

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

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2014**

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, Ohio 44023

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, 2013 through June 30, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 20, 2015

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
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Ohio Society of Certified Public Accountants

**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

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Kenston Local School District, Ohio's basic financial statements and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

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

Digitally signed by James G. Zupka, CPA,
President
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December 12, 2014

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

Certified Public Accountants

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

Board of Education
Kenston Local School District
Chagrin Falls, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited the Kenston Local School District, Geauga County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Kenston Local School District, Ohio's major federal program for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Kenston Local School District, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Kenston Local School District, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Kenston Local School District, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Kenston Local School District, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Kenston Local School District, Ohio's basic financial statements. We issued our report thereon dated December 12, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

James G. Zupka,
CPA, President

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

Digitally signed by James G. Zupka, CPA, President
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December 12, 2014

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>					
<i>Passed Through the Ohio Department of Education</i>					
Child Nutrition Cluster					
National School Lunch Program	10.555	\$ 150,227	\$ 42,509	\$ 150,227	\$ 42,509
<i>Total Child Nutrition Cluster</i>		<u>150,227</u>	<u>42,509</u>	<u>150,227</u>	<u>42,509</u>
Total U.S. Department of Agriculture		<u>150,227</u>	<u>42,509</u>	<u>150,227</u>	<u>42,509</u>
<u>U.S. Department of Education</u>					
<i>Direct Award</i>					
Fund for the Improvement of Education - PEP Grant	84.215	<u>48,393</u>	<u>0</u>	<u>39,429</u>	<u>0</u>
<i>Passed through State Department of Education</i>					
Title I - Financial Assistance to Meet Special Education Needs of Disadvantaged Children - Part A, ESEA	84.010	<u>115,195</u>	<u>0</u>	<u>114,847</u>	<u>0</u>
Special Education Grants to States - IDEA Part B	84.027	<u>488,776</u>	<u>0</u>	<u>485,220</u>	<u>0</u>
English Language Acquisition Grants	84.365	<u>2,500</u>	<u>0</u>	<u>2,500</u>	<u>0</u>
ARRA - Race to the Top	84.395	<u>50,438</u>	<u>0</u>	<u>69,976</u>	<u>0</u>
Improving Teacher Quality State Grants, Title IIA	84.367	<u>66,394</u>	<u>0</u>	<u>66,394</u>	<u>0</u>
Total U.S. Department of Education		<u>771,696</u>	<u>0</u>	<u>778,366</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 921,923</u>	<u>\$ 42,509</u>	<u>\$ 928,593</u>	<u>\$ 42,509</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

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, 2014, 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, 2014**

1. SUMMARY OF AUDITOR’S RESULTS

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2014(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2014(v)	Type of Major Program’s Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)?	No
2014(vii)	Major Programs (list): Special Education Cluster - Grants to States, IDEA, Part B, Special Education - CFDA #84.027	
2014(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2014(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, 2014**

There were no audit findings or management letter recommendations as of June 30, 2013.

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Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

JUNE 30, 2014



"If your actions inspire others to dream more, learn more, do more and become more, you are a leader." - John Quincy Adams



KENSTON LOCAL SCHOOL DISTRICT
CHAGRIN FALLS, OHIO

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Introductory Section



Kenston Local School District

“Bomber Blue”

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Kenston Local School District

Chagrin Falls, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Issued By:

Treasurer's Office – Candi R. Lukat, Treasurer



Kenston Local School District

“Play Blue”

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KENSTON LOCAL SCHOOL DISTRICT

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KENSTON LOCAL SCHOOL DISTRICT

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KENSTON LOCAL SCHOOL DISTRICT

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KENSTON

S C H O O L S

Kenston Local Schools

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Nancy R. Santilli
Superintendent

Kathleen M. Poe
Assistant Superintendent

Candi R. Lukat
Treasurer

December 12, 2014

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

We are pleased to submit to you the thirteenth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District. This CAFR, which includes an unmodified (“clean”) opinion from James G. Zupka, CPA, Inc., conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2014.

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

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years, unless an annual audit is required pursuant to The Single Audit Act Amendment of 1996. These audits are conducted by either the Auditor of the State or, if the Auditor permits, an independent public accounting firm. The current year audit was completed by James G. Zupka, CPA, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2014, 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 Board of Education and Administration

The Board of Education of the School District is a political body charged with the responsibility of managing and controlling the affairs of the School District, and is governed by the general laws of the State of Ohio. The Board is comprised of five members elected at-large for a four year term.

The Superintendent is hired by the Board and has the responsibility for directing and assigning teachers and other employees, and performing other duties as determined by the Board. In January 2014, the Board accepted the retirement resignation of long-time Superintendent Dr. Robert A. Lee, effective August 1, 2014, and began a four month search process to hire a new Superintendent. On April 28 the Board unanimously approved a three year contract commencing August 1, 2014 for Nancy Santilli to become the new Superintendent. Mrs. Santilli served as the District's Assistant Superintendent since 2011.

The Treasurer is hired by the Board and is responsible for compiling and preserving all official records and reports of the Board of education and serves as the auditor of school funds. On August 19, 2013 the Board approved a three year contract commencing October 1, 2013 for Candi Lukat to succeed Linda Hein as Treasurer upon her retirement resignation.

The School District and its Facilities

The Kenston Local 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.

In fiscal year 2014, the School District operated 4 instructional facilities staffed by 171 non-certificated full and part-time employees and 236 certificated full and part-time teaching personnel that provided services to 3,076 students. Beginning in the 2013-14 school year all kindergarten students were relocated to a newly constructed wing of the Timmons Elementary School Building. The Gardiner Early Learning Center is no longer used as an instructional facilities and its potential for future use is being carefully considered by the School District.

KENSTON LOCAL SCHOOL DISTRICT

Employee Relations

In March 2013, the School District entered into a contract with the Kenston Education Association (KEA) for a two year period ending February 28, 2015. In addition, a Memorandum of Understanding approved in 2014 extended the agreement for an additional year to February 28, 2016. The KEA represents regularly employed, salaried, full and part-time certificated/licensed personnel, including classroom teachers, librarians, guidance counselors, and specialists. This contract provided for a base salary of \$38,252 for the 2013-14 school year, a base salary of \$38,635 for the 2014-15 school year, and a base salary of \$39,215 for the 2015-16 school year. All members of the bargaining unit are paid according to the agreement salary schedule, and pay for part-time employees is prorated according to hours worked.

In July 2013, the School District entered into a contract with the Ohio Association of Public School Employees (OAPSE) Chapter 501 for a three year period ending June 30, 2016. The OAPSE represents the positions of head custodian, custodians, third shift custodians, administrative assistants I, administrative assistant II, library/computer specialists, lead maintenance mechanics, transportation maintenance mechanics, educational aide, van driver, health aide, transportation aide, proctor, head cook, and cafeteria helper. This contract provides for 1.5 percent wage increases effective for the first year of the contract, 1 percent increase in the second year of the contract, and 1.5 percent increase in the third year of the contract.

The School District's certified administrators and supervisors are not members of any bargaining unit and are provided individual contracts approved by the board.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to insure conformity with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and 34*. In evaluating how to define the School District for financial reporting purposes, management has considered its relationship with all departments, boards, organizations, and agencies that make up the School District.

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

The School District is associated with four jointly governed organizations and one public entity risk pool. The jointly governed organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association. These organizations are presented in Notes 17 and 18 of the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

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.

Economic Condition and Outlook

Taxes

The School District depends on its local property taxpayers for more than seventy percent of its revenues. Property taxes collected for the general fund from operating levies are used to pay for day-to-day operating expenses of the School District, including salaries, benefits, utilities, books, and equipment.

Property taxes are also collected for the payment of principal and interest on voter approved bond issues related to the construction of buildings. Bond issue millage rates are set by the County Auditor, with information provided by the School District, in order to generate sufficient revenue to pay the principal and interest on the bonds issued.

The School District levied and collected an effective tax rate of 39.70 mills for residential property, and 48.60 mills for commercial property in 2014.

All tax rates for the School District, except inside millage, are reduced as valuations increase. In accordance with House Bill 920, as property valuations increase during the triennial update and reappraisal periods, the voted millage is reduced for the School District in order to generate the same amount of tax revenue for the district as was received when each levy was initially approved by the voters. This is the difference between the Full Tax Rate and the Effective Rate.

The School District has not had an operating levy on the ballot since 2005.

State Aid

Despite declining enrollment, the School District continues to receive state aid as a "guarantee" district. Under the new School Foundation Payment Report (SFPR) funding formula the transitional aid guarantee ensured that no district would receive less funding through the new formula in fiscal year 2014 than it received in fiscal year 2013.

State revenue also comes from Rollback and Homestead payments, which represent the portion of the local tax bill reimbursed by the State. This provides a credit of up to 12.5 percent to residential and agricultural property owners and senior citizens. Other state revenues received include the tangible personal property tax loss reimbursement, Medicaid reimbursements, catastrophic cost reimbursements, and casino revenues.

KENSTON LOCAL SCHOOL DISTRICT

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

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

Open enrollment, county board services, Post-Secondary Enrollment Options and special education excess costs are also “below the funding line” deductions that are withheld from state aid.

Local Economy

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 regularly 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.

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 member. Community members serve three year terms.

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

Major Initiatives

Energy conservation measures continued to be a priority for the Kenston School District throughout the 2013-14 school year. Phase II of the retrofitting of Timmons Elementary HVAC control system was completed and a significant cost savings was realized by doing most of the wiring in-house. The outside campus was retrofitting with LED lighting, and with the support of Race to the Top Innovation grant funds, classrooms at Timmons Elementary School and Kenston Intermediate School were retrofitting with LED lights.

KENSTON LOCAL SCHOOL DISTRICT

Kenston instituted an open enrollment policy for the 2013-14 school year and admitted 31 students. This generated additional state revenue of \$178,670.

The Board of Education adopted a Technology Plan in December 2013 that focuses on engaging and empowering learning experiences both in and out of school that prepare learners to be active, creative, and ethical participants in our globally networked society. Through a Google initiative, over 129,500 documents were created in Google Apps for Education for grades 4 through 12. In addition, the district continues to leverage technology to measure what matters and use assessment data for continuous improvement, and support educators with technology that connects them to data, resources, and learning experiences. Through rethinking technology structures, the district will at all levels redesign processes to take advantage of technology to not only improve learning outcomes, but also make more efficient use of time, money, and staff.

The School District engaged students and the community through a number of events during the 2013-14 school year, including a Science Technology Engineering and Math (STEM) night that was held for all Kenston families with grade appropriate hands on activities and presentations from a variety of local corporations and non-profits. The Kenston Intermediate School introduced fourth and fifth graders to over 75 different careers during their 2014 Student Career Fair. The Timmons Elementary School again coordinated the “One School, One Book” program with a selection of *Poppy*, by Avi. This program provided a shared reading experience for families and the entire school, with activities planned that promoted and enriched the shared reading experience.

The School District applied and was again granted two waiver days by the state department of education for the purpose of engaging in high quality staff development. These days are dedicated to raising student achievement through the development of a collaborative culture where teachers analyze curriculum, instruction and performance data to improve their attainment mapping, the development of essential understandings and common assessments.

To foster an educational climate that serves the needs of all students in a manner of mutual respect and care toward others, the PEAK (Peaceful Environment at Kenston) initiative continued in all buildings. 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.

Future Projects

For the first time in 10 years, the Kenston Board of Education plans to ask voters to support a funding issue that will be placed on the May 5, 2015 ballot. The ballot issue is a combined levy for a \$10 million bond issue and a 4.0 mill operating levy. Funds generated by the bond issue will be used to pay for capital improvements within the district including technology infrastructure, building repairs, heating and cooling, updates to the transportation department and stadium. Funds generated by the operating levy will be used to pay for the daily building and district operation.

