No. 54, this fund has been combined with the General Fund on the governmental fund financial statements. This fund has a separate legally adopted budget and has not been combined with the General Fund on the budgetary statement and schedules.

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

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

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

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

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

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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.

Stimulus Title II – Technology Grants – This fund was established to improve state academic achievement through technology in schools; to assist students in becoming technologically literate by the end of the eighth grade, and to encourage effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.

Title III – Limited English Proficiency - This fund is used to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

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

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

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

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

Miscellaneous Federal Grants - This fund is used to account for various monies received through state agencies from the Federal government or directly from the Federal government. This program is to provide individual instructions to first and second grade students in the academic area of reading and math, with the assistance of a trained group of adult volunteers using appropriate service training activities. The federal American Recovery and Reinvestment Act (ARRA) grants for the Wind Turbine Project and the Carol White “PEP” grant are also a part of this fund.

Nonmajor Capital Projects Funds

Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects funds:

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

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

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



Kenston Local School District

"PEAK Feel Blue"

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Governmental Funds****June 30, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 963,691	\$ 479,000	\$ 1,442,691
Intergovernmental Receivable	169,895	-	169,895
Total Assets	\$ 1,133,586	\$ 479,000	\$ 1,612,586
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 7,335	\$ -	\$ 7,335
Accrued Wages and Benefits	2,593	-	2,593
Intergovernmental Payable	2,843	-	2,843
Interfund Payable	639,275	600,000	1,239,275
Deferred Revenue	169,895	-	169,895
Total Liabilities	821,941	600,000	1,421,941
Fund Balances:			
Restricted	557,034	13,255	570,289
Unassigned (Deficit)	(245,389)	(134,255)	(379,644)
Total Fund Balances	311,645	(121,000)	190,645
Total Liabilities and Fund Balances	\$ 1,133,586	\$ 479,000	\$ 1,612,586

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 2,197,673	\$ -	\$ 2,197,673
Interest	-	17	17
Extracurricular Activities	604,996	-	604,996
Miscellaneous	66,683	-	66,683
Total Revenues	2,869,352	17	2,869,369
EXPENDITURES			
Current:			
Instruction:			
Regular	765,697	-	765,697
Special	248,665	-	248,665
Supporting Services:			
Pupils	198,730	-	198,730
Instructional Staff	102,186	-	102,186
Administration	226,362	-	226,362
Pupil Transportation	11	-	11
Operation of Non-Instructional Services:			
Community Services	10,256	-	10,256
Extracurricular Activities	719,035	-	719,035
Capital Outlay	242,632	343,030	585,662
Total Expenditures	2,513,574	343,030	2,856,604
Excess of Revenues Over (Under) Expenditures	355,778	(343,013)	12,765
OTHER FINANCING SOURCES			
Transfers In	140,377	-	140,377
Total Other Financing Sources	140,377	-	140,377
Net Change in Fund Balances	496,155	(343,013)	153,142
Fund Balances - Beginning of Year, Restated	(184,510)	222,013	37,503
Fund Balances - End of Year	\$ 311,645	\$ (121,000)	\$ 190,645

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds****June 30, 2012**

	Private Purpose Trust Scholar- ship	District Managed Student Activity	Prof. Develop- ment	Management Information Systems
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 168	\$ 324,597	\$ 156	\$ 1,187
Intergovernmental Receivable	-	-	-	-
Total Assets	\$ 168	\$ 324,597	\$ 156	\$ 1,187
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	-	-	2,593
Intergovernmental Payable	-	303	-	1,213
Interfund Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	-	303	-	3,806
Fund Balances:				
Restricted	168	324,294	156	-
Unassigned (Deficit)	-	-	-	(2,619)
Total Fund Balances	168	324,294	156	(2,619)
Total Liabilities and Fund Balances	\$ 168	\$ 324,597	\$ 156	\$ 1,187

KENSTON LOCAL SCHOOL DISTRICT

School Net Professional Development	Education Jobs	Race to the Top	IDEA, Education of Handicapped Children	Title I, Disadvantaged Children/ Targeted Assistance
\$ 16	\$ -	\$ 228,145	\$ 1,994	\$ 3,378
-	63,426	9,871	53,006	40,097
<u>\$ 16</u>	<u>\$ 63,426</u>	<u>\$ 238,016</u>	<u>\$ 55,000</u>	<u>\$ 43,475</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	39	1,041	37
-	-	-	-	-
-	63,426	9,871	53,006	40,097
<u>-</u>	<u>63,426</u>	<u>9,910</u>	<u>54,047</u>	<u>40,134</u>
16	-	228,106	953	3,341
-	-	-	-	-
<u>16</u>	<u>-</u>	<u>228,106</u>	<u>953</u>	<u>3,341</u>
<u>\$ 16</u>	<u>\$ 63,426</u>	<u>\$ 238,016</u>	<u>\$ 55,000</u>	<u>\$ 43,475</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)****June 30, 2012**

	Drug Free Schools Grant	Improving Teacher Quality	Misc. Federal Grants	Total Nonmajor Special Revenue Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 49,715	\$ -	\$ 354,335	\$ 963,691
Intergovernmental Receivable	-	3,495	-	169,895
Total Assets	\$ 49,715	\$ 3,495	\$ 354,335	\$ 1,133,586
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 7,335	\$ 7,335
Accrued Wages and Benefits	-	-	-	2,593
Intergovernmental Payable	14	23	173	2,843
Interfund Payable	50,000	-	589,275	639,275
Deferred Revenue	-	3,495	-	169,895
Total Liabilities	50,014	3,518	596,783	821,941
Fund Balances:				
Restricted	-	-	-	557,034
Unassigned (Deficit)	(299)	(23)	(242,448)	(245,389)
Total Fund Balances	(299)	(23)	(242,448)	311,645
Total Liabilities and Fund Balances	\$ 49,715	\$ 3,495	\$ 354,335	\$ 1,133,586



Kenston Local School District

“Play Blue”

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds****For the Fiscal Year Ended June 30, 2012**

	Private Purpose Trust Scholar- ship	Other Grants	District Managed Student Activity	Auxiliary Services
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Extracurricular Activities	-	-	604,996	-
Miscellaneous	-	-	66,683	-
Total Revenues	-	-	671,679	-
EXPENDITURES				
Current:				
Instruction:				
Regular	-	-	1,710	-
Special	-	-	-	-
Supporting Services:				
Pupils	-	-	3,882	-
Instructional Staff	-	-	758	-
Administration	-	-	-	-
Pupil Transportation	-	-	-	-
Operation of Non-Instructional Services:				
Community Services	-	-	-	10,256
Extracurricular Activities	-	-	719,035	-
Capital Outlay	-	50,000	-	-
Total Expenditures	-	50,000	725,385	10,256
Excess of Revenues Over (Under) Expenditures	-	(50,000)	(53,706)	(10,256)
OTHER FINANCING SOURCES				
Transfers In	-	-	120,377	-
Total Other Financing Sources	-	-	120,377	-
Net Change in Fund Balances	-	(50,000)	66,671	(10,256)
Fund Balances (Deficit) - Beginning of Year	168	50,000	257,623	10,256
Fund Balances (Deficit) - End of Year	\$ 168	\$ -	\$ 324,294	\$ -

KENSTON LOCAL SCHOOL DISTRICT

Prof. Develop-ment	Management Information Systems	Data Comm.	School Net Professional Development	Misc. State Grants	Education Jobs
\$ -	\$ -	\$ 9,000	\$ -	\$ 1	\$ 157,833
-	-	-	-	-	-
-	-	-	-	-	-
-	-	9,000	-	1	157,833
-	-	9,000	-	-	157,833
-	-	-	-	-	-
-	-	-	-	-	-
-	24,581	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	24,581	9,000	-	-	157,833
-	(24,581)	-	-	1	-
-	20,000	-	-	-	-
-	20,000	-	-	-	-
-	(4,581)	-	-	1	-
156	1,962	-	16	(1)	-
<u>\$ 156</u>	<u>\$ (2,619)</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)****For the Fiscal Year Ended June 30, 2012**

	Race to the Top	IDEA, Education of Handicapped Children	Stimulus Title II - Technology Grants
REVENUES			
Intergovernmental	\$ 267,527	\$ 456,111	\$ 1,507
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	267,527	456,111	1,507
EXPENDITURES			
Current:			
Instruction:			
Regular	17,364	-	-
Special	-	85,523	-
Supporting Services:			
Pupils	-	194,598	-
Instructional Staff	17,357	-	1,505
Administration	4,700	196,327	-
Pupil Transportation	-	-	-
Operation of Non-Instructional Services:			
Community Services	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Total Expenditures	39,421	476,448	1,505
Excess of Revenues Over (Under) Expenditures	228,106	(20,337)	2
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balances	228,106	(20,337)	2
Fund Balances (Deficit) - Beginning of Year	-	21,290	(2)
Fund Balances (Deficit) - End of Year	\$ 228,106	\$ 953	\$ -

KENSTON LOCAL SCHOOL DISTRICT

Title III - Limited English Proficiency	Title I, Disadvantaged Children/ Targeted Assistance	Drug Free Schools Grant	Improving Teacher Quality	Misc. Federal Grants	Total Nonmajor Special Revenue Funds
\$ 3,393	\$ 167,605	\$ -	\$ 58,952	\$ 1,075,744	\$ 2,197,673
-	-	-	-	-	604,996
-	-	-	-	-	66,683
<u>3,393</u>	<u>167,605</u>	<u>-</u>	<u>58,952</u>	<u>1,075,744</u>	<u>2,869,352</u>
-	-	299	49,568	529,923	765,697
3,393	159,749	-	-	-	248,665
-	250	-	-	-	198,730
-	13,974	-	8,409	60,183	102,186
-	-	-	754	-	226,362
-	11	-	-	-	11
-	-	-	-	-	10,256
-	-	-	-	-	719,035
-	-	-	-	192,632	242,632
<u>3,393</u>	<u>173,984</u>	<u>299</u>	<u>58,731</u>	<u>782,738</u>	<u>2,513,574</u>
<u>-</u>	<u>(6,379)</u>	<u>(299)</u>	<u>221</u>	<u>293,006</u>	<u>355,778</u>
-	-	-	-	-	140,377
-	-	-	-	-	140,377
-	(6,379)	(299)	221	293,006	496,155
-	9,720	-	(244)	(535,454)	(184,510)
<u>\$ -</u>	<u>\$ 3,341</u>	<u>\$ (299)</u>	<u>\$ (23)</u>	<u>\$ (242,448)</u>	<u>\$ 311,645</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Private Purpose Trust Scholarship Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 15,000	\$ -	\$ (15,000)
Expenditures			
Total Expenditures and Other Uses	<u>168</u>	<u>-</u>	<u>168</u>
Net Change in Fund Balance	14,832	-	(14,832)
Fund Balance - Beginning of Year	168	168	-
Fund Balance - End of Year	<u><u>\$ 15,000</u></u>	<u><u>\$ 168</u></u>	<u><u>\$ (14,832)</u></u>

Public School Support Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 1,500,000	\$ 168,298	\$ (1,331,702)
Total Expenditures	<u>298,655</u>	<u>249,744</u>	<u>48,911</u>
Net Change in Fund Balance	1,201,345	(81,446)	(1,282,791)
Fund Balance - Beginning of Year	154,066	154,066	-
Prior Year Encumbrances Appropriated	13,278	13,278	-
Fund Balance - End of Year	<u><u>\$ 1,368,689</u></u>	<u><u>\$ 85,898</u></u>	<u><u>\$ (1,282,791)</u></u>