KENSTON LOCAL SCHOOL DISTRICT

In partnership with the Geauga County Educational Service Center, the School District is a consortia member of two Straight A grant fund awards. The Geauga County Innovation Academy and Career Pathway Project provides students with a high school option to pursue their education in a 21st century learning environment, utilizing STEM methodologies and philosophies, early college options and career experiences. The project will create a satellite high school through video conferencing with the Innovation Academy teachers, and provide seventh and eighth grade students with career exploration curriculum through collaboration among teachers, industry partners, and the Auburn Career Center. It will also provide professional development for local educators in leading innovation, problem based learning, interdisciplinary curriculum design and implementation, as well as digital content design and integration into high school curriculum. The other Straight A grant funded project is College Ready Ohio project. This project creates seamless and equitable pathways for qualified high school students to take advantage of the College Credit Plus program which replaces Ohio's Post Secondary Enrollment Options program and other alternative dual enrollment programs.

The School District was awarded an Ohio Environmental Education Fund grant that will be used to create an outdoor learning center from which Kenston students in grades kindergarten through 12, and the community at large, will acquire information about Kenston's green initiatives and launch planned STEM activities that support Ohio Academic Content Standards. With a view of the working wind turbine and solar panels, access to the Kenston for Kilowatts website offering a live data stream of information regarding the workings of these technologies, and a campus map outlining the arboretum trails and gardens, students and the public alike will find a focal point for learning about the many green initiatives occurring on the Kenston campus.

Computer lab upgrades and redesigns continue campus-wide, with new equipment being installed at the Kenston Middle School computer and Social Studies labs, conversions to thin-client environments at Timmons Elementary School library lab and Kenston Intermediate School media lab, and a redesign of the Timmons Elementary School library lab.

The School District is actively participating on a task force with other Geauga County school districts to evaluate the services provided by the Geauga County Educational Service Center. Legislative changes to the guidelines for how districts enter service agreements with educational service centers has allowed for more evaluation of services and choice to enter into agreements with non-resident county educational service centers. The impact of this change in legislation is still unclear, but in Geauga County where the seven member school districts share costs and locations for special education programming, the impact of one or more school districts no longer entering into a service agreement with the Geauga County Educational Service Center will certainly have a financial impact on the other remaining school districts. The state requires district Boards of Education to take action by resolution before December 31, 2014 to declare their intent to terminate their service agreements with an educational service center effective June 30, 2015. Kenston's Board of Education, along with at least two other school boards in Geauga County, has adopted the initial resolution to terminate services with the educational service center. Through on-going participation with the task force of superintendents, treasurers, and special education directors, Kenston will evaluate current services and opportunities for innovations that will best serve the needs of Kenston's students and faculty before determining our next step. This may involve continuing to partner with the Geauga County Educational Service Center or entering into a service agreement with another educational service center for the 2015-16 school year.

KENSTON LOCAL SCHOOL DISTRICT

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 strategic plans initiatives.

Financial Information

Internal Accounting and Controls

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

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

Long-Term Financial Planning

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

Relevant Financial Policies

At the beginning of each fiscal year, the School District adopts either a temporary or permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon the receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

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

All disbursements and transfers of cash between funds require appropriation authority. Budgets are controlled at the fund level. All purchases must be approved by the appropriate levels of authority and purchase orders are certified by the treasurer, encumbering the necessary funds.

KENSTON LOCAL SCHOOL DISTRICT

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

The School District maintains a cash management program that expedites the receipt of revenues and prudently deposits and invests available cash in obligations collateralized by instruments issued by the U.S. government, government agencies, corporations, or the State of Ohio, or insured by the Federal Deposit Insurance Corporation (FDIC) and/or the Securities Investor Protection Corporation (SIPC.)

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, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

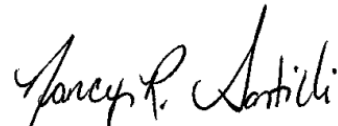
Acknowledgments

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


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

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

Respectfully submitted,



Nancy R. Santilli, Superintendent



Candi R. Lukat, Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Kenston Local School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

BOARD OF EDUCATION

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

TREASURER

Ms. Candi R. Lukat ⁽¹⁾

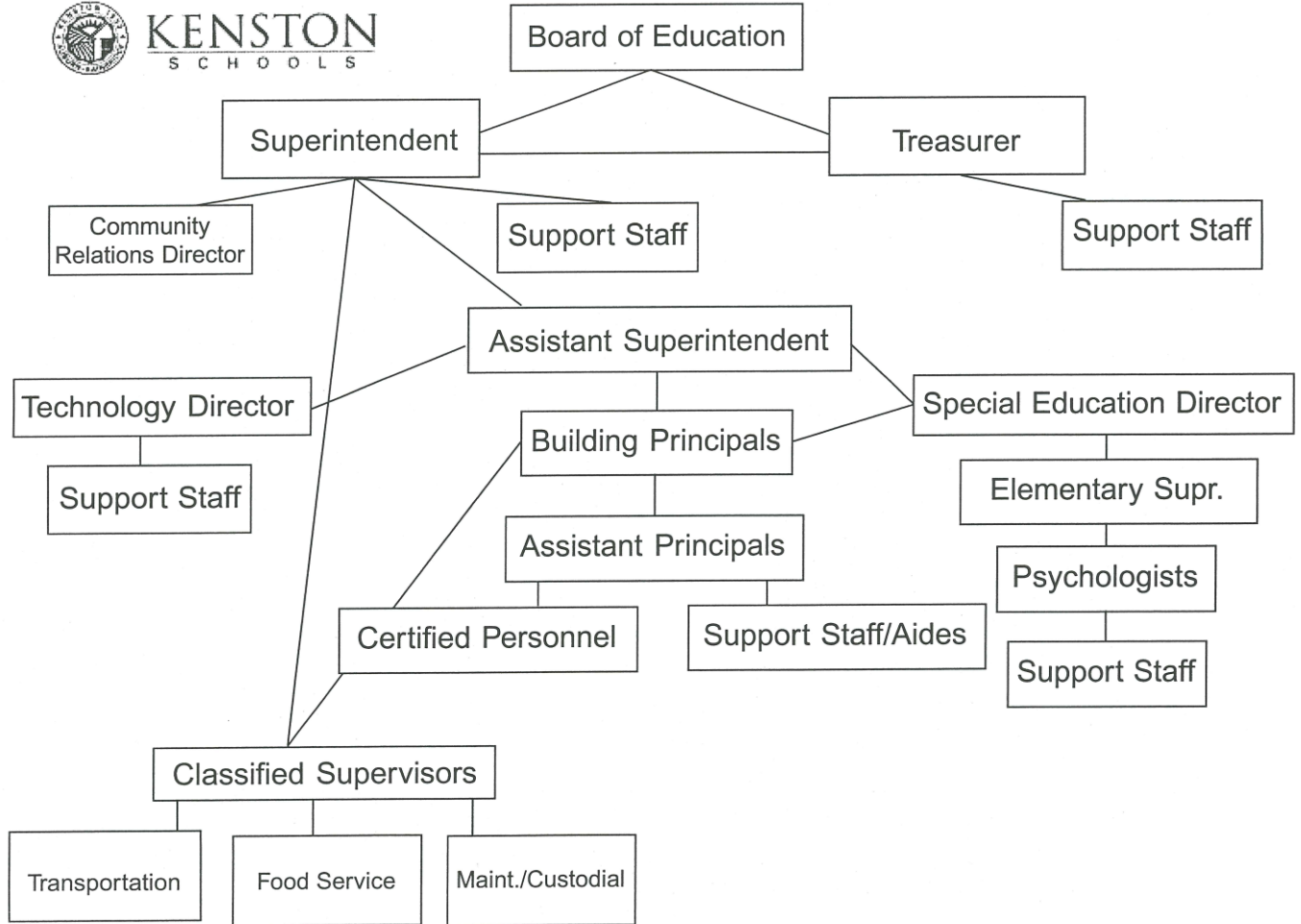
ADMINISTRATION

Mrs. Nancy R. Santilli ⁽²⁾	Superintendent
Ms. Kathleen M. Poe ⁽³⁾	Assistant Superintendent
Mrs. Rita Pressman	Director, Special Education

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

⁽²⁾ *Effective August 1, 2014, Nancy R. Santilli replaced Dr. Robert A. Lee as Superintendent.*

⁽³⁾ *Effective August 1, 2014, Kathleen M. Poe replaced Nancy R. Santilli as Asst. Superintendent.*



Financial Section



Kenston Local School District

“Teach Blue”

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Ohio, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information


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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of the Kenston Local School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kenston Local School District, Ohio's internal control over financial reporting and compliance.


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

December 12, 2014

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KENSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2014

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, 2014. 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 2014 are as follows:

- In total, net position increased \$757,059. Net position of governmental activities increased \$957,695, which represents a 3 percent increase from 2013. The increase in net position of governmental activities is due to increases in charges for services, property taxes, and grants and entitlements coupled with decreases in expenses. Net position of business-type activities decreased \$200,636 or 44 percent from 2013. The decrease in net position is related to decreases in charges for services and operating grants and contributions for 2014 compared to 2013.
- Total general revenues accounted for \$37,525,887 or 91 percent of all revenues. Total program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$3,510,491 or 9 percent of total revenues of \$41,036,378.
- The School District had \$38,581,615 in expenses related to governmental activities; only \$2,187,094 of these expenses were offset by program specific charges for services, operating and capital grants and contributions. General revenues (primarily taxes) of \$37,352,216 were sufficient to provide for these programs.
- Among major funds, the general fund had \$34,741,940 in revenues (not including other financing sources) and \$34,535,781 in expenditures (not including other financing uses). The general fund's fund balance slightly increased to \$11,180,831 from \$11,117,002. The bond retirement fund experienced a decrease in its fund balance to \$4,624,341 from \$4,735,689.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

KENSTON LOCAL SCHOOL DISTRICT

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2014?” The Statement of Net Position and Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* along with *all liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 10. Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the general fund and the bond retirement fund.

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

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 Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 47,828,174	\$ 47,631,831	\$ 143,360	\$ 274,191	\$ 47,971,534	\$ 47,906,022
Capital assets, net	51,041,225	52,092,285	303,635	332,514	51,344,860	52,424,799
Total Assets	98,869,399	99,724,116	446,995	606,705	99,316,394	100,330,821
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	2,072,460	2,244,805	-	-	2,072,460	2,244,805
LIABILITIES						
Current and other liabilities	5,246,709	5,045,331	148,848	112,233	5,395,557	5,157,564
Long-term liabilities:						
Due within one year	3,356,848	2,883,312	9,711	10,245	3,366,559	2,893,557
Due in more than one year	40,370,528	43,178,521	36,730	31,885	40,407,258	43,210,406
Total Liabilities	48,974,085	51,107,164	195,289	154,363	49,169,374	51,261,527
DEFERRED INFLOWS OF RESOURCES						
Property taxes	23,426,271	23,277,949	-	-	23,426,271	23,277,949
NET POSITION						
Net investment in						
Capital assets	13,374,772	12,447,702	303,635	332,514	13,678,407	12,780,216
Restricted	4,917,356	4,859,482	-	-	4,917,356	4,859,482
Unrestricted	10,249,375	10,276,624	(51,929)	119,828	10,197,446	10,396,452
Total Net Position	\$ 28,541,503	\$ 27,583,808	\$ 251,706	\$ 452,342	\$ 28,793,209	\$ 28,036,150

Total assets decreased by \$1,014,427. Equity in pooled cash, cash equivalents, and investments and depreciable capital assets experienced decreases of \$555,483 and \$1,079,666, respectively. The decrease in depreciable capital assets can be attributed to current year depreciation expenses exceeding additions to capital assets.

Total liabilities decreased by \$2,092,153. The main reason for the decrease in liabilities is related to the decreases in the School District's debt obligations.

The net position of the School District's business-type activities decreased by \$200,636 or 44 percent. Two out of the four business-type activities experienced decreases in net position, with the largest occurring in the kindergarten activity.

KENSTON LOCAL SCHOOL DISTRICT

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2 - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for services	\$ 1,019,853	\$ 663,966	\$ 1,127,723	\$ 1,350,277	\$ 2,147,576	\$ 2,014,243
Operating grants and contributions	1,162,930	1,138,395	195,674	200,338	1,358,604	1,338,733
Capital grants and contributions	4,311	651,402	-	-	4,311	651,402
Total Program Revenues	2,187,094	2,453,763	1,323,397	1,550,615	3,510,491	4,004,378
General Revenues:						
Property taxes	27,723,295	26,871,863	-	-	27,723,295	26,871,863
Grants and entitlements	9,507,776	9,184,941	-	-	9,507,776	9,184,941
Investment income	27,123	16,605	-	127	27,123	16,732
All other revenues	94,022	43,622	173,671	141,043	267,693	184,665
Total General Revenues	37,352,216	36,117,031	173,671	141,170	37,525,887	36,258,201
Total Revenues	39,539,310	38,570,794	1,497,068	1,691,785	41,036,378	40,262,579
EXPENSES						
Program Expenses:						
Instruction:						
Regular	16,391,724	16,375,043	-	-	16,391,724	16,375,043
Special	4,122,352	4,217,000	-	-	4,122,352	4,217,000
Vocational	193,593	137,649	-	-	193,593	137,649
Other	541,401	563,386	-	-	541,401	563,386
Supporting Services:						
Pupils	2,344,469	2,433,085	-	-	2,344,469	2,433,085
Instructional Staff	1,679,853	1,204,051	-	-	1,679,853	1,204,051
Board of Education	49,258	45,287	-	-	49,258	45,287
Administration	2,822,807	2,834,396	-	-	2,822,807	2,834,396
Fiscal Services	1,137,710	1,086,914	-	-	1,137,710	1,086,914
Business	42,719	20,513	-	-	42,719	20,513
Operation and Maintenance of Plant	3,727,751	3,983,705	-	-	3,727,751	3,983,705
Pupil Transportation	2,557,405	2,699,879	-	-	2,557,405	2,699,879
Central	30,087	500,334	-	-	30,087	500,334
Operation of Non-Instructional Services	112,184	184,551	-	-	112,184	184,551
Extracurricular Activities	1,538,986	1,460,454	-	-	1,538,986	1,460,454
Interest and Fiscal Charges	1,289,316	1,434,993	-	-	1,289,316	1,434,993
Food Services	-	-	1,035,956	1,076,166	1,035,956	1,076,166
Uniform School Supplies	-	-	152,008	142,267	152,008	142,267
Kindergarten Fees	-	-	345,302	263,334	345,302	263,334
Adult Education	-	-	164,438	146,349	164,438	146,349
Total Expenses	38,581,615	39,181,240	1,697,704	1,628,116	40,279,319	40,809,356
Excess (Deficiency) before Transfers	957,695	(610,446)	(200,636)	63,669	757,059	(546,777)
Transfers	-	(6,038)	-	6,038	-	-
Change in Net Position	957,695	(616,484)	(200,636)	69,707	757,059	(546,777)
Net Position - Beginning of Year	27,583,808	28,200,292	452,342	382,635	28,036,150	28,582,927
Net Position - End of Year	\$ 28,541,503	\$ 27,583,808	\$ 251,706	\$ 452,342	\$ 28,793,209	\$ 28,036,150

Total revenues increased \$773,799 or 2 percent. The School District's property taxes along with grants and entitlements reflected a combined increase of \$1,174,267 or 3 percent. Property tax revenue increased due to the collection of significant delinquencies from past years. Grants and entitlements increased as a result of receiving state aid in the form of state foundation and catastrophic cost reimbursements for special education which increased from fiscal year 2013.

KENSTON LOCAL SCHOOL DISTRICT

Total expenses decreased by \$530,037 or 1 percent over fiscal year 2013. Operation and Maintenance of Plant Services, Pupil Transportation, and Interest and Fiscal Charges experienced the largest decreases for combined total change of \$544,105. The decreases are the result of ten calamity days experienced during the fiscal year. Food Services, Uniform School Supplies, Kindergarten Tuition, and Adult Education total revenues decreased \$194,717 mainly due to the charges for services from food service and tuition collections were down when compared to fiscal year 2013.

Governmental Activities

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 70 percent of revenues for governmental activities for the District in fiscal year 2014.

Instruction comprises 55 percent of governmental program expenses. Interest and fiscal charges were 3 percent. Interest and fiscal charges were attributable to the outstanding bonds and other borrowings for capital projects. The increase in net position of \$957,695 is mainly due to an increase in revenues coupled with the District's efforts to control and even reduce expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2014 and 2013. 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 2014	Total Cost of Services 2013	Net Cost of Services 2014	Net Cost of Services 2013
Instruction	\$ 21,249,070	\$ 21,293,078	\$ 20,323,666	\$ 20,751,566
Supporting Services:				
Pupils and Instructional Staff	4,024,322	3,637,136	3,848,183	3,336,107
Board of Education, Administration, Fiscal Services, and Business	4,052,494	3,987,110	3,881,353	3,778,036
Operation and Maintenance of Plant	3,727,751	3,983,705	3,713,440	3,348,137
Pupil Transportation	2,557,405	2,699,879	2,557,405	2,699,557
Central	30,087	500,334	30,087	500,334
Operation of Non-Instructional Services	112,184	184,551	112,184	184,551
Extracurricular Activities	1,538,986	1,460,454	638,887	710,030
Interest and fiscal charges	1,289,316	1,434,993	1,289,316	1,419,159
Total cost of service	<u>\$ 38,581,615</u>	<u>\$ 39,181,240</u>	<u>\$ 36,394,521</u>	<u>\$ 36,727,477</u>

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

KENSTON LOCAL SCHOOL DISTRICT

Business-Type Activities

Business-type activities include adult/community education, the food services operation, the sale of uniform school supplies, and kindergarten tuition. These programs had total revenues of \$1,497,068 and expenses of \$1,697,704 for fiscal year 2014. The decrease in operations of \$200,636 is due to decreases in two out of the four business-type activities' program expenses. The School District is continually taking steps to reduce expenses. The Gardiner Early Learning Center was closed at the end of the 2013 fiscal year and the Pre-K – K students were relocated to Timmons Elementary School. Business-type activities receive no support from tax revenues.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$39,607,985 (not including other financing sources) and expenditures of \$39,787,931 (not including other financing uses). The fund balance in the general fund experienced a slight increase of \$63,829 due to increased property taxes and intergovernmental revenues coupled with reduced capital outlay expenditures and debt service expenditures. The decrease in the fund balance for the bond retirement fund, in the amount of \$111,348, is due to the bond millage rate set by the Geauga County Auditor.

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 2014, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was \$34,312,923 (including other financing sources), which was higher than the original budget estimate of \$33,016,467. Of this \$1,296,456 difference, most was due to the School District's collection of property tax delinquencies and state reimbursements for special education and open enrollment.

The original and final appropriations of \$37,984,819 (including other financing uses) remained the same throughout fiscal year 2014. Final appropriations exceeded the actual expenditures by \$1,737,245.

KENSTON LOCAL SCHOOL DISTRICT

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the School District had \$51,344,860 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, of which \$51,041,225 is from governmental activities. Table 4 shows fiscal 2014 balances compared to 2013:

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2012
Land	\$ 1,207,191	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191	\$ 1,207,191
Construction in progress	2,410,462	2,410,735	-	-	2,410,462	2,410,735
Land Improvements	1,116,252	1,179,589	-	-	1,116,252	1,179,589
Buildings and Improvements	45,371,146	46,209,066	-	-	45,371,146	46,209,066
Furniture and Equipment	760,854	826,437	303,635	332,514	1,064,489	1,158,951
Vehicles	175,320	259,267	-	-	175,320	259,267
Total Capital Assets	\$ 51,041,225	\$ 52,092,285	\$ 303,635	\$ 332,514	\$ 51,344,860	\$ 52,424,799

The decrease in capital assets can mainly 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 2014, this amounted to \$518,153. For fiscal year 2014, 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, 2014, the District had \$37,420,000 in debt outstanding, with \$2,425,000 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at June 30,

	Governmental Activities	
	2014	2013
General Obligation Bonds	\$ 37,420,000	\$ 39,270,000
Total Outstanding Debt	\$ 37,420,000	\$ 39,270,000

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

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

At June 30, 2014, the School District's overall voted legal debt margin was \$35,365,363 with an unvoted debt margin of \$757,345.

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

Current Issues

Kenston Local School District has relied on sound financial management and cost containment strategies to maintain a strong financial position despite a climate of uncertainty in state revenues and stagnation in local residential and agricultural assessed property values. The School District depends on its local property taxpayers for more than seventy percent of its revenues, and continues to fund operations with the proceeds from the most recent operating levy that was passed in 2005. The most recent triennium update to the School District's assessed valuation shows only about a 0.5 percent growth.

The School District was impacted by H.B. 66 that allowed for the phase out of the Tangible Personal Property Tax, and continues to receive state replacement aid for the lost income. Despite declining enrollment, the School District continues to receive state aid as a "guarantee" district. With the passage of H.B. 59 in July 2013, the state foundation formula for fiscal years 2014 and 2015 changed, but under the new School Foundation Payment Report (SFPR) funding formula the transitional aid guarantee ensured that no district would receive less funding through the new formula in fiscal year 2014 than it received in fiscal year 2013.

The School District is required to adopt a five year financial forecast each year. The most recent financial forecast projected positive year end cash balances through fiscal year 2018, but showed expenditures exceeding receipts in each year.

KENSTON LOCAL SCHOOL DISTRICT

The Kenston Board of Education, faculty, and staff are committed to continuing to provide a quality education to all students through academic programs that provide opportunities for all students to reach their full potential. This commitment ensures educational experiences that are enhanced by community partnerships, and supported by services that enrich individualized instruction. It involves responsibly directing financial resources into the classroom and towards instructional programming that fosters student creativity, problem solving, and critical thinking skills.