KENSTON LOCAL SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012****Other Grants Fund**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 50,000	\$ -	\$ (50,000)
Total Expenditures and Other Uses	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	-	(50,000)	(50,000)
Fund Balance - Beginning of Year	50,000	50,000	-
Fund Balance - End of Year	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>

District Managed Student Activity Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 1,220,000	\$ 756,796	\$ (463,204)
Total Expenditures and Other Uses	<u>1,013,153</u>	<u>780,653</u>	<u>232,500</u>
Net Change in Fund Balance	206,847	(23,857)	(230,704)
Fund Balance - Beginning of Year	173,648	173,648	-
Prior Year Encumbrances Appropriated	87,894	87,894	-
Fund Balance - End of Year	<u>\$ 468,389</u>	<u>\$ 237,685</u>	<u>\$ (230,704)</u>

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – For the Fiscal Year Ended June 30, 2012

Auxiliary Services Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 30,000	\$ -	\$ (30,000)
Total Expenditures and Other Uses	<u>10,256</u>	<u>10,256</u>	<u>-</u>
Net Change in Fund Balance	19,744	(10,256)	(30,000)
Fund Balance - Beginning of Year	5	5	-
Prior Year Encumbrances Appropriated	<u>10,251</u>	<u>10,251</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 30,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (30,000)</u></u>

Professional Development Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 25,000	\$ -	\$ (25,000)
Total Expenditures and Other Uses	<u>156</u>	<u>-</u>	<u>156</u>
Net Change in Fund Balance	24,844	-	(24,844)
Fund Balance - Beginning of Year	156	156	-
Fund Balance - End of Year	<u><u>\$ 25,000</u></u>	<u><u>\$ 156</u></u>	<u><u>\$ (24,844)</u></u>

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – For the Fiscal Year Ended June 30, 2012

Management Information System Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 50,000	\$ 20,000	\$ (30,000)
Total Expenditures and Other Uses	<u>25,066</u>	<u>23,879</u>	<u>1,187</u>
Net Change in Fund Balance	24,934	(3,879)	(28,813)
Fund Balance - Beginning of Year	5,066	5,066	-
Fund Balance - End of Year	<u>\$ 30,000</u>	<u>\$ 1,187</u>	<u>\$ (28,813)</u>

Data Communication Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 50,000	\$ 9,000	\$ (41,000)
Total Expenditures and Other Uses	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net Change in Fund Balance	41,000	-	(41,000)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 41,000</u>	<u>\$ -</u>	<u>\$ (41,000)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

School Net Professional Development Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 15,000	\$ -	\$ (15,000)
Total Expenditures and Other Uses	<u>16</u>	<u>-</u>	<u>16</u>
Net Change in Fund Balance	14,984	-	(14,984)
Fund Balance - Beginning of Year	16	16	-
Fund Balance - End of Year	<u>\$ 15,000</u>	<u>\$ 16</u>	<u>\$ (14,984)</u>

Miscellaneous State Grants Fund

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

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Education Jobs Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 221,258	\$ 157,833	\$ (63,425)
Total Expenditures and Other Uses	<u>157,833</u>	<u>157,833</u>	<u>-</u>
Net Change in Fund Balance	63,425	-	(63,425)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 63,425</u>	<u>\$ -</u>	<u>\$ (63,425)</u>

Race to the Top Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 710,000	\$ 267,527	\$ (442,473)
Total Expenditures and Other Uses	<u>267,528</u>	<u>244,427</u>	<u>23,101</u>
Net Change in Fund Balance	442,472	23,100	(419,372)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 442,472</u>	<u>\$ 23,100</u>	<u>\$ (419,372)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

IDEA – Education of Handicapped Children Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 637,217	\$ 481,604	\$ (155,613)
Total Expenditures and Other Uses	<u>481,604</u>	<u>481,604</u>	<u>-</u>
Net Change in Fund Balance	155,613	-	(155,613)
Fund Balance - Beginning of Year	1,994	1,994	-
Fund Balance - End of Year	<u>\$ 157,607</u>	<u>\$ 1,994</u>	<u>\$ (155,613)</u>

Stimulus Title II – Technology Grants Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 10,000	\$ 1,507	\$ (8,493)
Total Expenditures and Other Uses	<u>1,507</u>	<u>1,507</u>	<u>-</u>
Net Change in Fund Balance	8,493	-	(8,493)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 8,493</u>	<u>\$ -</u>	<u>\$ (8,493)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Title III – Limited English Proficiency

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 3,393	\$ 3,393	\$ -
Total Expenditures and Other Uses	<u>3,393</u>	<u>3,393</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title I – Disadvantage Children/Targeted Assistance Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 227,572	\$ 182,184	\$ (45,388)
Total Expenditures and Other Uses	<u>182,183</u>	<u>181,675</u>	<u>508</u>
Net Change in Fund Balance	45,389	509	(44,880)
Fund Balance - Beginning of Year	60	60	-
Fund Balance - End of Year	<u>\$ 45,449</u>	<u>\$ 569</u>	<u>\$ (44,880)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Title V – Innovative Education Programs Fund

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 35,000	\$ -	\$ (35,000)
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balance	35,000	-	(35,000)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ (35,000)</u>

Drug Free School Grant Fund

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 50,000	\$ 50,000	\$ -
Total Expenditures and Other Uses	50,000	285	49,715
Net Change in Fund Balance	-	49,715	49,715
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 49,715</u>	<u>\$ 49,715</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Improving Teacher Quality

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 85,000	\$ 58,952	\$ (26,048)
Total Expenditures and Other Uses	<u>58,952</u>	<u>58,952</u>	<u>-</u>
Net Change in Fund Balance	26,048	-	(26,048)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 26,048</u>	<u>\$ -</u>	<u>\$ (26,048)</u>

Miscellaneous Federal Grants

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 1,783,584	\$ 1,158,579	\$ (625,005)
Total Expenditures and Other Uses	<u>1,664,497</u>	<u>1,423,864</u>	<u>240,633</u>
Net Change in Fund Balance	119,087	(265,285)	(384,372)
Fund Balance - Beginning of Year	418	418	-
Prior Year Encumbrances Appropriated	505,500	505,500	-
Fund Balance - End of Year	<u>\$ 625,005</u>	<u>\$ 240,633</u>	<u>\$ (384,372)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds****June 30, 2012**

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 11,481	\$ 465,745	\$ 1,774	\$ 479,000
Total Assets	<u>\$ 11,481</u>	<u>\$ 465,745</u>	<u>\$ 1,774</u>	<u>\$ 479,000</u>
LIABILITIES AND FUND BALANCES				
Interfund Payable	\$ -	\$ 600,000	\$ -	\$ 600,000
Total Liabilities	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>
Fund Balances:				
Restricted	11,481	-	1,774	13,255
Unassigned (Deficit)	-	(134,255)	-	(134,255)
Total Fund Balances	<u>11,481</u>	<u>(134,255)</u>	<u>1,774</u>	<u>(121,000)</u>
Total Liabilities and Fund Balance	<u>\$ 11,481</u>	<u>\$ 465,745</u>	<u>\$ 1,774</u>	<u>\$ 479,000</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, 2012**

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
REVENUES				
Interest	\$ -	\$ 17	\$ -	\$ 17
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>17</u>	<u>-</u>	<u>17</u>
EXPENDITURES				
Capital Outlay	50,436	292,594	-	343,030
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>50,436</u>	<u>292,594</u>	<u>-</u>	<u>343,030</u>
Net Change in Fund Balances	(50,436)	(292,577)	-	(343,013)
Fund Balances - Beginning of Year	61,917	158,322	1,774	222,013
Fund Balances - End of Year	<u>\$ 11,481</u>	<u>\$ (134,255)</u>	<u>\$ 1,774</u>	<u>\$ (121,000)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Permanent Improvement Fund

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 30,000	\$ -	\$ (30,000)
Total Expenditures and Other Uses	61,917	50,436	11,481
Net Change in Fund Balance	(31,917)	(50,436)	(18,519)
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	61,917	61,917	-
Fund Balance - End of Year	<u>\$ 30,000</u>	<u>\$ 11,481</u>	<u>\$ (18,519)</u>

Building Fund

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 600,015	\$ 600,017	\$ 2
Total Expenditures and Other Uses	758,337	459,517	298,820
Net Change in Fund Balance	(158,322)	140,500	298,822
Fund Balance - Beginning of Year	8,387	8,387	-
Prior Year Encumbrances Appropriated	149,935	149,935	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 298,822</u>	<u>\$ 298,822</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

School Net Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 25,000	\$ -	\$ (25,000)
Total Expenditures and Other Uses	<u>1,774</u>	<u>-</u>	<u>1,774</u>
Net Change in Fund Balance	23,226	-	(23,226)
Fund Balance - Beginning of Year	1,774	1,774	-
Fund Balance - End of Year	<u>\$ 25,000</u>	<u>\$ 1,774</u>	<u>\$ (23,226)</u>

KENSTON LOCAL SCHOOL DISTRICT

Nonmajor Enterprise Funds

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

**Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds**

June 30, 2012

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current Assets:					
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 110,501	\$ 40,335	\$ 22,913	\$ 69,466	\$ 243,215
Inventory Held for Resale	-	8,886	-	-	8,886
Materials and Supplies Inventory	9,675	-	-	-	9,675
Accounts Receivable	-	-	1,656	-	1,656
Total Current Assets	<u>120,176</u>	<u>49,221</u>	<u>24,569</u>	<u>69,466</u>	<u>263,432</u>
Noncurrent Assets:					
Capital Assets:					
Depreciable Capital Assets, Net of Depreciation	361,594	-	-	-	361,594
Total Noncurrent Assets	<u>361,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,594</u>
Total Assets	<u>481,770</u>	<u>49,221</u>	<u>24,569</u>	<u>69,466</u>	<u>625,026</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	115,344	-	-	-	115,344
Accrued Wages and Benefits	56,029	-	4,314	-	60,343
Compensated Absences Payable	8,157	-	-	-	8,157
Intergovernmental Payable	25,332	-	6,654	3,366	35,352
Total Current Liabilities	<u>204,862</u>	<u>-</u>	<u>10,968</u>	<u>3,366</u>	<u>219,196</u>
Noncurrent Liabilities:					
Compensated Absences Payable	23,195	-	-	-	23,195
Total Liabilities	<u>228,057</u>	<u>-</u>	<u>10,968</u>	<u>3,366</u>	<u>242,391</u>
NET ASSETS					
Invested in Capital Assets	361,594	-	-	-	361,594
Unrestricted (Deficit)	(107,881)	49,221	13,601	66,100	21,041
Total Net Assets	<u>\$ 253,713</u>	<u>\$ 49,221</u>	<u>\$ 13,601</u>	<u>\$ 66,100</u>	<u>\$ 382,635</u>