Contacting the School District's Financial Management

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

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BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 19,214,349	\$ 168,095	\$ 19,382,444
Property Taxes Receivable	27,847,129	-	27,847,129
Accounts Receivable	12,745	6,682	19,427
Accrued Interest Receivable	4,050	-	4,050
Intergovernmental Receivable	552,113	-	552,113
Internal Balances	45,127	(45,127)	-
Inventory Held for Resale	-	8,629	8,629
Materials and Supplies Inventory	100,332	5,081	105,413
Prepaid Items	52,329	-	52,329
Nondepreciable Capital Assets	3,617,653	-	3,617,653
Depreciable Capital Assets, Net	47,423,572	303,635	47,727,207
Total Assets	98,869,399	446,995	99,316,394
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	2,072,460	-	2,072,460
LIABILITIES			
Accounts Payable	422,832	65,865	488,697
Accrued Wages and Benefits	2,899,515	58,143	2,957,658
Intergovernmental Payable	758,016	24,840	782,856
Accrued Interest Payable	95,055	-	95,055
Matured Compensated Absences Payable	254,248	-	254,248
Retainage Payable	103,292	-	103,292
Claims Payable	713,751	-	713,751
Long-term Liabilities:			
Due within one year	3,356,848	9,711	3,366,559
Due in more than one year	40,370,528	36,730	40,407,258
Total Liabilities	48,974,085	195,289	49,169,374
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	23,426,271	-	23,426,271
NET POSITION			
Net Investment in Capital Assets	13,374,772	303,635	13,678,407
Restricted:			
Capital Projects	271,535	-	271,535
Debt Service	4,254,129	-	4,254,129
State Funded Programs	19,284	-	19,284
Student Activities	369,271	-	369,271
Other Purposes	3,137	-	3,137
Unrestricted	10,249,375	(51,929)	10,197,446
Total Net Position	\$ 28,541,503	\$ 251,706	\$ 28,793,209

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 16,391,724	\$ 233,357	\$ 99,108	\$ -	\$ (16,059,259)	\$ -	\$ (16,059,259)
Special	4,122,352	-	592,939	-	(3,529,413)	-	(3,529,413)
Vocational	193,593	-	-	-	(193,593)	-	(193,593)
Other	541,401	-	-	-	(541,401)	-	(541,401)
Supporting Services:							
Pupils	2,344,469	-	146,474	-	(2,197,995)	-	(2,197,995)
Instructional Staff	1,679,853	-	29,665	-	(1,650,188)	-	(1,650,188)
Board of Education	49,258	-	-	-	(49,258)	-	(49,258)
Administration	2,822,807	-	171,141	-	(2,651,666)	-	(2,651,666)
Fiscal Services	1,137,710	-	-	-	(1,137,710)	-	(1,137,710)
Business	42,719	-	-	-	(42,719)	-	(42,719)
Operation and Maintenance of Plant	3,727,751	-	10,000	4,311	(3,713,440)	-	(3,713,440)
Pupil Transportation	2,557,405	-	-	-	(2,557,405)	-	(2,557,405)
Central	30,087	-	-	-	(30,087)	-	(30,087)
Operation of Non-Instructional Services	112,184	-	-	-	(112,184)	-	(112,184)
Extracurricular Activities	1,538,986	786,496	113,603	-	(638,887)	-	(638,887)
Interest and Fiscal Charges	1,289,316	-	-	-	(1,289,316)	-	(1,289,316)
Total Governmental Activities	<u>38,581,615</u>	<u>1,019,853</u>	<u>1,162,930</u>	<u>4,311</u>	<u>(36,394,521)</u>	<u>-</u>	<u>(36,394,521)</u>
Business-type Activities:							
Food Services	1,035,956	746,508	195,674	-	-	(93,774)	(93,774)
Uniform School Supplies	152,008	163,599	-	-	-	11,591	11,591
Kindergarten Fees	345,302	217,276	-	-	-	(128,026)	(128,026)
Adult Education	164,438	340	-	-	-	(164,098)	(164,098)
Total Business-type Activities	<u>1,697,704</u>	<u>1,127,723</u>	<u>195,674</u>	<u>-</u>	<u>-</u>	<u>(374,307)</u>	<u>(374,307)</u>
Totals	<u>\$ 40,279,319</u>	<u>\$ 2,147,576</u>	<u>\$ 1,358,604</u>	<u>\$ 4,311</u>	<u>(36,394,521)</u>	<u>(374,307)</u>	<u>(36,768,828)</u>
General Revenues:							
Property Taxes levied for:							
General Purposes					24,663,106	-	24,663,106
Debt Service					3,060,189	-	3,060,189
Grants & Entitlements not restricted to specific programs					9,507,776	-	9,507,776
Investment Income					27,123	-	27,123
All Other Revenues					94,022	173,671	267,693
Total General Revenues					<u>37,352,216</u>	<u>173,671</u>	<u>37,525,887</u>
Change in Net Position					957,695	(200,636)	757,059
Net Position - Beginning of Year					27,583,808	452,342	28,036,150
Net Position - End of Year					<u>\$ 28,541,503</u>	<u>\$ 251,706</u>	<u>\$ 28,793,209</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Balance Sheet Governmental Funds

June 30, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 11,694,016	\$ 3,797,441	\$ 1,097,221	\$ 16,588,678
Materials and Supplies Inventory	100,332	-	-	100,332
Accrued Interest Receivable	4,050	-	-	4,050
Accounts Receivable	12,745	-	-	12,745
Interfund Receivable	55,827	400,000	-	455,827
Intergovernmental Receivable	495,575	-	56,538	552,113
Property Taxes Receivable	24,724,748	3,122,381	-	27,847,129
Total Assets	<u>\$ 37,087,293</u>	<u>\$ 7,319,822</u>	<u>\$ 1,153,759</u>	<u>\$ 45,560,874</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 403,878	\$ -	\$ 18,954	\$ 422,832
Accrued Wages and Benefits	2,863,453	-	36,062	2,899,515
Intergovernmental Payable	747,551	-	10,465	758,016
Matured Compensated Absences Payable	254,248	-	-	254,248
Retainage Payable	103,292	-	-	103,292
Interfund Payable	-	-	410,700	410,700
Total Liabilities	<u>4,372,422</u>	<u>-</u>	<u>476,181</u>	<u>4,848,603</u>
Deferred Inflows of Resources:				
Property Taxes	20,802,649	2,623,622	-	23,426,271
Unavailable Revenue - Delinquent Property Taxes	553,899	71,859	-	625,758
Unavailable Revenue - Grants	-	-	56,538	56,538
Unavailable Revenue - Other	177,492	-	-	177,492
Total Deferred Inflows of Resources	<u>21,534,040</u>	<u>2,695,481</u>	<u>56,538</u>	<u>24,286,059</u>
Fund Balances:				
Nonspendable	100,332	-	-	100,332
Restricted	-	4,624,341	439,423	5,063,764
Committed	-	-	223,804	223,804
Assigned	4,799,994	-	-	4,799,994
Unassigned (Deficit)	6,280,505	-	(42,187)	6,238,318
Total Fund Balances	<u>11,180,831</u>	<u>4,624,341</u>	<u>621,040</u>	<u>16,426,212</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,087,293</u>	<u>\$ 7,319,822</u>	<u>\$ 1,153,759</u>	<u>\$ 45,560,874</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

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

June 30, 2014

Total Governmental Fund Balances \$ 16,426,212

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

Capital Assets used in Governmental Activities are not financial resources
and, therefore, are not reported in the funds 51,041,225

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

Delinquent property taxes	\$ 625,758	
Intergovernmental grants	56,538	
Other revenues	<u>177,492</u>	
Total		859,788

Internal Service funds are used by management to charge the costs
of certain activities, such as insurance to individual funds. The assets
and liabilities of the District Internal Service funds are included in
Governmental Activities in the Statement of Net Position. 1,964,249

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. (2,404,821)

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. 85,908

Loss on early retirement of the bonds in governmental activities is deferred
and to be amortized over the remaining life of the refunded bonds. 2,072,460

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	(37,420,000)	
Bond accretion	(347,016)	
Accrued interest payable	(95,055)	
Compensated absences	<u>(3,641,447)</u>	
Total		<u>(41,503,518)</u>

Net Position of Governmental Activities \$ 28,541,503

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, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 24,778,811	\$ 3,069,697	\$ -	\$ 27,848,508
Intergovernmental	9,421,184	412,709	668,017	10,501,910
Interest	27,090	24	9	27,123
Tuition	233,357	-	-	233,357
Extracurricular Activities	139,034	-	647,428	786,462
Miscellaneous	142,464	-	68,161	210,625
Total Revenues	34,741,940	3,482,430	1,383,615	39,607,985
EXPENDITURES				
Current:				
Instruction:				
Regular	14,874,648	-	131,802	15,006,450
Special	3,854,258	-	282,970	4,137,228
Vocational	191,505	-	-	191,505
Other	539,798	-	-	539,798
Supporting Services:				
Pupils	2,136,293	-	180,195	2,316,488
Instructional Staff	1,619,474	-	38,974	1,658,448
Board of Education	49,177	-	-	49,177
Administration	2,595,267	-	202,224	2,797,491
Fiscal Services	1,068,390	54,054	-	1,122,444
Business	42,448	-	-	42,448
Operation and Maintenance of Plant Services	3,520,470	-	5,000	3,525,470
Pupil Transportation	2,472,070	-	-	2,472,070
Operation of Non-Instructional Services:				
Food Service Operations	2,021	-	-	2,021
Community Services	105,654	-	-	105,654
Other Operations	11,896	-	-	11,896
Extracurricular Activities	705,436	-	756,269	1,461,705
Capital Outlay	746,976	-	60,938	807,914
Debt Service:				
Principal Retirement	-	1,850,000	-	1,850,000
Interest and Fiscal Charges	-	1,689,724	-	1,689,724
Total Expenditures	34,535,781	3,593,778	1,658,372	39,787,931
Excess of Revenues Over (Under) Expenditures	206,159	(111,348)	(274,757)	(179,946)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	142,330	142,330
Transfer Out	(142,330)	-	-	(142,330)
Total Other Financing Sources (Uses)	(142,330)	-	142,330	-
Net Change in Fund Balances	63,829	(111,348)	(132,427)	(179,946)
Fund Balances - Beginning of Year	11,117,002	4,735,689	753,467	16,606,158
Fund Balances - End of Year	\$ 11,180,831	\$ 4,624,341	\$ 621,040	\$ 16,426,212

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, 2014

Net Change in Fund Balances-Total Governmental Funds \$ (179,946)

*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	\$ 667,790	
Depreciation	<u>(1,601,972)</u>	
Total		(934,182)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (116,878)

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

Delinquent property taxes	(125,213)	
Intergovernmental grants	56,538	
Miscellaneous revenues	<u>169,492</u>	
Total		100,817

Repayments of debt principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 1,850,000

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	(82,998)	
Bond accretion	266,980	
Accrued interest	5,298	
Amortization of bond premiums	306,772	
Amortization of bond discounts	(6,297)	
Amortization of losses on refunding	<u>(172,345)</u>	
Total		317,410

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. (79,526)

Change in Net Position of Governmental Activities \$ 957,695

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, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 23,950,372	\$ 24,609,572	\$ 24,610,918	\$ 1,346
Intergovernmental	8,408,516	9,022,196	8,965,865	(56,331)
Interest	20,465	21,958	21,821	(137)
Tuition	218,851	234,823	233,357	(1,466)
Miscellaneous	83,727	89,838	89,277	(561)
Total Revenues	32,681,931	33,978,387	33,921,238	(57,149)
Expenditures				
Current:				
Instruction				
Regular	16,244,694	16,244,694	15,101,363	1,143,331
Special	4,658,713	4,658,713	4,097,620	561,093
Vocational	213,650	213,650	214,417	(767)
Other	514,772	514,772	557,462	(42,690)
Total Instruction	21,631,829	21,631,829	19,970,862	1,660,967
Supporting Services				
Pupils	2,006,101	2,006,101	2,042,435	(36,334)
Instructional Staff	1,657,769	1,657,769	1,755,246	(97,477)
Board of Education	60,484	60,484	67,026	(6,542)
Administration	2,739,888	2,739,888	2,665,681	74,207
Fiscal Services	1,123,445	1,123,445	1,129,929	(6,484)
Business	42,906	42,906	43,893	(987)
Operation and Maintenance of Plant Services	3,793,237	3,793,237	3,656,484	136,753
Pupil Transportation	2,870,856	2,870,856	2,789,596	81,260
Central	57,282	57,282	11,214	46,068
Total Supporting Services	14,351,968	14,351,968	14,161,504	190,464
Operation of Non-Instructional Services				
Food Service Operations	-	-	2,021	(2,021)
Community Services	257,856	257,856	174,147	83,709
Other	21,563	21,563	12,842	8,721
Total Operation of Non-Instructional Services	279,419	279,419	189,010	90,409
Extracurricular Activities	458,066	458,066	707,140	(249,074)
Capital Outlay	1,021,207	1,021,207	1,020,901	306
Debt Service:				
Interest & Fiscal Charges	100,000	100,000	-	100,000
Total Expenditures	37,842,489	37,842,489	36,049,417	1,793,072

(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, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Excess of Revenues (Under) Expenditures	(5,160,558)	(3,864,102)	(2,128,179)	1,735,923
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	201,709	201,709	201,709	-
Advances In	-	-	48,000	48,000
Advances Out	-	-	(55,827)	(55,827)
Transfers In	132,827	132,827	-	(132,827)
Transfers Out	(142,330)	(142,330)	(142,330)	-
Total Other Financing Sources (Uses)	192,206	192,206	51,552	(140,654)
Net Change in Fund Balance	(4,968,352)	(3,671,896)	(2,076,627)	1,595,269
Fund Balance - Beginning of Year	9,916,382	9,916,382	9,916,382	-
Prior Year Encumbrances Appropriated	2,006,819	2,006,819	2,006,819	-
Fund Balance - End of Year	\$ 6,954,849	\$ 8,251,305	\$ 9,846,574	\$ 1,595,269

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Fund Net Position Proprietary Funds

June 30, 2014

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 168,095	\$ 2,625,671
Inventory Held for Resale	8,629	-
Materials and Supplies Inventory	5,081	-
Accounts Receivable	6,682	-
Prepaid Items	-	52,329
Total Current Assets	188,487	2,678,000
Noncurrent Assets:		
Capital Assets:		
Depreciable Capital Assets, Net of Depreciation	303,635	-
Total Assets	492,122	2,678,000
LIABILITIES		
Current Liabilities:		
Accounts Payable	65,865	-
Accrued Wages and Benefits	58,143	-
Compensated Absences Payable	9,711	-
Intergovernmental Payable	24,840	-
Interfund Payable	45,127	-
Claims Payable	-	713,751
Total Current Liabilities	203,686	713,751
Noncurrent Liabilities:		
Compensated Absences Payable	36,730	-
Total Liabilities	240,416	713,751
NET POSITION		
Investment In Capital Assets	303,635	-
Unrestricted	(51,929)	1,964,249
Total Net Position	\$ 251,706	\$ 1,964,249

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Food Services	\$ 746,508	\$ -
Charges for Services	-	4,594,564
Miscellaneous	173,671	-
Classroom Materials and Fees	163,939	-
Tuition	217,276	-
Total Operating Revenues	<u>1,301,394</u>	<u>4,594,564</u>
OPERATING EXPENSES		
Salaries	631,285	-
Fringe Benefits	233,845	-
Purchased Services	570,365	-
Materials and Supplies	232,122	-
Depreciation	28,879	-
Claims	-	4,674,090
Other	1,208	-
Total Operating Expenses	<u>1,697,704</u>	<u>4,674,090</u>
Operating Loss	<u>(396,310)</u>	<u>(79,526)</u>
NONOPERATING REVENUES		
Intergovernmental	153,165	-
Donated Commodities	42,509	-
Total Nonoperating Revenues	<u>195,674</u>	<u>-</u>
Change in Net Position	(200,636)	(79,526)
Net Position - Beginning of Year	452,342	2,043,775
Net Position - End of Year	<u>\$ 251,706</u>	<u>\$ 1,964,249</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,297,603	\$ 4,594,564
Cash Payments to Employees for Services	(627,160)	-
Cash Payments for Employee Benefits	(236,800)	-
Cash Payments for Goods and Services	(717,225)	-
Cash Payments for Claims	-	(4,523,185)
Cash Payments for Other Expenses	(1,208)	-
Net Cash Provided by (Used in) Operating Activities	(284,790)	71,379
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants Received	153,165	-
Advances In	45,127	-
Net Cash Provided by Noncapital Financing Activities	198,292	-
Net Increase in Cash and Cash Equivalents	(86,498)	71,379
Cash and Cash Equivalents - Beginning of Year	254,593	2,554,292
Cash and Cash Equivalents - End of Year	\$ 168,095	\$ 2,625,671
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (396,310)	\$ (79,526)
Adjustments:		
Depreciation	28,879	-
Federal Donated Commodities	42,509	-
(Increase) Decrease in Assets:		
Accounts Receivable	(5,121)	-
Intergovernmental Receivable	1,330	-
Inventory Held for Resale	1,889	-
Materials and Supplies Inventory	1,108	-
Prepaid Items	-	(3,949)
Increase (Decrease) in Liabilities:		
Accounts Payable	39,756	-
Accrued Wages and Benefits	(186)	-
Compensated Absences Payable	4,311	-
Intergovernmental Payable	(2,955)	-
Claims Payable	-	154,854
Net Cash Provided by (Used in) Operating Activities	\$ (284,790)	\$ 71,379

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 \$42,509.

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Assets and Liabilities
Fiduciary Funds**

June 30, 2014

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$ 79,240</u>
Liabilities	
Deposits Held and Due to Others	\$ 32,815
Due to Students	<u>46,425</u>
Total Liabilities	<u>\$ 79,240</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, 2014

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 4 instructional and support facilities staffed by 171 non-certificated full and part-time employees and 236 certificated full and part-time teaching personnel that provide services to 3,076 students and other community members.

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

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

Reporting Entity

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

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

The School District is associated with an organization which is defined as an insurance purchasing pool. The organization includes the Ohio School Boards Association Workers' Compensation Group Rating Plan. The organization is presented in Note 17 to the basic financial statements. The School District is also associated with four jointly governed organizations which include the Auburn Career Center, the Lake Geauga Computer Association, the Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association. These organizations are presented in Note 18 to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

KENSTON LOCAL SCHOOL DISTRICT

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds account for the financial transactions related to the food service operations, the purchase and sale of school supplies and the educational opportunities offered on a tuition basis to kindergarteners, 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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student managed activities and unclaimed funds.

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

KENSTON LOCAL SCHOOL DISTRICT

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 yearend: property taxes available as an advance, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

KENSTON LOCAL SCHOOL DISTRICT

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

Expenditures/Expenses

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

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

E. Equity in Pooled Cash and Cash Equivalents

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

During fiscal year 2014, investments were limited to a money market mutual fund, a nonnegotiable certificate of deposit, certificate of deposit account registry services (CDARS), STAR Ohio, commercial paper, and U.S. Governmental Agency notes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates or repurchase agreements with a maturity of one year or less are reported at amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price which is the price the investment could be sold for on June 30, 2014.

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 2014 amounted to \$27,090, which includes \$10,726 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, 2014 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventory

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

I. Capital Assets

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

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

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

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

J. Interfund Balances

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

K. Compensated Absences

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Deferred Loss on Refunding

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

N. Bond Premiums and Discounts

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

KENSTON LOCAL SCHOOL DISTRICT

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

O. **Fund Balance**

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

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

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

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

Q. Net Position

Net Position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

R. Operating Revenues and Expenses

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

S. Interfund Activity

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

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

T. Estimates

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

U. Budgetary Data

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

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

KENSTON LOCAL SCHOOL DISTRICT

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 2014.

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, 2014, included the following individual fund deficit:

	<u>Deficit</u>
<u>Nonmajor Special Revenue Fund</u>	
Race to the Top	\$ 3,015
IDEA, Education of Handicapped Children	23,420
Title I, Disadvantaged Children/Targeted Assistance	15,628
Improving Teacher Quality	<u>124</u>
Total	<u><u>\$ 42,187</u></u>

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

NOTE 4: **CHANGES IN ACCOUNTING PRINCIPLES**

GASB Statement Number 66, *Technical Corrections-2012-an amendment of GASB Statement No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the School District.

GASB Statement Number 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013 and have been implemented by the School District.

GASB Statement Number 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013 and have been implemented by the School District.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 5: FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>				
Materials and Supplies Inventories	\$ 100,332	\$ -	\$ -	\$ 100,332
<i>Total Nonspendable</i>	<u>100,332</u>	<u>-</u>	<u>-</u>	<u>100,332</u>
<i>Restricted for</i>				
Athletics	-	-	369,271	369,271
Information System Improvements	-	-	11,578	11,578
Data Communication	-	-	2,706	2,706
Debt Service	-	4,624,341	-	4,624,341
Capital Improvements	-	-	47,731	47,731
Other Purposes	-	-	8,137	8,137
<i>Total Restricted</i>	<u>-</u>	<u>4,624,341</u>	<u>439,423</u>	<u>5,063,764</u>
<i>Committed to</i>				
Building Improvements	-	-	223,804	223,804
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>223,804</u>	<u>223,804</u>
<i>Assigned to</i>				
Fiscal Year 2015 Appropriations	3,205,559	-	-	3,205,559
Public School Support	120,807	-	-	120,807
Instructional Activities	554,666	-	-	554,666
Supporting Services	699,551	-	-	699,551
Operation of Non-Instructional Services	65,525	-	-	65,525
Extracurricular Activities	460	-	-	460
Capital Outlays	153,426	-	-	153,426
<i>Total Assigned</i>	<u>4,799,994</u>	<u>-</u>	<u>-</u>	<u>4,799,994</u>
<i>Unassigned (Deficit)</i>	6,280,505	-	(42,187)	6,238,318
Total Fund Balances	<u><u>\$ 11,180,831</u></u>	<u><u>\$ 4,624,341</u></u>	<u><u>\$ 621,040</u></u>	<u><u>\$ 16,426,212</u></u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 6: BUDGETARY BASIS OF ACCOUNTING

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

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

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ 63,829
Net Adjustment for Revenue Accruals	(382,267)
Net Adjustments for Expenditure Accruals	(33,106)
Fund with Separate Legally Adopted Budget	(3,099)
Adjustment for Encumbrances	(1,721,984)
Budget Basis	<u>\$ (2,076,627)</u>

NOTE 7: DEPOSITS AND INVESTMENTS

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

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

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

Cash on Hand

At June 30, 2014, 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, 2014, the carrying amount of the School District's deposits was \$16,313,079, (including \$9,395,985 in non-negotiable certificates of deposits and CDARs) and the bank balance was \$16,440,058. \$9,524,822 of the School District's bank balance was covered by Federal Depository Insurance and \$6,915,236 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: DEPOSITS AND INVESTMENTS (continued)

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

Investments

The School District has a formal investment policy. The School District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2014, fair value was \$222 lower than the School District's net cost for investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investment in the money market mutual fund, commercial paper, STAR Ohio, and U.S. Government Agency notes represents less than 1.8 percent, 4.7 percent, 4.4 percent, and 89.1 percent, respectively, of the School District's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2014, the School District had no exposure to foreign currency risk.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: DEPOSITS AND INVESTMENTS (continued)

Cash and investments at year-end were as follows:

	Fair Value	Credit Rating *	Investment Maturities in Years	
			< 1	1 - 4
STAR Ohio	\$ 138,083	AAAm	\$ 138,083	\$ -
U.S. Agency Notes	2,804,240	AA+	150,244	2,653,996
Commercial Paper	149,826	A-1+	149,826	-
Money Market Mutual Fund	55,620	N/A	55,620	-
Total Investments	3,147,769		\$ 493,773	\$ 2,653,996
Carrying Amount of Deposits	16,313,079			
Petty Cash	836			
Total Cash and Investments	\$ 19,461,684			

*Credit ratings were obtained from Standard & Poor's

NOTE 8: PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility tangible personal property located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 February 11; if paid semi-annually, the first payment is due February 11 with the remainder payable by July 8. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 8: PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property and public utility property tangible personal property taxes which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2014, was \$3,368,200 in the general fund and \$426,900 in the bond retirement debt service fund. The amount available as an advance at June 30, 2013, was \$3,200,307 in the general fund and \$396,806 in the bond retirement debt service fund.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013		2014	
	Second Half Collections		First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 741,858,640	98.44%	\$ 744,461,840	98.30%
Public Utility	11,777,350	1.56%	12,882,850	1.70%
Total Assessed Value	<u>\$ 753,635,990</u>	<u>100.00%</u>	<u>\$ 757,344,690</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 86.48		\$ 86.65	