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2012**

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES					
Food Services	\$ 923,226	\$ -	\$ -	\$ -	\$ 923,226
Miscellaneous	-	-	129,594	-	129,594
Classroom Materials and Fees	-	150,073	-	-	150,073
Tuition	-	-	-	294,677	294,677
Total Operating Revenues	<u>923,226</u>	<u>150,073</u>	<u>129,594</u>	<u>294,677</u>	<u>1,497,570</u>
OPERATING EXPENSES					
Salaries	283,724	-	103,881	299,531	687,136
Fringe Benefits	104,162	-	32,108	45,566	181,836
Purchased Services	684,240	-	363	-	684,603
Materials and Supplies	81,026	166,103	-	1,000	248,129
Depreciation	29,163	-	-	-	29,163
Other	1,446	-	-	-	1,446
Total Operating Expenses	<u>1,183,761</u>	<u>166,103</u>	<u>136,352</u>	<u>346,097</u>	<u>1,832,313</u>
Operating Income (Loss)	<u>(260,535)</u>	<u>(16,030)</u>	<u>(6,758)</u>	<u>(51,420)</u>	<u>(334,743)</u>
NONOPERATING REVENUES					
Interest	285	-	-	733	1,018
Intergovernmental	163,223	-	-	-	163,223
Donated Commodities	50,144	-	-	-	50,144
Total Nonoperating Revenues	<u>213,652</u>	<u>-</u>	<u>-</u>	<u>733</u>	<u>214,385</u>
Change in Net Assets	(46,883)	(16,030)	(6,758)	(50,687)	(120,358)
Net Assets - Beginning of Year	300,596	65,251	20,359	116,787	502,993
Net Assets - End of Year	<u>\$ 253,713</u>	<u>\$ 49,221</u>	<u>\$ 13,601</u>	<u>\$ 66,100</u>	<u>\$ 382,635</u>

KENSTON LOCAL SCHOOL DISTRICT

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2012

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 923,226	\$ 150,073	\$ 129,570	\$ 294,677	\$ 1,497,546
Cash Payments to Employees for Services	(284,635)	-	(102,992)	(297,954)	(685,581)
Cash Payments for Employee Benefits	(108,700)	-	(30,624)	(45,566)	(184,890)
Cash Payments for Goods and Services	(666,723)	(154,752)	(363)	(1,000)	(822,838)
Cash Payments for Other Expenses	(1,446)	-	-	-	(1,446)
Net Cash Provided by (Used in) Operating Activities	(138,278)	(4,679)	(4,409)	(49,843)	(197,209)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants Received	185,739	-	-	-	185,739
Net Cash Provided by (Used in) Noncapital Financing Activities	185,739	-	-	-	185,739
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	285	-	-	733	1,018
Net Cash Provided by Investing Activities	285	-	-	733	1,018
Net Increase (Decrease) in Cash and Cash Equivalents	47,746	(4,679)	(4,409)	(49,110)	(10,452)
Cash and Cash Equivalents - Beginning of Year	62,755	45,014	27,322	118,576	253,667
Cash and Cash Equivalents - End of Year	\$ 110,501	\$ 40,335	\$ 22,913	\$ 69,466	\$ 243,215
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (260,535)	\$ (16,030)	\$ (6,758)	\$ (51,420)	\$ (334,743)
Adjustments:					
Depreciation	29,163	-	-	-	29,163
Federal Donated Commodities	50,144	-	-	-	50,144
(Increase) Decrease in Assets:					
Accounts Receivable	-	-	(24)	-	(24)
Inventory Held for Resale	-	11,351	-	-	11,351
Materials and Supplies Inventory	5,748	-	-	-	5,748
Increase (Decrease) in Liabilities:					
Accounts Payable	42,651	-	(312)	-	42,339
Accrued Wages and Benefits	142	-	1,181	-	1,323
Compensated Absences Payable	(115)	-	-	-	(115)
Intergovernmental Payable	(5,476)	-	1,504	1,577	(2,395)
Net Cash Provided by (Used in) Operating Activities	\$ (138,278)	\$ (4,679)	\$ (4,409)	\$ (49,843)	\$ (197,209)

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Services fund received donated commodities of \$50,144.

KENSTON LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenses, and Changes in Fund Equity – Budget and Actual (Non-GAAP Budgetary Basis) – For the Fiscal Year Ended June 30, 2012

Food Services Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 1,042,000	\$ 1,109,250	\$ 67,250
Total Expenses and Other Uses	1,104,755	1,098,218	6,537
Net Change in Fund Equity	(62,755)	11,032	73,787
Fund Equity - Beginning of Year	9,063	9,063	-
Prior Year Encumbrances Appropriated	53,692	53,692	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ 73,787</u>	<u>\$ 73,787</u>

Uniform School Supplies Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 290,000	\$ 150,073	\$ (139,927)
Total Expenses and Other Uses	194,708	156,235	38,473
Net Change in Fund Equity	95,292	(6,162)	(101,454)
Fund Equity - Beginning of Year	42,569	42,569	-
Prior Year Encumbrances Appropriated	2,445	2,445	-
Fund Equity - End of Year	<u>\$ 140,306</u>	<u>\$ 38,852</u>	<u>\$ (101,454)</u>

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Adult Education Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 250,000	\$ 129,570	\$ (120,430)
Total Expenses and Other Uses	148,700	133,979	14,721
Net Change in Fund Equity	101,300	(4,409)	(105,709)
Fund Equity - Beginning of Year	27,322	27,322	-
Fund Equity - End of Year	\$ 128,622	\$ 22,913	\$ (105,709)

Kindergarten Fees Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 324,000	\$ 295,410	\$ (28,590)
Total Expenses and Other Uses	364,628	344,520	20,108
Net Change in Fund Equity	(40,628)	(49,110)	(8,482)
Fund Equity - Beginning of Year	118,576	118,576	-
Fund Equity - End of Year	\$ 77,948	\$ 69,466	\$ (8,482)

KENSTON LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenses, and Changes in Fund Equity –
Budget and Actual (Non-GAAP Budgetary Basis) –
For the Fiscal Year Ended June 30, 2012**

Employee Benefits Self-Insurance Fund

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	Positive (Negative)
Total Revenues and Other Sources	\$ 4,800,000	\$ 3,010,695	\$ (1,789,305)
Total Expenses and Other Uses	<u>6,370,012</u>	<u>4,248,869</u>	<u>2,121,143</u>
Net Change in Fund Equity	(1,570,012)	(1,238,174)	331,838
Fund Equity - Beginning of Year	3,091,597	3,091,597	-
Prior Year Encumbrances Appropriated	320,769	320,769	-
Fund Equity - End of Year	<u>\$ 1,842,354</u>	<u>\$ 2,174,192</u>	<u>\$ 331,838</u>

KENSTON LOCAL SCHOOL DISTRICT

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, 2012**

	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2012</u>
<u>Student Activities</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 55,546	\$ 61,893	\$ 60,077	\$ 57,362
Liabilities				
Due to Students	\$ 55,546	\$ 61,893	\$ 60,077	\$ 57,362
<u>Unclaimed Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 28,901	\$ 5	\$ -	\$ 28,906
Liabilities				
Deposits Held and Due to Others	\$ 28,901	\$ 5	\$ -	\$ 28,906
<u>Total Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 84,447	\$ 61,898	\$ 60,077	\$ 86,268
Liabilities				
Deposits Held and Due to Others	\$ 28,901	\$ 5	\$ -	\$ 28,906
Due to Students	55,546	61,893	60,077	57,362
Total Liabilities	<u>\$ 84,447</u>	<u>\$ 61,898</u>	<u>\$ 60,077</u>	<u>\$ 86,268</u>

Statistical Section



Kenston Local School District

“Renew Blue”

Statistical Section

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

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

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

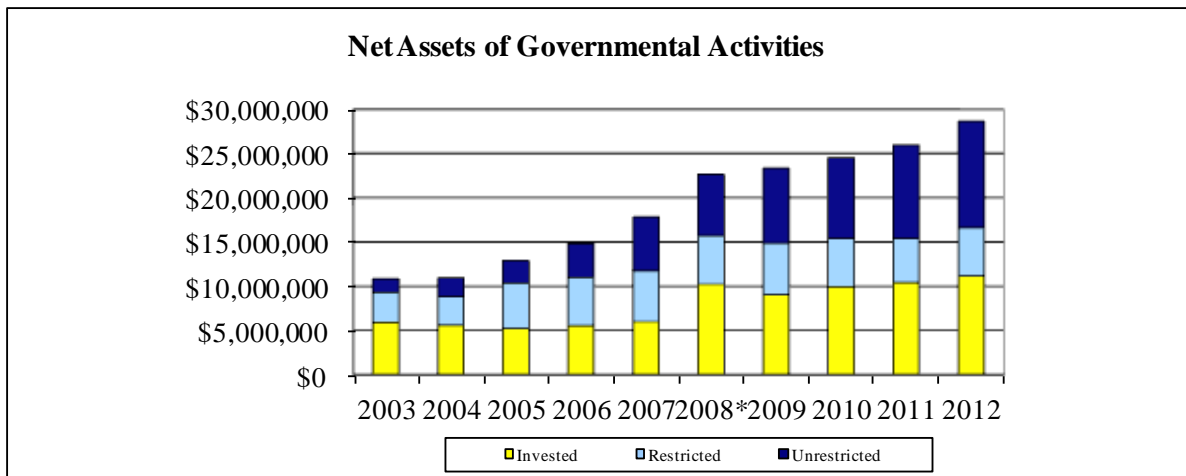
KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008*	2009	2010	2011	2012
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$5,900,132	\$5,563,378	\$5,214,949	\$5,555,035	\$5,984,643	\$10,225,103	\$9,050,518	\$9,932,221	\$10,433,900	\$11,151,201
Restricted for:										
Capital Projects	-	-	1,320,815	1,230,983	1,265,709	688,299	296,726	302,009	222,013	13,255
Debt Service	2,865,975	3,012,684	3,803,581	4,188,996	4,489,787	4,725,653	4,710,359	4,603,138	4,408,397	4,704,206
State Funded Programs	-	-	-	-	-	-	-	-	12,390	172
Federally Fund Programs	-	-	-	-	-	-	-	-	31,010	402,272
Student Activities	-	-	-	-	-	-	-	-	257,623	324,294
Special Revenues	81,913	116,083	41,515	36,082	9,780	47,462	780,684	567,528	-	-
Set Asides	455,658	103,108	-	-	-	-	1,005	-	-	-
Other Purposes	-	-	-	-	-	-	-	-	50,168	168
Unrestricted	1,534,094	2,140,702	2,515,789	3,782,993	6,071,881	6,942,162	8,524,110	9,095,228	10,546,096	12,025,567
Total Governmental Activities										
Net Assets	\$10,837,772	\$10,935,955	\$12,896,649	\$14,794,089	\$17,821,800	\$22,628,679	\$23,363,402	\$24,500,124	\$25,961,597	\$28,621,135
Business-type Activities:										
Invested in Capital Assets, Net of Related Debt	\$70,711	\$57,742	\$49,529	\$42,181	\$35,018	\$65,384	\$456,055	\$419,840	\$390,757	\$361,594
Unrestricted	55,679	75,201	222,591	160,343	173,545	161,528	142,699	98,998	112,236	21,041
Total Business-type Activities										
Net Assets	\$126,390	\$132,943	\$272,120	\$202,524	\$208,563	\$226,912	\$598,754	\$518,838	\$502,993	\$382,635
Primary Government:										
Invested in Capital Assets, Net of Related Debt	\$5,970,843	\$5,621,120	\$5,264,478	\$5,597,216	\$6,019,661	\$10,290,487	\$9,506,573	\$10,352,061	\$10,824,657	\$11,512,795
Restricted	3,403,546	3,231,875	5,165,911	5,456,061	5,765,276	5,461,414	5,788,774	5,472,675	4,981,601	5,444,367
Unrestricted	1,589,773	2,215,903	2,738,380	3,943,336	6,245,426	7,103,690	8,666,809	9,194,226	10,658,332	12,046,608
Total Primary Government										
Net Assets	\$10,964,162	\$11,068,898	\$13,168,769	\$14,996,613	\$18,030,363	\$22,855,591	\$23,962,156	\$25,018,962	\$26,464,590	\$29,003,770