NOTE 9: RECEIVABLES

Receivables at June 30, 2014, consisted of taxes, accounts (student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. Intergovernmental receivables consisted of the following:

Governmental Activities:	
IDEA Part B	\$ 41,234
Title I - Disadvantaged	15,304
SERS FY 2014 Refund	169,492
ODE Reimbursement	326,083
Total Governmental Activities	<u>\$ 552,113</u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191
Construction in Progress	2,410,735	431,508	(431,781)	2,410,462
Total Capital Assets, not being depreciated	3,617,926	431,508	(431,781)	3,617,653
Capital Assets, being depreciated:				
Land Improvements	2,351,726	29,624	(12,212)	2,369,138
Building and Improvements	58,635,243	562,510	(237,511)	58,960,242
Furniture and Equipment	2,135,965	42,011	-	2,177,976
Vehicles	3,381,828	33,918	-	3,415,746
Total Capital Assets, being depreciated	66,504,762	668,063	(249,723)	66,923,102
Less Accumulated Depreciation:				
Land Improvements	(1,172,137)	(92,961)	12,212	(1,252,886)
Building and Improvements	(12,426,177)	(1,283,552)	120,633	(13,589,096)
Furniture and Equipment	(1,309,528)	(107,594)	-	(1,417,122)
Vehicles	(3,122,561)	(117,865)	-	(3,240,426)
Total Accumulated Depreciation	(18,030,403)	(1,601,972)	132,845	(19,499,530)
Total Capital Assets, being depreciated, Net	48,474,359	(933,909)	(116,878)	47,423,572
Governmental Activities Capital Assets, Net	\$ 52,092,285	\$ (502,401)	\$ (548,659)	\$ 51,041,225
<u>Business-Type Activities</u>				
Furniture and Equipment	\$ 656,641	\$ -	\$ -	\$ 656,641
Less: Accumulated Depreciation	(324,127)	(28,879)	-	(353,006)
Total Business-Type Activities Capital Assets, Net	\$ 332,514	\$ (28,879)	\$ -	\$ 303,635

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,240,129
Supporting Services:	
Instructional Staff	306
Board of Education	440
Administration	6,704
Fiscal Services	1,005
Business	845
Operation and Maintenance of Plant	124,020
Pupil Transportation	119,039
Central	28,413
Operation of Non-Instructional Services	1,167
Extracurricular Activities	79,904
Total Depreciation Expense	\$ 1,601,972

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 2014, the School District contracted with Liberty Mutual, Cincinnati Insurance, and Traveler's Insurance for various coverages, which are outlined below:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Liberty Mutual	Property, Inland Marine, and Flood & Earthquake	\$ 117,084,381
	Crime	105,000
	General Liability	1,000,000
	In aggregate:	2,000,000
	Fleet:	
	Combined Single Limit	1,000,000
	Uninsured Motorists Limit	1,000,000
	Comprehensive	Actual cash value
	Collision	Actual cash value
	Buses	Replacement cost
	Employee Benefit Liability	1,000,000
	In aggregate:	3,000,000
	Employer's (Stop Gap) Liability	1,000,000
	In aggregate:	2,000,000
	School Leaders Errors & Omissions (Professional) Liability	1,000,000
	In aggregate:	1,000,000
	Non-monetary Relief Defense Limit	100,000
	Limited Fiduciary Liability 403(b) Plans	1,000,000
	Sexual Misconduct & Molestation	
	Limit	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	
	Limit	1,000,000
In aggregate:	1,000,000	
Non-monetary Relief Defense	100,000	
Umbrella	7,000,000	
Self-Insured Retention	10,000	
Traveler's Insurance Co	Boiler and Machinery	50,000,000
Cincinnati Insurance Co.	Crime	300,000

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 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP. Each year the School District pays an enrollment fee to the Plan to cover costs of administering the program.

C. Employee Insurance Benefits

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

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2013	\$ 569,087	\$ 4,466,876	\$ (4,477,066)	\$ 558,897
2014	558,897	4,678,039	(4,523,185)	713,751

NOTE 12: **DEFINED BENEFIT PENSION PLANS**

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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 both 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 may transfer to a different STRS Ohio retirement plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the 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 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 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 Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 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 member’s designated beneficiary is entitled to receive the member’s 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 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 a member 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 the 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 percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit 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 Defined Benefit 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 these active 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 Defined Benefit 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.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Plan members were required to contribute 11 percent of their annual covered salaries for fiscal year 2014 and 10 percent of their annual covered salaries for fiscal years 2013 and 2012. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$2,104,408, \$2,098,128, and \$2,082,814, respectively; 83.30 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012. \$351,516 represents the unpaid contribution for fiscal year 2014 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple employer defined benefit pension plan. SERS provides retirement, 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 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, www.ohsers.org, under *Employers/Audit Resources*.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employer 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 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School District's contributions to SERS which were allocated for pension and death benefits for the fiscal years ended June 30, 2014, 2013 and 2012 were \$652,591, \$663,719, and \$657,625, respectively; 69.45 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012. \$199,396 represents the unpaid contribution for fiscal year 2014 and is recorded as a liability within the respective funds.

NOTE 13: POST-EMPLOYMENT BENEFITS

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and 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 Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS 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 Financial Annual Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$161,878, \$161,394, and \$160,216 for fiscal years 2014, 2013, and 2012, respectively; 83.30 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012.

School Employees Retirement System

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post-employment benefit plans.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 13: POST-EMPLOYMENT BENEFITS (continued)

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 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 premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2014, 2013, and 2012, the actuarially required allocation was 0.76 percent, 0.74 percent, and 0.75 percent. For the School District, contributions for the years ended June 30, 2014, 2013, and 2012, were \$37,860, \$37,493, and \$38,836, respectively; 69.45 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012.

Health Care Plan – Ohio Revised Code 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 plans from various vendors, including HMO's, PPO's, 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.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment 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 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. At June 30, 2014, 2013, and 2012 the health care allocations were 0.14 percent, 0.16 percent, and 0.55 percent, respectively. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2014, 2013 and 2012 fiscal years equaled \$102,164, \$102,492, and \$111,592, respectively; 69.45 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012.

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 upon 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*.

KENSTON LOCAL SCHOOL DISTRICT

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 per their contract and the Superintendent and Treasurer are advanced 20 days vacation leave at the start of each contract year, per their contracts.

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 275 days. An employee is paid a severance benefit equal up to 32 percent of the value of their accumulated sick leave not to exceed 75.2 days depending on when the employee notifies the Board of his/her retirement. The severance benefit is calculated at current wage rates, upon retirement with the balance being forfeited. The Superintendent and Assistant Superintendent are advanced 15 sick days at the start of each contract year, per their contracts.

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.

KENSTON LOCAL SCHOOL DISTRICT

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 Fund	\$ 10,700
	Nonmajor Enterprise Fund	45,127
		<u>55,827</u>
Bond Retirement Fund	Nonmajor Governmental Fund	400,000
Totals		<u>\$ 455,827</u>

As of June 30, 2014, the general fund provided temporary funding in the amount of \$10,700 to a nonmajor governmental fund and \$45,127 to a nonmajor enterprise fund. Once funds are received from the granting source, the School District will repay these interfund loans.

In addition, the School District issued \$400,000 in manuscript debt from the bond retirement fund to a nonmajor governmental fund. This debt provided temporary funding until funds are received from the granting source. This manuscript debt was issued with an annual interest rate of 1 percent and will be repaid on July 3, 2014.

B. Interfund Transfers

As of June 30, 2014, interfund transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In Nonmajor Governmental Funds</u>
General Fund	<u>\$ 142,330</u>

The general fund transfers to nonmajor governmental funds were made to provide additional resources for current operations. On the government-wide financial statements, the transfers between governmental funds of \$142,330 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 2014 were as follows:

	Principal Outstanding June 30, 2013	Additions	Deductions	Principal Outstanding June 30, 2014	Due in One Year
Governmental Activities					
<u>General Long-Term Bonds</u>					
\$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%	26,885,000	-	1,560,000	25,325,000	1,680,000
\$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%	7,715,000	-	140,000	7,575,000	145,000
\$725,000 Capital Appreciation Bonds - 8.458%, due 2027	725,000	-	-	725,000	-
\$2,680,000 School Improvement Refunding Bonds 2013 - 2.3%	2,680,000	-	35,000	2,645,000	600,000
Total General Long-Term Bonds	<u>39,270,000</u>	<u>-</u>	<u>1,850,000</u>	<u>37,420,000</u>	<u>2,425,000</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Capital Appreciation Bonds	613,996	193,020	460,000	347,016	-
Unamortized Bond Premium	2,711,593	-	306,772	2,404,821	-
Unamortized Bond Discount	(92,205)	-	(6,297)	(85,908)	-
Compensated Absences	3,558,449	931,848	848,850	3,641,447	931,848
Total Governmental Long-Term Liabilities	<u>\$ 46,061,833</u>	<u>\$ 1,124,868</u>	<u>\$ 3,459,325</u>	<u>\$ 43,727,376</u>	<u>\$ 3,356,848</u>
Business-Type Activities					
Compensated Absences	\$ 42,130	\$ 9,711	\$ 5,400	\$ 46,441	\$ 9,711
Total Business-Type Activities	<u>\$ 42,130</u>	<u>\$ 9,711</u>	<u>\$ 5,400</u>	<u>\$ 46,441</u>	<u>\$ 9,711</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. These bonds fully retired during fiscal year 2014.

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 16: LONG-TERM OBLIGATIONS (continued)

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

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

This issue is comprised of both serial bonds, par value \$27,210,000, and capital appreciation bonds, par value \$1,150,000. The interest rates on the serial bonds range from 2.0 percent to 5.0 percent. The capital appreciation bonds mature on December 1, 2021 (approximate initial offering yield at maturity 3.14 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,160,000. A total of \$191,269 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Position at June 30, 2014.

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 \$155,747 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Position at June 30, 2014.

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.

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 16: LONG-TERM OBLIGATIONS (continued)

The School District's voted legal debt margin was \$35,365,363 with an unvoted debt margin of \$757,345 at June 30, 2014.

Principal and interest requirements to retire general obligation debt at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,425,000	\$ 1,154,429	\$ 3,579,429
2016	2,715,000	1,055,621	3,770,621
2017	2,905,000	937,569	3,842,569
2018	3,105,000	844,259	3,949,259
2019	2,070,000	791,444	2,861,444
2020-2024	10,360,000	3,890,728	14,250,728
2025-2029	11,065,000	3,140,525	14,205,525
2030	2,775,000	41,625	2,816,625
Total	<u>\$ 37,420,000</u>	<u>\$ 11,856,200</u>	<u>\$ 49,276,200</u>

NOTE 17: INSURANCE PURCHASING POOL

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

NOTE 18: JOINTLY GOVERNED ORGANIZATIONS

Auburn Career Center

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

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 \$114,331 to LGCA during fiscal year 2014. 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 18: JOINTLY GOVERNED ORGANIZATIONS (continued)

Auburn-Bainbridge Recreation Board

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

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 199 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 34 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 2014, the School District paid \$160,968 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 151 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 19: CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

B. Litigation

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 20: SET-ASIDE REQUIREMENTS

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

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

	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2013	\$ -
Current Year Set-Aside Requirements	518,153
Qualifying Disbursements	<u>(869,991)</u>
Total	<u>\$ (351,838)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Reserve Balance as of June 30, 2014	<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 21: OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of June 30, 2014, the School District's commitments for encumbrances in the governmental funds were as follows:

	<u>Encumbrances Outstanding</u>
General	\$ 1,489,117
Nonmajor Governmental	201,884
Total	<u>\$ 1,691,001</u>

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, 2014

General Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 33,016,467	\$ 34,312,923	\$ 34,170,947	\$ (141,976)
Total Expenditures and Other Uses	37,984,819	37,984,819	36,247,574	1,737,245
Net Change in Fund Balance	(4,968,352)	(3,671,896)	(2,076,627)	1,595,269
Fund Balance - Beginning of Year	9,916,382	9,916,382	9,916,382	-
Prior Year Encumbrances Appropriated	2,006,819	2,006,819	2,006,819	-
Fund Balance - End of Year	\$ 6,954,849	\$ 8,251,305	\$ 9,846,574	\$ 1,595,269

Bond Retirement Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Final			
Total Revenues and Other Sources	\$ 4,152,312		\$ 4,152,336	\$ 24
Total Expenditures and Other Uses	4,430,177		3,993,778	436,399
Net Change in Fund Balance	(277,865)		158,558	436,423
Fund Balance - Beginning of Year	3,638,883		3,638,883	-
Fund Balance - End of Year	\$ 3,361,018		\$ 3,797,441	\$ 436,423

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 buildings, staff, and students. As a result of the School District's implementation of GASB Statement No. 54, this fund has been combined with the General Fund on the governmental fund financial statements. This fund has a separate legally adopted budget and has not been combined with the General Fund on the budgetary statement and schedules.

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

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

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

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

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

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

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

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

Title 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.

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.

KENSTON LOCAL SCHOOL DISTRICT

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**Combining Balance Sheet
Nonmajor Governmental Funds****June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 425,686	\$ 671,535	\$ 1,097,221
Intergovernmental Receivable	56,538	-	56,538
Total Assets	\$ 482,224	\$ 671,535	\$ 1,153,759
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 18,954	\$ -	\$ 18,954
Accrued Wages and Benefits	36,062	-	36,062
Intergovernmental Payable	10,465	-	10,465
Interfund Payable	10,700	400,000	410,700
Total Liabilities	76,181	400,000	476,181
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Grants	56,538	-	56,538
Total Deferred Inflows of Resources	56,538	-	56,538
Fund Balances:			
Restricted	391,692	47,731	439,423
Committed	-	223,804	223,804
Unassigned (Deficit)	(42,187)	-	(42,187)
Total Fund Balances	349,505	271,535	621,040
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 482,224	\$ 671,535	\$ 1,153,759

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 668,017	\$ -	\$ 668,017
Interest	-	9	9
Extracurricular Activities	647,428	-	647,428
Miscellaneous	66,911	1,250	68,161
Total Revenues	<u>1,382,356</u>	<u>1,259</u>	<u>1,383,615</u>
EXPENDITURES			
Current:			
Instruction:			
Regular	130,028	1,774	131,802
Special	282,970	-	282,970
Supporting Services:			
Pupils	180,195	-	180,195
Instructional Staff	38,974	-	38,974
Administration	202,224	-	202,224
Operation and Maintenance of Plant Services	5,000	-	5,000
Extracurricular Activities	756,269	-	756,269
Capital Outlay	19,228	41,710	60,938
Total Expenditures	<u>1,614,888</u>	<u>43,484</u>	<u>1,658,372</u>
Excess of Revenues Over (Under) Expenditures	<u>(232,532)</u>	<u>(42,225)</u>	<u>(274,757)</u>
OTHER FINANCING SOURCES			
Transfers In	107,330	35,000	142,330
Total Other Financing Sources	<u>107,330</u>	<u>35,000</u>	<u>142,330</u>
Net Change in Fund Balances	(125,202)	(7,225)	(132,427)
Fund Balances - Beginning of Year	474,707	278,760	753,467
Fund Balances - End of Year	<u>\$ 349,505</u>	<u>\$ 271,535</u>	<u>\$ 621,040</u>

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Special Revenue Funds****June 30, 2014**

	Private Purpose Trust Scholar- ship	District Managed Student Activity	Management Information Systems
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 3,137	\$ 373,904	\$ 13,254
Intergovernmental Receivable	-	-	-
Total Assets	\$ 3,137	\$ 373,904	\$ 13,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 4,339	\$ -
Accrued Wages and Benefits	-	-	1,184
Intergovernmental Payable	-	294	492
Interfund Payable	-	-	-
Total Liabilities	-	4,633	1,676
Deferred Inflows of Resources:			
Unavailable Revenue - Grants	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Restricted	3,137	369,271	11,578
Unassigned (Deficit)	-	-	-
Total Fund Balances	3,137	369,271	11,578
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,137	\$ 373,904	\$ 13,254

KENSTON LOCAL SCHOOL DISTRICT

<u>Data Communication</u>	<u>Miscellaneous State Grants</u>	<u>Race to the Top</u>	<u>IDEA, Education of Handicapped Children</u>	<u>Title I, Disadvantaged Children/ Targeted Assistance</u>
\$ 2,706	\$ 5,000	\$ 22,320	\$ 4,956	\$ 409
-	-	-	41,234	15,304
<u>\$ 2,706</u>	<u>\$ 5,000</u>	<u>\$ 22,320</u>	<u>\$ 46,190</u>	<u>\$ 15,713</u>
\$ -	\$ -	\$ 14,615	\$ -	\$ -
-	-	-	21,061	13,817
-	-	20	7,315	2,220
-	-	10,700	-	-
<u>-</u>	<u>-</u>	<u>25,335</u>	<u>28,376</u>	<u>16,037</u>
-	-	-	41,234	15,304
<u>-</u>	<u>-</u>	<u>-</u>	<u>41,234</u>	<u>15,304</u>
2,706	5,000	-	-	-
-	-	(3,015)	(23,420)	(15,628)
<u>2,706</u>	<u>5,000</u>	<u>(3,015)</u>	<u>(23,420)</u>	<u>(15,628)</u>
<u>\$ 2,706</u>	<u>\$ 5,000</u>	<u>\$ 22,320</u>	<u>\$ 46,190</u>	<u>\$ 15,713</u>

(Continued)

KENSTON LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)****June 30, 2014**

	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
ASSETS		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ -	\$ 425,686
Intergovernmental Receivable	-	56,538
Total Assets	<u>\$ -</u>	<u>\$ 482,224</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ -	\$ 18,954
Accrued Wages and Benefits	-	36,062
Intergovernmental Payable	124	10,465
Interfund Payable	-	10,700
Total Liabilities	<u>124</u>	<u>76,181</u>
 Deferred Inflows of Resources:		
Unavailable Revenue - Grants	-	56,538
Total Deferred Inflows of Resources	<u>-</u>	<u>56,538</u>
 Fund Balances:		
Restricted	-	391,692
Unassigned (Deficit)	(124)	(42,187)
Total Fund Balances	<u>(124)</u>	<u>349,505</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 482,224</u>

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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, 2014**

	Private Purpose Trust Scholar- ship	District Managed Student Activity	Prof. Develop- ment
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Extracurricular Activities	-	647,428	-
Miscellaneous	3,000	63,911	-
Total Revenues	3,000	711,339	-
EXPENDITURES			
Current:			
Instruction:			
Regular	-	543	-
Special	-	28	156
Supporting Services:			
Pupils	-	3,237	-
Instructional Staff	31	2,472	-
Administration	-	-	-
Operation and Maintenance of Plant Services	-	-	-
Extracurricular Activities	-	756,269	-
Capital Outlay	-	-	-
Total Expenditures	31	762,549	156
Excess of Revenues Over (Under) Expenditures	2,969	(51,210)	(156)
OTHER FINANCING SOURCES			
Transfers In	-	87,330	-
Total Other Financing Sources	-	87,330	-
Net Change in Fund Balances	2,969	36,120	(156)
Fund Balances (Deficit) - Beginning of Year	168	333,151	156
Fund Balances (Deficit) - End of Year	\$ 3,137	\$ 369,271	\$ -

KENSTON LOCAL SCHOOL DISTRICT

Management Information Systems	Data Communication	School Net Professional Development	Misc. State Grants
\$ -	\$ 7,200	\$ -	\$ 10,000
-	-	-	-
-	-	-	-
-	7,200	-	10,000
-	4,494	16	-
-	-	-	-
-	-	-	-
-	-	-	-
14,043	-	-	-
-	-	-	5,000
-	-	-	-
-	-	-	-
14,043	4,494	16	5,000
(14,043)	2,706	(16)	5,000
20,000	-	-	-
20,000	-	-	-
5,957	2,706	(16)	5,000
5,621	-	16	-
\$ 11,578	\$ 2,706	\$ -	\$ 5,000

(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, 2014

	<u>Race to the Top</u>	<u>IDEA, Education of Handicapped Children</u>	<u>Title III - Limited English Proficiency</u>
REVENUES			
Intergovernmental	\$ 27,611	\$ 434,914	\$ 2,500
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>27,611</u>	<u>434,914</u>	<u>2,500</u>
EXPENDITURES			
Current:			
Instruction:			
Regular	42,513	-	-
Special	-	155,877	2,500
Supporting Services:			
Pupils	-	176,958	-
Instructional Staff	15,269	-	-
Administration	7,571	177,610	-
Operation and Maintenance of Plant Services	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	19,228	-	-
Total Expenditures	<u>84,581</u>	<u>510,445</u>	<u>2,500</u>
Excess of Revenues Over (Under) Expenditures	<u>(56,970)</u>	<u>(75,531)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(56,970)</u>	<u>(75,531)</u>	<u>-</u>
Fund Balances (Deficit) - Beginning of Year	53,955	52,111	-
Fund Balances (Deficit) - End of Year	<u>\$ (3,015)</u>	<u>\$ (23,420)</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

Title I, Disadvantaged Children/ Targeted Assistance	Improving Teacher Quality	Misc. Federal Grants	Total Nonmajor Special Revenue Funds
\$ 85,987	\$ 58,398	\$ 41,407	\$ 668,017
-	-	-	647,428
-	-	-	66,911
<u>85,987</u>	<u>58,398</u>	<u>41,407</u>	<u>1,382,356</u>
-	65,565	16,897	130,028
124,409	-	-	282,970
-	-	-	180,195
-	-	21,202	38,974
3,000	-	-	202,224
-	-	-	-
-	-	-	756,269
-	-	-	19,228
<u>127,409</u>	<u>65,565</u>	<u>38,099</u>	<u>1,614,888</u>
<u>(41,422)</u>	<u>(7,167)</u>	<u>3,308</u>	<u>(232,532)</u>
-	-	-	107,330
-	-	-	107,330
<u>(41,422)</u>	<u>(7,167)</u>	<u>3,308</u>	<u>(125,202)</u>
25,794	7,043	(3,308)	474,707
<u>\$ (15,628)</u>	<u>\$ (124)</u>	<u>\$ -</u>	<u>\$ 349,505</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, 2014

Private Purpose Trust Scholarship Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 3,000	\$ 3,000	\$ -
Total Expenditures and Other Uses	<u>3,168</u>	<u>31</u>	<u>3,137</u>
Net Change in Fund Balance	(168)	2,969	3,137
Fund Balance - Beginning of Year	168	168	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 3,137</u>	<u>\$ 3,137</u>

Public School Support Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 189,297	\$ 190,244	\$ 947
Total Expenditures and Other Uses	<u>216,297</u>	<u>196,534</u>	<u>19,763</u>
Net Change in Fund Balance	(27,000)	(6,290)	20,710
Fund Balance - Beginning of Year	100,184	100,184	-
Prior Year Encumbrances Appropriated	16,297	16,297	-
Fund Balance - End of Year	<u>\$ 89,481</u>	<u>\$ 110,191</u>	<u>\$ 20,710</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, 2014