*Restated

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



KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
Regular Instruction	\$12,473,615	\$12,660,016	\$13,299,834	\$14,287,966	\$14,628,745	\$14,907,708	\$15,322,825	\$15,953,102	\$16,493,789	\$16,625,219
Special Instruction	2,566,138	2,993,982	3,358,790	3,776,698	3,990,362	3,659,719	3,794,506	4,174,608	4,204,140	3,907,785
Vocational Instruction	178,858	87,691	128,652	147,135	122,097	146,910	136,398	146,682	161,233	149,673
Other Instruction	42,357	50,620	123,949	171,918	329,179	506,053	684,852	510,965	575,753	527,141
Pupils Support	1,988,980	2,000,613	1,996,694	2,218,401	2,147,048	2,596,868	2,308,905	2,491,893	2,539,465	2,383,930
Instructional Staff Support	725,441	893,193	939,039	1,129,760	1,160,109	1,189,819	987,278	1,104,241	1,272,173	1,334,882
Board of Education	84,565	59,496	84,658	110,039	123,440	50,567	50,661	55,185	42,834	77,522
Administration	2,169,439	2,548,908	2,463,540	2,743,520	2,810,452	2,824,830	2,815,879	2,794,093	2,725,919	2,752,700
Fiscal Services	764,488	866,883	879,831	1,045,476	1,022,597	1,073,828	1,032,471	990,759	1,032,472	1,071,883
Business	37,748	40,691	40,017	46,097	44,031	44,561	47,119	49,653	38,411	68,479
Operation and Maintenance										
Of Plant Services	3,187,029	3,251,788	3,053,972	3,360,914	3,964,286	4,132,633	3,834,204	3,642,583	3,938,563	3,951,623
Pupil Transportation	2,010,267	1,974,489	2,034,878	2,275,087	2,268,414	2,620,442	3,151,134	2,537,276	2,649,205	2,635,235
Central	23,029	117,910	4,439	10,362	6,844	7,958	35,406	35,527	32,085	35,565
Operation of Non-Instructional										
Services	129,766	84,727	91,506	86,262	150,143	128,536	165,424	148,235	143,730	153,554
Extracurricular Activities	1,032,012	1,342,710	1,170,417	1,220,162	1,413,965	1,378,224	1,434,594	1,459,442	1,526,057	1,551,945
Interest and Fiscal Charges	1,185,659	2,408,185	2,245,781	2,226,140	2,299,383	2,224,854	2,145,954	2,112,420	2,059,380	1,616,742
Other	12,458	-	-	-	-	-	-	-	-	-
Total Governmental Activities										
<i>Expenses</i>	<u>28,611,849</u>	<u>31,381,902</u>	<u>31,915,997</u>	<u>34,855,937</u>	<u>36,481,095</u>	<u>37,493,510</u>	<u>37,947,610</u>	<u>38,206,664</u>	<u>39,435,209</u>	<u>38,843,878</u>
Business-type Activities:										
Food Service	703,830	752,938	705,672	859,639	857,404	988,847	1,069,601	1,126,629	1,154,868	1,183,761
Uniform School Supplies	133,242	134,610	138,654	146,748	143,971	168,163	159,479	156,670	145,880	166,103
Kindergarten Fees	182,926	196,069	180,156	283,357	231,375	293,868	314,216	308,319	317,659	346,097
Special Rotary	125,216	98,989	-	-	-	-	-	-	-	-
Adult Education	-	-	81,201	54,031	627	29	60,265	94,785	113,858	136,352
Total Business-type Activities										
<i>Expenses</i>	<u>1,145,214</u>	<u>1,182,606</u>	<u>1,105,683</u>	<u>1,343,775</u>	<u>1,233,377</u>	<u>1,450,907</u>	<u>1,603,561</u>	<u>1,686,403</u>	<u>1,732,265</u>	<u>1,832,313</u>
Total Primary Government										
<i>Expenses</i>	<u>29,757,063</u>	<u>32,564,508</u>	<u>33,021,680</u>	<u>36,199,712</u>	<u>37,714,472</u>	<u>38,944,417</u>	<u>39,551,171</u>	<u>39,893,067</u>	<u>41,167,474</u>	<u>40,676,191</u>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular Instruction	173,908	204,482	150,907	134,620	199,494	343,627	85,488	60,694	109,572	117,888
Special Instruction	-	-	-	-	60,868	134,710	82,420	93,119	52,137	53,440
Pupils Support	-	-	3,017	3,000	3,183	-	-	-	-	-
Instructional Staff Support	-	-	800	710	8,511	4,659	6,040	1,133	3,599	-
Board of Education	-	-	-	-	120	-	-	-	-	-
Administration	23,646	13,408	25,106	13,214	8,677	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	-	-	4,329	-	-	-	-	-
Pupil Transportation	57,548	63,013	64,367	92,805	-	-	-	-	-	-
Operation of Non-Instructional										
Services	15,894	41,881	6,382	5,247	-	-	-	-	-	-
Extracurricular Activities	-	577,677	484,978	551,433	733,910	666,866	630,361	725,804	702,608	731,086
Other	-	32,556	-	-	-	-	-	-	-	-
Operating Grants and Contributions:										
Regular Instruction	246,041	741,124	945,302	853,408	891,632	102,299	111,059	361,534	440,120	826,501
Special Instruction	140,456	11,200	290,946	213,943	337,846	632,413	561,970	1,046,486	499,874	388,997
Pupils Support	375,016	12,606	11,399	15,018	12,671	294,935	204,912	227,131	189,700	218,554
Instructional Staff Support	23,053	6,912	15,400	3,200	-	51,160	10,802	15,129	90,158	82,745
Administration	152,447	-	-	-	-	202,342	208,169	185,549	220,500	221,799
Fiscal Services	1,822	-	-	-	-	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	-	-	-	-	-	4,898	-	-
Pupil Transportation	-	-	-	-	-	-	73,310	22,810	14,738	-
Central	500	-	-	-	-	-	-	-	-	-
Operation of Non-Instructional										
Services	22,431	-	15,537	19,655	27,433	25,381	16,961	20,652	15,407	-
Extracurricular Activities	196,074	40,659	107,866	43,376	61,645	44,191	54,571	71,629	52,181	106,955
Interest and Fiscal Charges	-	638,581	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Regular Instruction	47,827	-	29,190	-	-	20,500	-	-	-	-
Pupils Support	-	20,376	-	-	-	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	-	-	-	-	170,000	175,500	336,475	467,050
Pupil Transportation	39,567	-	22,815	18,005	24,155	15,555	30,873	-	-	-
Extracurricular Activities	224,824	39,883	298	44,553	8,092	184,803	247,782	111,287	34,300	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	15,000	15,000
<i>Total Governmental Activities</i>										
<i>Program Revenues</i>	<u>1,741,054</u>	<u>2,444,358</u>	<u>2,174,310</u>	<u>2,012,187</u>	<u>2,382,566</u>	<u>2,723,441</u>	<u>2,494,718</u>	<u>3,123,355</u>	<u>2,776,369</u>	<u>3,230,015</u>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type Activities:										
Charges for Services:										
Food Service	564,157	648,239	640,325	697,596	723,780	815,923	843,558	895,390	883,407	923,226
Uniform School Supplies	127,786	144,148	148,520	154,265	155,142	154,396	164,122	163,130	162,912	150,073
Kindergarten Fees	184,749	198,740	265,713	267,226	256,720	284,672	301,068	255,289	307,374	294,677
Special Rotary	102,426	113,661	-	-	-	-	-	-	-	-
Adult Education	-	-	88,997	53,407	15,176	398	-	-	-	-
Operating Grants and Contributions:										
Food Service	69,651	85,338	87,097	88,220	66,799	155,037	186,848	190,910	237,038	213,367
Total Business-type Activities										
<i>Program Revenues</i>	<u>1,048,769</u>	<u>1,190,126</u>	<u>1,230,652</u>	<u>1,260,714</u>	<u>1,217,617</u>	<u>1,410,426</u>	<u>1,495,596</u>	<u>1,504,719</u>	<u>1,590,731</u>	<u>1,581,343</u>
Total Primary Government										
<i>Program Revenues</i>	<u>2,789,823</u>	<u>3,634,484</u>	<u>3,404,962</u>	<u>3,272,901</u>	<u>3,600,183</u>	<u>4,133,867</u>	<u>3,990,314</u>	<u>4,628,074</u>	<u>4,367,100</u>	<u>4,811,358</u>
Net (Expense)/Revenue										
Governmental Activities	(26,870,795)	(28,937,544)	(29,741,687)	(32,843,750)	(34,098,529)	(34,770,069)	(35,452,892)	(35,083,309)	(36,658,840)	(35,613,863)
Business-type Activities	(96,445)	7,520	124,969	(83,061)	(15,760)	(40,481)	(107,965)	(181,684)	(141,534)	(250,970)
Total Primary Government										
<i>Net (Expense)/Revenue</i>	<u>(\$26,967,240)</u>	<u>(\$28,930,024)</u>	<u>(\$29,616,718)</u>	<u>(\$32,926,811)</u>	<u>(\$34,114,289)</u>	<u>(\$34,810,550)</u>	<u>(\$35,560,857)</u>	<u>(\$35,264,993)</u>	<u>(\$36,800,374)</u>	<u>(\$35,864,833)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$17,564,521	\$19,127,964	\$19,621,846	\$23,144,769	\$23,687,775	\$23,795,613	\$23,172,927	\$22,563,573	\$24,215,991	\$25,194,039
Debt Service	2,513,309	3,149,913	4,188,559	3,245,570	3,432,225	3,264,943	3,240,031	2,968,176	2,973,053	3,170,271
Other Taxes	-	814	-	-	-	-	-	-	-	-
Grants and Entitlements not Restricted to Specific Programs	6,772,184	7,002,579	6,990,425	7,198,356	9,066,238	9,068,613	9,932,505	10,449,515	10,817,773	9,733,171
Investment Earnings	903,723	(246,305)	852,888	1,126,198	928,329	679,708	214,506	65,671	61,275	40,881
Loss on Sale of Capital Assets	-	(5,900)	-	-	-	-	-	-	-	-
All Other Revenue	-	6,336	48,663	26,297	11,673	49,368	39,432	173,096	52,221	135,039
Transfers	(4,550)	-	-	-	-	-	(411,786)	-	-	-
Total Governmental Activities	<u>27,749,187</u>	<u>29,035,401</u>	<u>31,702,381</u>	<u>34,741,190</u>	<u>37,126,240</u>	<u>36,858,245</u>	<u>36,187,615</u>	<u>36,220,031</u>	<u>38,120,313</u>	<u>38,273,401</u>
Business-type Activities:										
Investment Earnings	1,195	2,228	14,208	13,465	21,799	21,399	4,373	1,260	1,131	1,018
Loss on Sale of Capital Assets	-	(3,195)	-	-	-	-	-	-	-	-
All Other Revenue	-	-	-	-	-	-	63,648	100,508	124,558	129,594
Transfers	4,550	-	-	-	-	-	411,786	-	-	-
Total Business-type Activities	<u>5,745</u>	<u>(967)</u>	<u>14,208</u>	<u>13,465</u>	<u>21,799</u>	<u>21,399</u>	<u>479,807</u>	<u>101,768</u>	<u>125,689</u>	<u>130,612</u>
Total Primary Government	<u>27,754,932</u>	<u>29,034,434</u>	<u>31,716,589</u>	<u>34,754,655</u>	<u>37,148,039</u>	<u>36,879,644</u>	<u>36,667,422</u>	<u>36,321,799</u>	<u>38,246,002</u>	<u>38,404,013</u>
Change in Net Assets										
Governmental Activities	878,392	97,857	1,960,694	1,897,440	3,027,711	2,088,176	734,723	1,136,722	1,461,473	2,659,538
Business-type Activities	(90,700)	6,553	139,177	(69,596)	6,039	(19,082)	371,842	(79,916)	(15,845)	(120,358)
Total Primary Government										
<i>Change in Net Assets</i>	<u>\$787,692</u>	<u>\$104,410</u>	<u>\$2,099,871</u>	<u>\$1,827,844</u>	<u>\$3,033,750</u>	<u>\$2,069,094</u>	<u>\$1,106,565</u>	<u>\$1,056,806</u>	<u>\$1,445,628</u>	<u>\$2,539,180</u>

KENSTON LOCAL SCHOOL DISTRICT

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

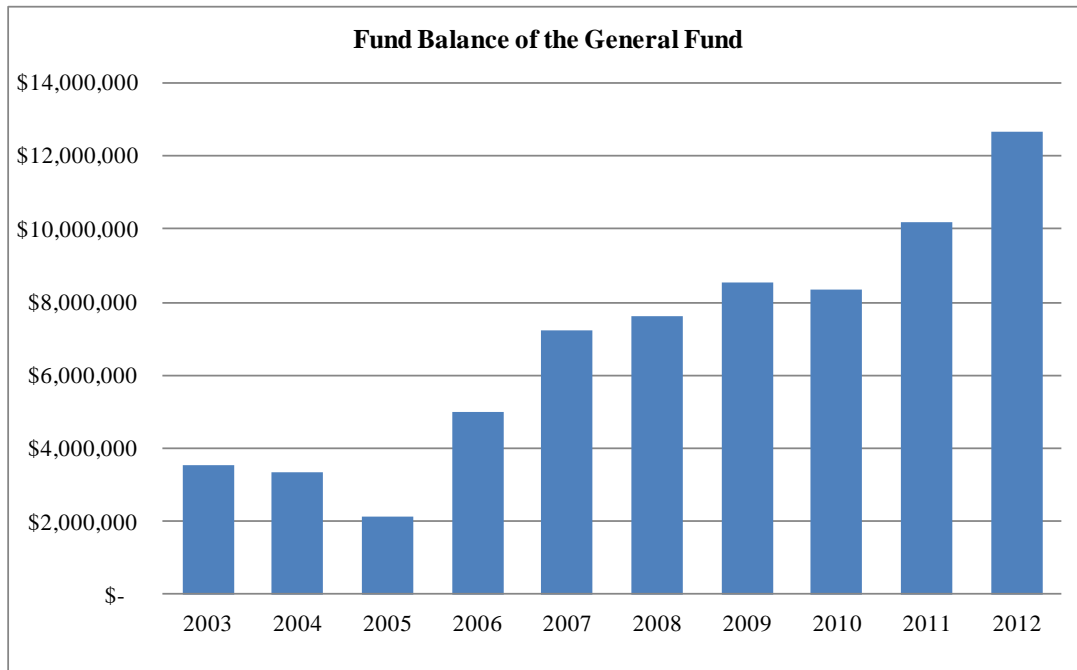
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
<i>Function</i>										
Regular Instruction	\$467,776	\$945,606	\$1,125,399	\$988,028	\$1,091,126	\$466,426	\$196,547	\$422,228	\$549,692	\$944,389
Special Instruction	140,456	11,200	290,946	213,943	398,714	767,123	644,390	1,139,605	552,011	442,437
Pupils Support	375,016	32,982	14,416	18,018	15,854	294,935	204,912	227,131	189,700	218,554
Instructional Staff Support	23,053	6,912	16,200	3,910	8,511	55,819	16,842	16,262	93,757	82,745
Board of Education	-	-	-	-	120	-	-	-	-	-
Administration	176,093	13,408	25,106	13,214	8,677	202,342	208,169	185,549	220,500	221,799
Fiscal Services	1,822	-	-	-	-	-	-	-	-	-
Operation and Maintenance of Plant Services	-	-	-	-	4,329	-	170,000	180,398	336,475	467,050
Pupil Transportation	97,115	63,013	87,182	110,810	24,155	15,555	104,183	22,810	14,738	-
Central	500	-	-	-	-	-	-	-	-	-
Operation of Non-Instructional Services	38,325	41,881	21,919	24,902	27,433	25,381	16,961	20,652	15,407	-
Extracurricular Activities	420,898	658,219	593,142	639,362	803,647	895,860	932,714	908,720	789,089	838,041
Interest and Fiscal Charges	-	638,581	-	-	-	-	-	-	15,000	15,000
Other	-	32,556	-	-	-	-	-	-	-	-
Total Governmental Activities	1,741,054	2,444,358	2,174,310	2,012,187	2,382,566	2,723,441	2,494,718	3,123,355	2,776,369	3,230,015
Business-Type Activities										
Food Service	633,808	733,577	727,422	785,816	790,579	970,960	1,030,406	1,086,300	1,120,445	1,136,593
Uniform School Supplies	127,786	144,148	148,520	154,265	155,142	154,396	164,122	163,130	162,912	150,073
Kindergarten Fees	184,749	198,740	265,713	267,226	256,720	284,672	301,068	255,289	307,374	294,677
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	1,495,596	1,504,719	1,590,731	1,581,343
Total Primary Government	\$2,789,823	\$3,634,484	\$3,404,962	\$3,272,901	\$3,600,183	\$4,133,867	\$3,990,314	\$4,628,074	\$4,367,100	\$4,811,358

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,935	\$ 81,761	\$ 91,796
Assigned	-	-	-	-	-	-	-	1,328,475	3,679,132	8,626,626
Unassigned	-	-	-	-	-	-	-	6,928,325	6,410,492	3,961,414
Reserved	2,835,821	4,130,985	5,232,597	5,426,147	5,573,415	4,988,316	5,273,967	-	-	-
Unreserved	674,629	(771,874)	(3,087,765)	(445,358)	1,670,656	2,631,055	3,268,386	-	-	-
Total General Fund	3,510,450	3,359,111	2,144,832	4,980,789	7,244,071	7,619,371	8,542,353	8,353,735	10,171,385	12,679,836
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	5,640,652	5,332,388	5,633,437
Unassigned	-	-	-	-	-	-	-	(5)	(535,701)	(379,644)
Reserved	4,550,137	3,179,713	22,067,919	6,693,986	1,401,785	942,538	1,270,347	-	-	-
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	216,092	225,226	218,665	254,859	281,669	426,880	403,011	-	-	-
Debt Service Fund	2,873,552	2,527,064	2,929,187	3,612,033	3,971,624	4,214,026	4,491,186	-	-	-
Capital Projects Funds	40,752,923	39,847,159	5,964,290	2,158,917	798,302	455,555	(97,773)	-	-	-
Total All Other Governmental Funds	48,392,704	45,779,162	31,180,061	12,719,795	6,453,380	6,038,999	6,066,771	5,640,647	4,796,687	5,253,793
Total Governmental Funds	\$51,903,154	\$49,138,273	\$33,324,893	\$17,700,584	\$13,697,451	\$13,658,370	\$14,609,124	\$ 13,994,372	\$ 13,994,372	\$ 17,933,629

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



KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$20,173,473	\$22,327,480	\$22,629,841	\$27,559,206	\$27,882,085	\$26,530,740	\$26,882,644	\$25,332,808	\$27,159,405	\$27,895,350
Intergovernmental	7,718,952	7,809,374	8,321,490	8,312,743	9,462,613	10,382,154	11,306,090	12,552,381	12,307,241	12,056,422
Tuition and Fees	128,009	148,588	103,131	105,815	149,581	396,139	167,908	153,813	161,709	171,328
Transportation Fees	57,548	63,013	64,367	92,805	-	88,956	-	-	-	-
Earnings on Investments	903,723	392,277	852,888	1,126,396	967,124	679,819	214,506	65,671	61,275	40,881
Extracurricular Activities	453,361	648,218	533,063	603,536	745,064	673,163	609,348	726,937	700,616	720,946
Classroom Materials and Fees	-	-	-	-	1,087	-	-	-	-	-
Miscellaneous	158,902	130,573	188,557	121,742	179,003	300,955	386,988	244,835	189,309	267,134
Total Revenues	29,593,968	31,519,523	32,693,337	37,922,243	39,386,557	39,051,926	39,567,484	39,076,445	40,579,555	41,152,061
Expenditures										
Current:										
Instruction:										
Regular	11,641,690	12,581,978	13,239,574	13,732,730	14,210,548	14,432,049	14,519,913	15,085,933	15,124,003	14,894,818
Special	2,469,900	2,916,002	3,432,940	3,679,377	3,949,036	3,637,612	3,927,815	4,192,988	4,204,708	3,823,986
Vocational	172,060	103,612	127,387	145,506	120,164	145,083	140,538	148,356	159,802	143,895
Other	41,215	50,620	117,889	171,918	329,179	506,053	674,978	547,437	570,629	509,829
Support Services:										
Pupils	1,991,830	1,980,420	2,035,843	2,172,612	2,121,918	2,654,830	2,384,355	2,522,365	2,525,031	2,340,502
Instructional Staff	715,578	838,278	939,359	1,050,643	1,090,746	1,140,026	1,091,575	1,156,742	1,256,458	1,260,774
Board of Education	84,151	105,542	118,440	104,694	123,440	50,567	50,224	54,749	42,396	77,082
Administration	2,158,033	2,425,348	2,611,184	2,636,417	2,805,462	2,871,343	2,958,075	2,835,247	2,682,176	2,550,950
Fiscal Services	752,809	873,539	904,599	1,024,876	1,039,500	1,067,841	1,039,231	1,013,879	1,025,788	1,050,369
Business	37,569	77,596	43,211	43,965	43,407	44,496	46,372	48,639	38,024	67,323
Operation and Maintenance of Plant Services	3,199,574	3,172,725	3,114,284	3,179,229	3,839,342	4,004,541	3,697,411	3,882,822	3,586,035	3,413,159
Pupil Transportation	2,044,844	1,856,708	1,949,854	2,039,923	2,097,042	2,754,177	2,483,913	2,569,055	2,392,268	2,367,864
Central	6,029	575,968	780,834	10,362	6,844	7,958	7,066	7,264	3,751	7,152
Operation of Non-Instructional Services	128,709	117,379	111,804	109,715	142,323	128,754	158,070	142,367	136,476	143,703
Extracurricular Activities	1,024,349	1,243,188	1,182,244	1,218,033	1,411,109	1,371,274	1,377,028	1,469,854	1,425,784	1,449,185
Capital Outlay	305,360	1,505,619	14,613,583	19,004,040	6,694,236	827,136	675,558	918,308	920,514	863,774
Debt Service:										
Principal Retirement	828,500	1,313,500	923,500	993,500	1,168,500	1,253,500	1,353,500	1,358,500	1,510,259	1,657,826
Interest and Fiscal Charges	894,943	2,546,531	2,260,576	2,230,637	2,196,968	2,193,767	2,111,108	2,061,692	2,011,800	1,580,662
Issuance Costs	-	-	-	-	-	-	-	-	-	431,782
Total Expenditures	28,497,143	34,284,553	48,507,105	53,548,177	43,389,764	39,091,007	38,696,730	40,016,197	39,615,902	38,634,635
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>1,096,825</i>	<i>(2,765,030)</i>	<i>(15,813,768)</i>	<i>(15,625,934)</i>	<i>(4,003,207)</i>	<i>(39,081)</i>	<i>870,754</i>	<i>(939,752)</i>	<i>963,653</i>	<i>2,517,426</i>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Sale of Assets	70	149	62	1,700	74	-	80,000	-	47	-
Inception of Capital Lease	-	-	-	-	-	-	-	275,000	-	-
Insurance Recovery	-	-	-	-	-	-	-	50,000	10,000	-
Proceeds from Sale of Bonds	45,000,000	-	-	-	-	-	-	-	-	-
Refund of Prior Year Receipts	-	-	-	(75)	-	-	-	-	-	-
Proceeds from Refunded Debt	6,725,000	-	-	-	-	-	-	-	-	36,970,000
Discounts on Debt Issued	-	-	-	-	-	-	-	-	-	(100,953)
Premiums on Debt Issued	-	-	-	-	-	-	-	-	-	3,071,774
Payment of Refunded Debt -										
Escrow Agent	(6,725,000)	-	-	-	-	-	-	-	-	(39,492,690)
Transfers In	136,985	96,985	116,985	116,585	116,585	116,585	116,585	116,585	111,815	140,377
Transfers Out	(141,535)	(96,985)	(116,985)	(116,585)	(116,585)	(116,585)	(116,585)	(116,585)	(111,815)	(140,377)
<i>Total Other Financing Sources (Uses)</i>	<u>44,995,520</u>	<u>149</u>	<u>62</u>	<u>1,625</u>	<u>74</u>	<u>-</u>	<u>80,000</u>	<u>325,000</u>	<u>10,047</u>	<u>448,131</u>
<i>Net Change in Fund Balances</i>	<u>\$46,092,345</u>	<u>(\$2,764,881)</u>	<u>(\$15,813,706)</u>	<u>(\$15,624,309)</u>	<u>(\$4,003,133)</u>	<u>(\$39,081)</u>	<u>\$950,754</u>	<u>(\$614,752)</u>	<u>\$973,700</u>	<u>\$2,965,557</u>
Debt Service as a Percentage of Noncapital Expenditures	6.4%	12.3%	9.7%	9.4%	9.2%	9.1%	9.0%	8.9%	9.0%	8.5%

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
2003	\$ 504,885,470	\$ 57,470,470	\$1,606,731,257	\$ 11,829,340	\$ 13,442,432
2004	521,959,440	69,886,540	1,690,988,514	12,554,160	14,266,091
2005	532,912,230	71,188,150	1,726,001,086	12,273,360	13,947,000
2006	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648
2007	617,028,640	81,566,250	1,995,985,400	11,409,340	12,965,159
2008	637,353,050	87,701,020	2,071,583,057	8,267,540	9,394,932
2009	652,124,910	90,014,790	2,120,399,143	8,940,080	10,159,182
2010	660,265,180	87,908,370	2,137,638,714	10,019,720	11,386,045
2011	661,664,930	109,615,330	2,203,657,886	10,243,870	11,640,761
2012	643,156,110	100,203,690	2,123,885,143	10,863,740	12,345,159

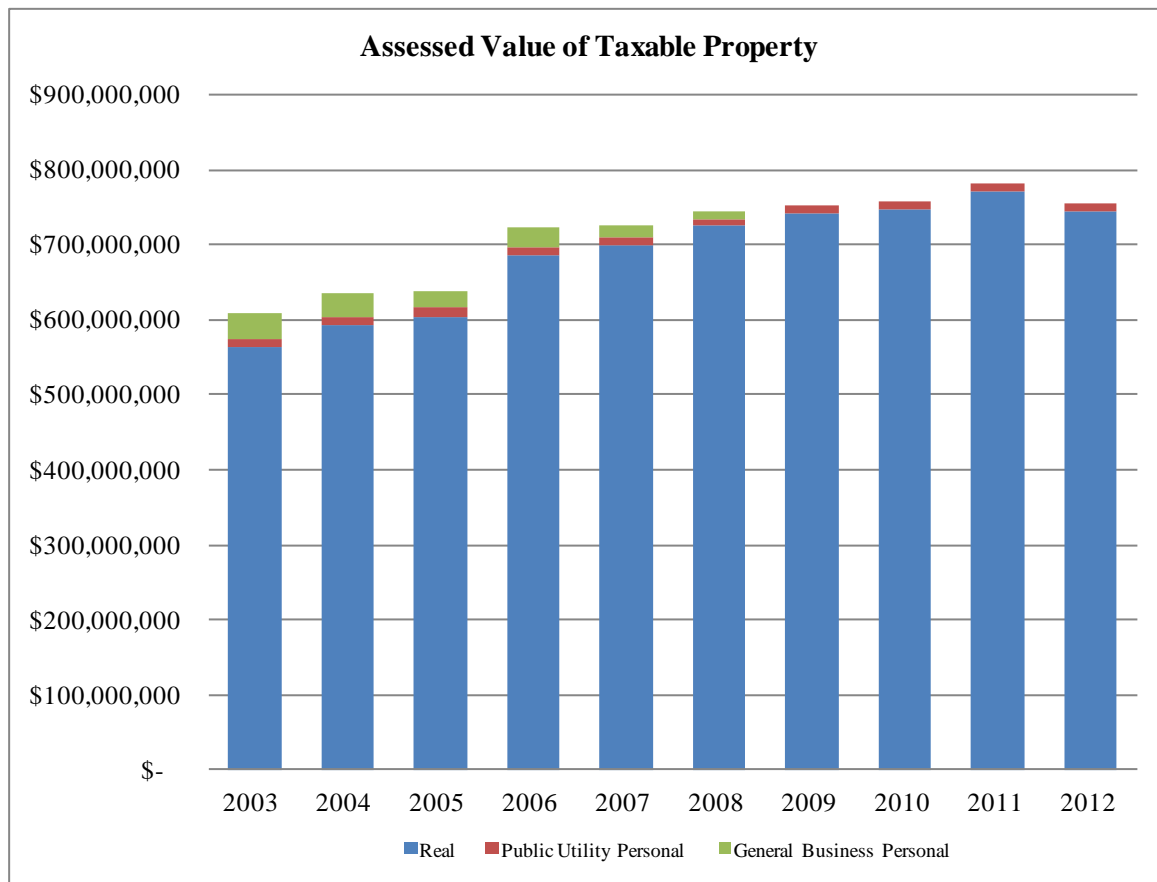
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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.

KENSTON LOCAL SCHOOL DISTRICT

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 34,081,610	\$ 136,326,440	\$ 608,266,890	\$1,756,500,129	\$ 78.30	34.63%
32,095,660	128,382,640	636,495,800	1,833,637,245	78.30	34.71%
21,447,590	85,790,360	637,821,330	1,825,738,446	78.30	34.93%
26,818,070	143,029,707	723,154,010	2,112,672,869	87.19	34.23%
14,497,115	115,976,920	724,501,345	2,124,927,479	87.19	34.10%
10,385,400	166,166,400	743,707,010	2,247,144,389	86.99	33.10%
-	-	751,079,780	2,130,558,325	86.99	35.25%
-	-	758,193,270	2,149,024,759	86.46	35.28%
-	-	781,524,130	2,215,298,647	86.27	35.28%
-	-	754,223,540	2,136,230,302	86.69	35.31%



KENSTON LOCAL SCHOOL DISTRICT

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

Tax Year/ Collection Year	Unvoted Levy	Voted Levies											Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service Included in Total Levy		
		1976 Current Expense	1977 Current Expense	1979 Current Expense	1982 Current Expense	1985 Bond	1987 Current Expense	1990 Current Expense	1992 Bond	1997 Current Expense	2002 Bond	2005 Current Expense					School	County	Total
2002/2003	\$ 4.50	\$ 30.50	\$ 7.50	\$ 5.50	\$ 3.50	\$ 0.20	\$ 5.90	\$ 8.30	\$ 1.20	\$ 6.90	\$ 4.30	\$ -	\$ 78.30	\$ 14.60	\$ 44.87	\$ 137.77	\$ 5.70	\$ 0.30	\$ 6.00
2003/2004	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.20	6.90	4.30	-	78.30	15.10	44.87	138.27	5.70	0.30	6.00
2004/2005	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.20	6.90	4.30	-	78.30	15.10	44.87	138.27	5.70	0.30	6.00
2005/2006	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2006/2007	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2007/2008	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2008/2009	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2009/2010	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.80	6.90	3.67	9.39	86.46	15.10	45.32	146.88	4.47	-	4.47
2010/2011	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.71	6.90	3.57	9.39	86.27	15.10	44.65	146.02	4.28	-	4.28
2011/2012	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.78	6.90	3.92	9.39	86.69	15.10	46.50	148.29	4.70	-	4.70

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

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
2002	\$ 20,460,049	\$19,939,692	97.46%	\$ 581,783	\$20,521,475	100.30%
2003	23,822,685	22,020,509	92.44%	614,572	22,635,081	95.01%
2004	23,578,971	22,513,540	95.48%	692,737	23,206,277	98.42%
2005	25,800,658	25,248,327	97.86%	1,611,689	26,860,016	104.11%
2006	27,249,464	27,412,330	100.60%	626,536	28,038,866	102.90%
2007	28,763,134	27,903,780	97.01%	762,171	28,665,951	99.66%
2008	30,278,906	29,880,497	98.68%	851,766	30,732,263	101.50%
2009	29,882,033	28,722,629	96.12%	951,047	29,673,676	99.30%
2010	29,996,303	29,169,087	97.24%	907,289	30,076,376	100.27%
2011	30,965,158	29,687,257	95.87%	749,496	30,436,753	98.29%

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 2012 information cannot be presented because all collections have not been made by June 30, 2012.

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Real Property Tax 2012 and 2003

Name of Taxpayer	2012	
	Assessed Value	Percent of Real Property Assessed Value
South Franklin Circle	\$ 16,033,780	2.16%
Bainbridge Shopping Center II LLC.	4,931,510	0.66%
Target Corp	3,225,220	0.43%
Tanglewood Square Delaware LLC.	2,579,050	0.35%
HD Development of Maryland Inc.	2,170,010	0.29%
V&V Lakeshore Ltd.	1,468,260	0.20%
Stock Equipment Company, LLC.	1,383,730	0.19%
McFarlands Corners Ltd.	1,209,180	0.16%
422 Company, Ltd.	1,124,910	0.15%
Bainbridge Associates LTD.	895,410	0.12%
Cambridge Commons of Bainbridge LLC.	871,890	0.12%
Totals	<u>\$35,892,950</u>	<u>4.83%</u>
Total Assessed Valuation	<u>\$743,359,800</u>	

Name of Taxpayer	2003	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Land	\$11,874,290	2.12%
Funtime, Inc.	10,058,900	1.79%
422 Company, Ltd.	2,568,220	0.46%
Tanglewood Square	2,528,160	0.45%
Capco Enterprises	1,855,640	0.33%
Bainbridge Associates, Ltd.	1,296,680	0.23%
General Signal Corp.	1,221,710	0.22%
University Hospitals	1,066,590	0.19%
Key Trust Co.	985,620	0.18%
Tanglewood Associates	976,200	0.18%
Totals	<u>\$34,432,010</u>	<u>6.15%</u>
Total Assessed Valuation	<u>\$562,355,940</u>	

(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Tangible Personal Property Tax 2012 and 2003

Name of Taxpayer	2012 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Total	\$0	0.00%
Total Assessed Valuation	\$0	
	2003	
Name of Taxpayer	Assessed Value	Percent of Tangible Personal Property Assessed Value
Funtime, Inc.	\$14,945,130	43.86%
SPX Corporations	1,754,100	5.15%
Duramax, Inc.	1,537,300	4.51%
Riser Foods Company	1,141,280	3.35%
Novean, Inc.	723,610	2.13%
Mar Bal, Inc.	578,950	1.70%
Nalco Diversified	413,000	1.22%
Speed Selector, Inc.	404,690	1.19%
Etna Products	365,070	1.08%
Scott Fetzer Company	326,420	0.96%
Total	\$22,189,550	65.15%
Total Assessed Valuation	\$34,081,610	

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

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

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Public Utility Personal Property Tax
2012 and 2003**

2012		
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$8,627,070	79.41%
American Transmission	683,860	6.29%
East Ohio Gas Co.	547,850	5.04%
Ohio Edison	320,700	2.95%
Orwell Natural Gas	211,840	1.95%
Total	<u>\$10,391,320</u>	<u>95.64%</u>
Total Assessed Valuation	<u>\$10,863,740</u>	

2003		
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$5,951,750	50.33%
Western Reserve Telephone Co.	3,472,490	29.37%
American Transmission	888,610	7.52%
East Ohio Gas Co.	444,040	3.76%
Total	<u>\$10,756,890</u>	<u>90.98%</u>
Total Assessed Valuation	<u>\$11,829,340</u>	

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

KENSTON LOCAL SCHOOL DISTRICT

Computation of Direct and Overlapping Debt Attributable to Governmental Activities as of December 31, 2011

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct Debt of Kenston Local School District:			
General Obligation Bonds (Net)	\$ 42,125,014	100.00%	\$ 42,125,014
Capital Lease	190,415	100.00%	190,415
Total Direct Debt	<u>42,315,429</u>		<u>42,315,429</u>
Overlapping Debt:			
Geauga County	6,767,563	25.29%	\$1,711,517
Total Overlapping Debt	<u>6,767,563</u>		<u>1,711,517</u>
Total Direct and Overlapping Debt	<u>\$49,082,992</u>		<u>\$44,026,946</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 2011 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	(3) Resources Available to Pay Principal	Net General Bonded Debt			
2003	16,074	a	\$ 1,756,500,129	\$53,063,000	\$ 3,181,198	\$49,881,802	2.84%	\$3,103.26	
2004	16,074	a	1,833,637,245	51,749,500	3,071,859	48,677,641	2.65%	3,028.35	
2005	16,074	a	1,825,738,446	50,826,000	3,773,298	47,052,702	2.58%	2,927.26	
2006	16,074	a	2,112,672,869	49,832,500	4,248,531	45,583,969	2.16%	2,835.88	
2007	16,074	a	2,124,927,479	48,771,745	4,626,333	44,145,412	2.08%	2,746.39	
2008	16,074	a	2,247,144,389	47,660,593	4,759,815	42,900,778	1.91%	2,668.95	
2009	16,074	a	2,130,558,325	46,345,749	4,990,232	41,355,517	1.94%	2,572.82	
2010	17,351	b	2,149,024,759	45,032,264	4,913,880	40,118,384	1.87%	2,312.17	
2011	17,351	b	2,215,298,647	43,311,869	4,759,184	38,552,685	1.74%	2,221.93	
2012	17,351	b	2,136,230,302	42,125,014	5,063,148	37,061,866	1.73%	2,136.01	

Sources: (1) U.S. Bureau of Census, Census of Population
(a) 2000 Federal Census
(b) 2010 Federal Census
(2) Office of the Auditor, Geauga County, Ohio
(3) Resources available to pay principal is obtained from the District's Debt Service Fund on the modified financial statements

KENSTON LOCAL SCHOOL DISTRICT

Computation of Legal Debt Margin Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tax Valuation	\$ 608,266,890	\$ 636,495,800	\$ 637,821,330	\$ 723,154,010	\$ 724,501,345	\$ 743,707,010	\$ 751,079,780	\$ 758,193,270	\$ 781,524,130	\$ 754,223,540
Debt Limit - 9% of Taxable Valuation (1)	54,744,020	57,284,622	57,403,920	65,083,861	65,205,121	66,933,631	67,597,180	68,237,394	70,337,172	67,880,119
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	53,063,000	51,749,500	50,826,000	49,832,500	48,664,000	47,410,500	46,057,000	44,698,500	43,210,000	41,615,000
Less Amount Available in Debt Service	(3,181,198)	(3,071,859)	(3,773,298)	(4,248,531)	(4,626,333)	(4,759,815)	(4,990,232)	(4,913,880)	(4,759,184)	(5,063,148)
Amount of Debt Subject to Limit	49,881,802	48,677,641	47,052,702	45,583,969	44,037,667	42,650,685	41,066,768	39,784,620	38,450,816	36,551,852
Legal Debt Margin	\$ 4,862,218	\$ 8,606,981	\$ 10,351,218	\$ 19,499,892	\$ 21,167,454	\$ 24,282,946	\$ 26,530,412	\$ 28,452,774	\$ 31,886,356	\$ 31,328,267
Legal Debt Margin as a Percentage of the Debt Limit	8.88%	15.02%	18.03%	29.96%	32.46%	36.28%	39.25%	41.70%	45.33%	46.15%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 608,267	\$ 636,496	\$ 637,821	\$ 723,154	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-	-	-
Unvoted Legal Debt Margin	\$ 608,267	\$ 636,496	\$ 637,821	\$ 723,154	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Geauga County Auditor and School District Financial Records

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

KENSTON LOCAL SCHOOL DISTRICT

Ratio of Outstanding Debt By Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (1)	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases				
2003	\$ 53,063,000	\$ -	\$ 53,063,000	3.02%	8.62%	\$ 3,301.17
2004	51,749,500	-	51,749,500	2.82%	8.41%	3,219.45
2005	50,826,000	-	50,826,000	2.78%	8.26%	3,162.00
2006	49,832,500	-	49,832,500	2.36%	8.09%	3,100.19
2007	48,771,745	-	48,771,745	2.30%	7.92%	3,034.20
2008	47,660,593	-	47,660,593	2.12%	7.74%	2,965.07
2009	46,345,749	-	46,345,749	2.18%	7.53%	2,883.27
2010	45,032,264	275,000	45,307,264	2.11%	5.93%	2,611.22
2011	43,311,869	253,241	43,565,110	1.97%	5.71%	2,510.81
2012	42,125,014	190,415	42,315,429	1.98%	5.54%	2,438.79

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Bainbridge Township Population (1)</u>	<u>Auburn Township Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (1)</u>	<u>Geauga County Unemployment Rate (3)</u>
2003	10,916 a	5,158 a	\$ 615,618,126	\$ 38,299 a	3.7%
2004	10,916 a	5,158 a	615,618,126	38,299 a	5.3%
2005	10,916 a	5,158 a	615,618,126	38,299 a	4.7%
2006	10,916 a	5,158 a	615,618,126	38,299 a	3.4%
2007	10,916 a	5,158 a	615,618,126	38,299 a	4.5%
2008	10,916 a	5,158 a	615,618,126	38,299 a	5.5%
2009	10,916 a	5,158 a	615,618,126	38,299 a	6.3%
2010	10,908 b	6,443 b	763,409,298	43,998 b	7.3%
2011	10,908 b	6,443 b	763,409,298	43,998 b	6.6%
2012	10,908 b	6,443 b	763,409,298	43,998 b	6.1%

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

KENSTON LOCAL SCHOOL DISTRICT

Principal Employers Current Year and 2005 (1)

Employer	December 31, 2012			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	398	2	5.34%	260	2	3.49%
Stock Equipment Co. Inc.	240	3	3.22%	200	4	2.68%
Heinen's Inc.	233	4	3.13%	233	3	3.13%
Stock Fairfield Corp	170	5	2.28%	-	0	0.00%
Mar-Bal, Inc.	128	6	1.72%	93	8	1.25%
Township of Bainbridge	122	7	1.64%	-	0	0.00%
Medhurst Mason Contractors Inc.	115	8	1.54%	-	0	0.00%
Modern Logistics Inc.	105	9	1.41%	-	0	0.00%
Chagrin Valley Athletic Club	100	10	1.34%	100	7	1.34%
Kmart Corp.				75	10	1.01%
Giant Eagle Inc.				123	5	1.65%
DCI Management Group, Inc.				100	6	1.34%
D.E. Williams Electric, Inc.				90	9	1.21%
Total	<u>2,061</u>		<u>27.66%</u>	<u>1,724</u>		<u>23.14%</u>
 Total Employment within the School District (3)	 <u>7,451</u>			 <u>7,451</u>		

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

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

Source: Information provided by the Kenston Local School District

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

KENSTON LOCAL SCHOOL DISTRICT

Cost Per Pupil Last Ten Fiscal Years

Fiscal Year	Student Enrollment		General Government (2)		Governmental Activities	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2003	3,181	2.58%	\$ 26,773,700	\$ 8,417	\$ 28,055,884	\$ 8,820
2004	3,134	-1.48%	30,424,522	9,708	31,381,902	10,013
2005	3,169	1.12%	45,323,029	14,302	31,915,997	10,071
2006	3,220	1.61%	50,324,040	15,629	34,855,937	10,825
2007	3,060	-4.97%	40,024,296	13,080	36,481,095	11,922
2008	3,122	2.03%	35,643,740	11,417	37,493,510	12,009
2009	3,140	0.58%	35,232,122	11,220	37,947,610	12,085
2010	3,116	-0.76%	36,596,005	11,745	38,206,664	12,261
2011	3,141	0.80%	36,093,843	11,491	39,435,209	12,555
2012 (3)	2,973	-5.35%	34,964,365	11,761	38,843,878	13,066

Source: Kenston Local School District Records

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

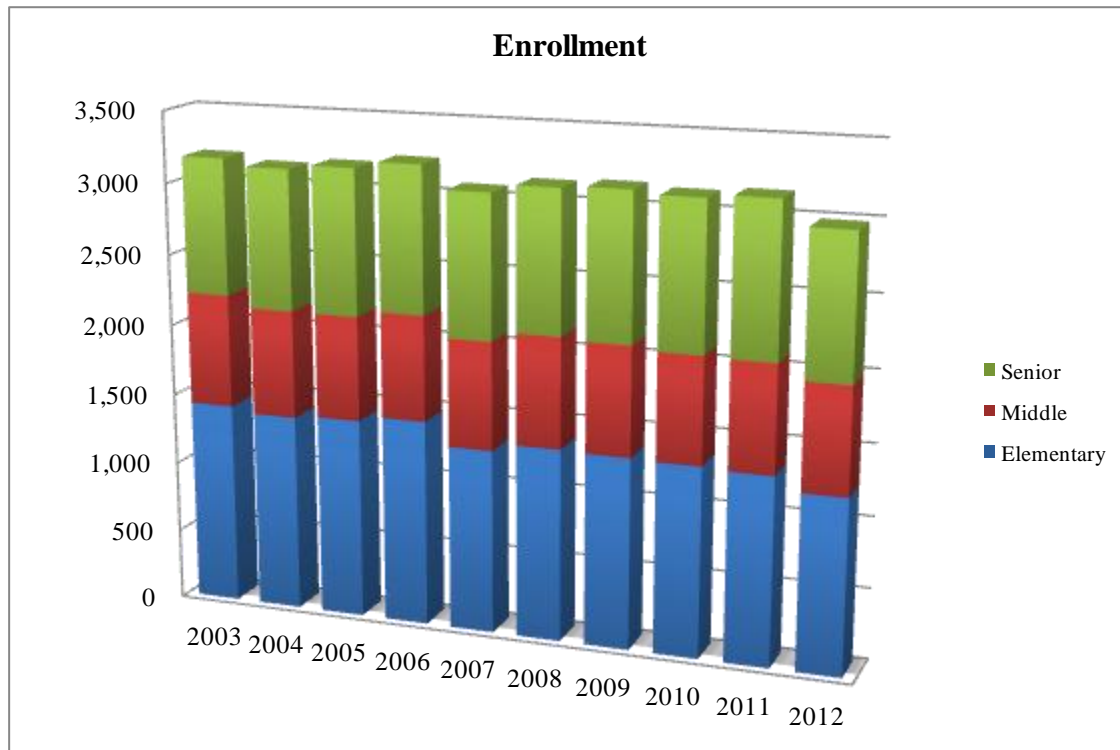
(2) Debt Service expenditures and other financing uses have been excluded

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

KENSTON LOCAL SCHOOL DISTRICT

Enrollment Statistics Last Ten Fiscal Years

Fiscal Year	Elementary Schools (1)	Middle School	Senior High School	Total
2003	1,429	795	957	3,181
2004	1,392	756	986	3,134
2005	1,415	732	1,022	3,169
2006	1,456	740	1,024	3,220
2007	1,299	757	1,005	3,061
2008	1,357	772	993	3,122
2009	1,349	763	1,028	3,140
2010	1,340	747	1,029	3,116
2011	1,327	751	1,063	3,141
2012 (2)	1,233	744	996	2,973



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

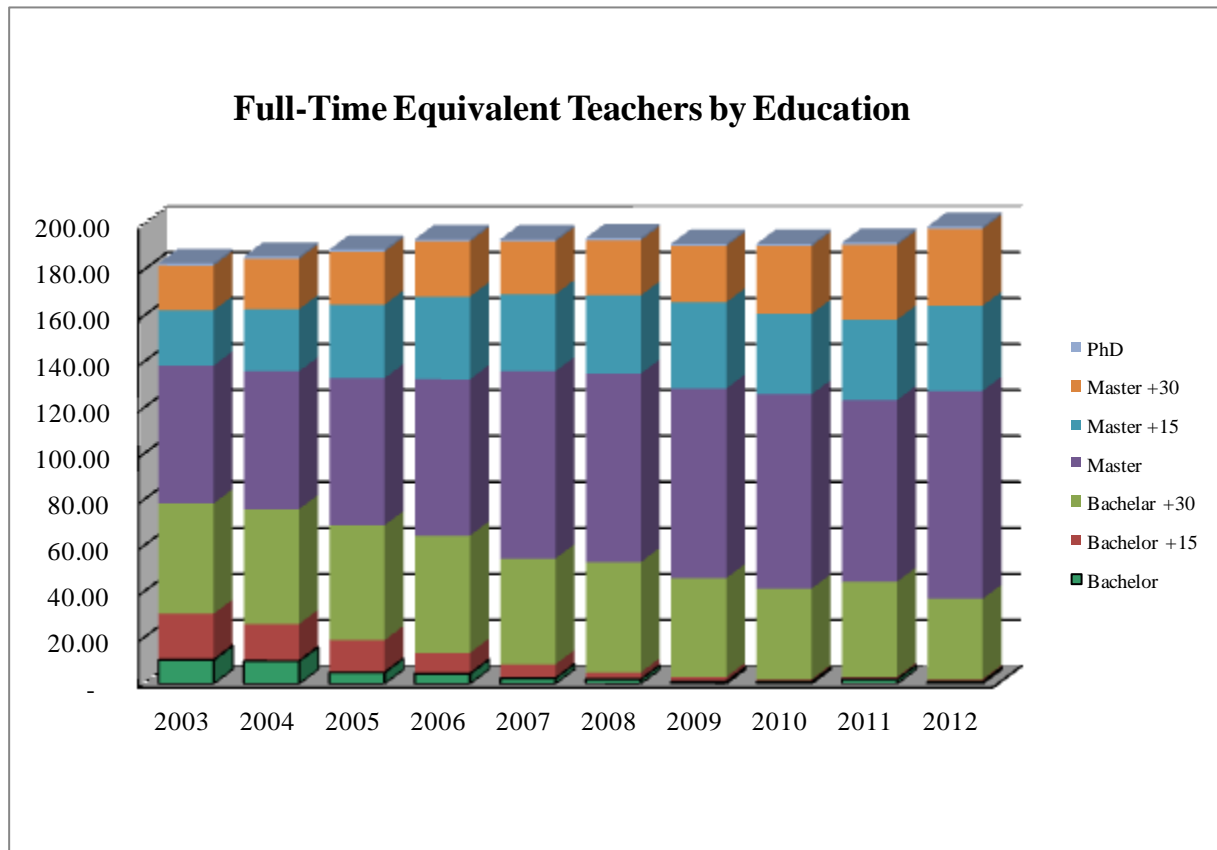
(1) Includes Pre-School Students

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

KENSTON LOCAL SCHOOL DISTRICT

Full-Time Equivalent Teachers by Education Last Ten Fiscal Years

Fiscal Year	Bachelor's			Master's			PhD	Total
	Degree	+15	+30	Degree	+15	+30		
2003	10.50	20.00	48.00	60.00	24.00	19.50	1.00	183.00
2004	10.00	16.00	50.00	60.00	27.00	22.00	1.00	186.00
2005	5.00	14.00	50.00	64.00	32.00	23.00	1.00	189.00
2006	4.50	9.00	51.00	68.00	36.00	24.00	1.00	193.50
2007	2.50	6.00	46.00	81.50	33.50	23.00	1.00	193.50
2008	2.00	3.00	48.00	82.00	34.00	24.00	1.00	194.00
2009	1.00	2.00	43.00	82.50	37.50	24.50	1.00	191.50
2010	1.00	1.00	39.50	84.50	35.00	29.50	1.00	191.50
2011	2.00	1.00	41.50	79.00	35.00	32.50	1.00	192.00
2012	1.00	1.00	35.00	90.50	37.00	33.50	1.00	199.00



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>
2003	18.0	16.5
2004	19.1	18.5
2005	17.9	18.5
2006	17.7	18.6
2007	18.4	19.6
2008	18.1	18.6
2009	N/A	N/A
2010	N/A	N/A
2011	N/A	N/A
2012	N/A	N/A

Source: Ohio Department of Education, EMIS Reports

N/A - Information was not available at time of completion

KENSTON LOCAL SCHOOL DISTRICT

Attendance and Graduation Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
2003	95.8%	94.5%	96.9%	83.9%
2004	96.1%	94.5%	96.5%	84.3%
2005	96.1%	94.3%	96.6%	85.9%
2006	96.1%	94.1%	97.5%	86.2%
2007	96.3%	94.1%	95.9%	86.1%
2008	96.4%	94.2%	99.2%	86.9%
2009	96.5%	94.3%	97.7%	84.6%
2010	96.6%	94.3%	98.7%	83.0%
2011	96.5%	94.5%	99.1%	84.3%
2012	(1)	(1)	(1)	(1)

Source: Ohio Department of Education Local Report Cards

(1) The ODE's Local Report Card has not been released as of the date of this report. Therefore, the information is unavailable for fiscal year 2012.

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
2003	106	227	47%	518	536	507	520	541	519
2004	102	229	45%	537	538	508	541	542	518
2005	116	231	50%	536	539	508	551	543	520
2006	105	211	50%	531	535	503	539	544	518
2007	130	263	49%	525	536	502	571	542	515
2008	184	262	70%	520	534	502	541	544	515
2009	171	241	71%	524	537	501	540	546	515
2010	141	224	63%	530	538	501	540	548	516
2011	181	261	69%	541	539	497	551	545	514
2012	183	260	70%	525	543	496	534	552	514

Source: High School Guidance Office, Kenston Local School District

KENSTON LOCAL SCHOOL DISTRICT

ACT Composite Scores Last Ten School Years

<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Composite</u>	<u>Ohio Composite</u>	<u>National Composite</u>
2003	88	227	39%	22.4	21.4	20.8
2004	87	229	38%	22.8	21.4	20.9
2005	140	231	61%	23.3	21.4	20.9
2006	81	211	38%	22.8	21.5	21.1
2007	175	265	66%	23.1	21.5	21.2
2008	179	262	68%	22.5	21.7	21.1
2009	181	241	75%	23.4	21.7	21.1
2010	168	224	75%	23.5	21.8	20.5
2011	211	261	81%	24.4	21.8	21.1
2012	225	260	87%	23.9	21.8	21.1

Source: High School Guidance Office, Kenston Local School District

KENSTON LOCAL SCHOOL DISTRICT

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

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

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

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

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

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

(1) Information prior to 2005 is not available.

KENSTON LOCAL SCHOOL DISTRICT

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital Assets:										
Land	\$ 125,211	\$ 125,211	\$ 125,211	\$ 704,063	\$ 704,063	\$ 1,237,691	\$ 1,237,691	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
Land Improvements	171,606	331,261	266,317	230,017	202,973	804,690	804,690	760,363	1,373,765	1,271,128
Building and Improvements	11,429,739	10,763,236	10,268,462	9,853,883	9,474,445	51,395,350	51,395,350	50,051,982	48,760,169	47,482,030
Furniture and Equipment	1,184,314	766,539	673,164	523,008	388,050	999,346	999,346	939,914	858,673	939,377
Vehicles	1,287,523	1,146,631	932,795	761,564	573,173	775,970	775,970	836,001	612,568	415,427
Construction in Progress	320,704	2,546,374	18,181,846	35,784,636	43,305,939	-	-	1,213,969	1,186,644	1,730,634
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>\$55,213,047</u>	<u>\$55,213,047</u>	<u>\$55,009,420</u>	<u>\$53,999,010</u>	<u>\$53,045,787</u>

*Restated

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

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



Kenston Local School District

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Dave Yost • Auditor of State

KENSTON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2013**