District Managed Student Activity Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 798,645	\$ 798,703	\$ 58
Total Expenditures and Other Uses	<u>1,001,813</u>	<u>883,815</u>	<u>117,998</u>
Net Change in Fund Balance	(203,168)	(85,112)	118,056
Fund Balance - Beginning of Year	248,587	248,587	-
Prior Year Encumbrances Appropriated	121,813	121,813	-
Fund Balance - End of Year	<u>\$ 167,232</u>	<u>\$ 285,288</u>	<u>\$ 118,056</u>

Professional Development Fund

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

KENSTON LOCAL SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2014

Management Information System Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 20,000	\$ 20,000	\$ -
Total Expenditures and Other Uses	<u>28,955</u>	<u>15,938</u>	<u>13,017</u>
Net Change in Fund Balance	(8,955)	4,062	13,017
Fund Balance - Beginning of Year	8,955	8,955	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 13,017</u>	<u>\$ 13,017</u>

Data Communication Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 7,200	\$ 7,200	\$ -
Total Expenditures and Other Uses	<u>7,200</u>	<u>4,494</u>	<u>2,706</u>
Net Change in Fund Balance	-	2,706	2,706
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 2,706</u>	<u>\$ 2,706</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, 2014

School Net Professional Development Fund

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

Miscellaneous State Grants Fund

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 5,000	\$ 10,000	\$ 5,000
Total Expenditures and Other Uses	5,000	5,000	-
Net Change in Fund Balance	-	5,000	5,000
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</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, 2014

Race to the Top Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 38,311	\$ 38,311	\$ -
Total Expenditures and Other Uses	<u>92,339</u>	<u>92,030</u>	<u>309</u>
Net Change in Fund Balance	(54,028)	(53,719)	309
Fund Balance - Beginning of Year	21,938	21,938	-
Prior Year Encumbrances Appropriated	32,046	32,046	-
Fund Balance - End of Year	<u>\$ (44)</u>	<u>\$ 265</u>	<u>\$ 309</u>

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	\$ 488,776	\$ 488,776	\$ -
Total Expenditures and Other Uses	<u>490,770</u>	<u>485,814</u>	<u>4,956</u>
Net Change in Fund Balance	(1,994)	2,962	4,956
Fund Balance - Beginning of Year	1,994	1,994	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 4,956</u>	<u>\$ 4,956</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, 2014

Title III – Limited English Proficiency Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 2,500	\$ 2,500	\$ -
Total Expenditures and Other Uses	<u>2,500</u>	<u>2,500</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	\$ 115,195	\$ 115,195	\$ -
Total Expenditures and Other Uses	<u>115,255</u>	<u>114,846</u>	<u>409</u>
Net Change in Fund Balance	(60)	349	409
Fund Balance - Beginning of Year	60	60	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 409</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, 2014

Improving Teacher Quality Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 66,394	\$ 66,394	\$ -
Total Expenditures and Other Uses	<u>66,394</u>	<u>66,394</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Miscellaneous Federal Grants

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 48,393	\$ 48,393	\$ -
Total Expenditures and Other Uses	<u>87,429</u>	<u>87,429</u>	<u>-</u>
Net Change in Fund Balance	(39,036)	(39,036)	-
Fund Balance - Beginning of Year	14,821	14,821	-
Prior Year Encumbrances Appropriated	24,215	24,215	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

KENSTON LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Capital Projects Funds**

June 30, 2014

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 47,731	\$ 623,804	\$ 671,535
Total Assets	\$ 47,731	\$ 623,804	\$ 671,535
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Interfund Payable	\$ -	\$ 400,000	\$ 400,000
Total Liabilities	-	400,000	400,000
Fund Balances:			
Restricted	47,731	-	47,731
Committed	-	223,804	223,804
Total Fund Balances	47,731	223,804	271,535
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 47,731	\$ 623,804	\$ 671,535

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, 2014

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
REVENUES				
Interest	\$ -	\$ 9	\$ -	\$ 9
Miscellaneous	1,250	-	-	1,250
Total Revenues	<u>1,250</u>	<u>9</u>	<u>-</u>	<u>1,259</u>
EXPENDITURES				
Current:				
Instruction:				
Regular	-	-	1,774	1,774
Capital Outlay	-	41,710	-	41,710
Total Expenditures	<u>-</u>	<u>41,710</u>	<u>1,774</u>	<u>43,484</u>
Excess of Revenues Over (Under) Expenditures	<u>1,250</u>	<u>(41,701)</u>	<u>(1,774)</u>	<u>(42,225)</u>
OTHER FINANCING SOURCES				
Transfer In	35,000	-	-	35,000
Total Other Financing Sources	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Net Change in Fund Balances	36,250	(41,701)	(1,774)	(7,225)
Fund Balances - Beginning of Year	11,481	265,505	1,774	278,760
Fund Balances - End of Year	<u>\$ 47,731</u>	<u>\$ 223,804</u>	<u>\$ -</u>	<u>\$ 271,535</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, 2014

Permanent Improvement Fund

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Total Revenues and Other Sources	\$ 35,000	\$ 36,250	\$ 1,250
Total Expenditures and Other Uses	11,481	-	11,481
Net Change in Fund Balance	23,519	36,250	12,731
Fund Balance - Beginning of Year	11,481	11,481	-
Fund Balance - End of Year	<u>\$ 35,000</u>	<u>\$ 47,731</u>	<u>\$ 12,731</u>

Building Fund

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Total Revenues and Other Sources	\$ 400,008	\$ 400,009	\$ 1
Total Expenditures and Other Uses	965,513	832,686	132,827
Net Change in Fund Balance	(565,505)	(432,677)	132,828
Fund Balance - Beginning of Year	829,836	829,836	-
Prior Year Encumbrances Appropriated	135,669	135,669	-
Fund Balance - End of Year	<u>\$ 400,000</u>	<u>\$ 532,828</u>	<u>\$ 132,828</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, 2014

School Net Fund

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

June 30, 2014

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets:					
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 50,607	\$ 55,565	\$ 22,089	\$ 39,834	\$ 168,095
Inventory Held for Resale	-	8,629	-	-	8,629
Materials and Supplies Inventory	5,081	-	-	-	5,081
Accounts Receivable	-	-	6,682	-	6,682
Total Current Assets	<u>55,688</u>	<u>64,194</u>	<u>28,771</u>	<u>39,834</u>	<u>188,487</u>
Noncurrent Assets:					
Capital Assets:					
Depreciable Capital Assets, Net of Depreciation	303,635	-	-	-	303,635
Total Assets	<u>359,323</u>	<u>64,194</u>	<u>28,771</u>	<u>39,834</u>	<u>492,122</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	65,865	-	-	-	65,865
Accrued Wages and Benefits	53,560	-	4,583	-	58,143
Compensated Absences Payable	9,711	-	-	-	9,711
Intergovernmental Payable	18,458	-	5,624	758	24,840
Interfund Payable	45,127	-	-	-	45,127
Total Current Liabilities	<u>192,721</u>	<u>-</u>	<u>10,207</u>	<u>758</u>	<u>203,686</u>
Noncurrent Liabilities:					
Compensated Absences Payable	36,730	-	-	-	36,730
Total Liabilities	<u>229,451</u>	<u>-</u>	<u>10,207</u>	<u>758</u>	<u>240,416</u>
NET POSITION					
Investment in Capital Assets	303,635	-	-	-	303,635
Unrestricted (Deficit)	(173,763)	64,194	18,564	39,076	(51,929)
Total Net Position	<u>\$ 129,872</u>	<u>\$ 64,194</u>	<u>\$ 18,564</u>	<u>\$ 39,076</u>	<u>\$ 251,706</u>

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2014**

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Food Services	\$ 746,508	\$ -	\$ -	\$ -	\$ 746,508
Miscellaneous	-	-	173,671	-	173,671
Classroom Materials and Fees	-	163,599	340	-	163,939
Tuition	-	-	-	217,276	217,276
Total Operating Revenues	746,508	163,599	174,011	217,276	1,301,394
OPERATING EXPENSES					
Salaries	271,751	-	127,687	231,847	631,285
Fringe Benefits	87,397	-	36,493	109,955	233,845
Purchased Services	570,107	-	258	-	570,365
Materials and Supplies	76,614	152,008	-	3,500	232,122
Depreciation	28,879	-	-	-	28,879
Other	1,208	-	-	-	1,208
Total Operating Expenses	1,035,956	152,008	164,438	345,302	1,697,704
Operating Income (Loss)	(289,448)	11,591	9,573	(128,026)	(396,310)
NONOPERATING REVENUES					
Intergovernmental	153,165	-	-	-	153,165
Donated Commodities	42,509	-	-	-	42,509
Total Nonoperating Revenues	195,674	-	-	-	195,674
Change in Net Position	(93,774)	11,591	9,573	(128,026)	(200,636)
Net Position - Beginning of Year	223,646	52,603	8,991	167,102	452,342
Net Position - End of Year	\$ 129,872	\$ 64,194	\$ 18,564	\$ 39,076	\$ 251,706

KENSTON LOCAL SCHOOL DISTRICT

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2014

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 747,512	\$ 163,599	\$ 169,216	\$ 217,276	\$ 1,297,603
Cash Received from Others	-	-	-	-	-
Cash Payments to Employees for Services	(268,439)	-	(126,874)	(231,847)	(627,160)
Cash Payments for Employee Benefits	(90,764)	-	(36,839)	(109,197)	(236,800)
Cash Payments for Goods and Services	(563,348)	(150,119)	(258)	(3,500)	(717,225)
Cash Payments for Other Expenses	(1,208)	-	-	-	(1,208)
Net Cash Provided by (Used in) Operating Activities	<u>(176,247)</u>	<u>13,480</u>	<u>5,245</u>	<u>(127,268)</u>	<u>(284,790)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants Received	153,165	-	-	-	153,165
Advances In	45,127	-	-	-	45,127
Net Cash Provided by Noncapital Financing Activities	<u>198,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,292</u>
Net Increase (Decrease) in Cash and Cash Equivalents	22,045	13,480	5,245	(127,268)	(86,498)
Cash and Cash Equivalents - Beginning of Year	28,562	42,085	16,844	167,102	254,593
Cash and Cash Equivalents - End of Year	<u>\$ 50,607</u>	<u>\$ 55,565</u>	<u>\$ 22,089</u>	<u>\$ 39,834</u>	<u>\$ 168,095</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (289,448)	\$ 11,591	\$ 9,573	\$ (128,026)	\$ (396,310)
Adjustments:					
Depreciation	28,879	-	-	-	28,879
Federal Donated Commodities	42,509	-	-	-	42,509
(Increase) Decrease in Assets:					
Accounts Receivable	-	-	(5,121)	-	(5,121)
Intergovernmental Receivable	1,004	-	326	-	1,330
Inventory Held for Resale	-	1,889	-	-	1,889
Materials and Supplies Inventory	1,108	-	-	-	1,108
Increase (Decrease) in Liabilities:					
Accounts Payable	39,756	-	-	-	39,756
Accrued Wages and Benefits	(999)	-	813	-	(186)
Compensated Absences Payable	4,311	-	-	-	4,311
Intergovernmental Payable	(3,367)	-	(346)	758	(2,955)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (176,247)</u>	<u>\$ 13,480</u>	<u>\$ 5,245</u>	<u>\$ (127,268)</u>	<u>\$ (284,790)</u>

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Services fund received donated commodities of \$42,509.

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, 2014

Food Services Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 945,805	\$ 945,805	\$ -
Total Expenses and Other Uses	974,366	974,343	23
Net Change in Fund Equity	(28,561)	(28,538)	23
Fund Equity - Beginning of Year	127	127	-
Prior Year Encumbrances Appropriated	28,434	28,434	-
Fund Equity - End of Year	\$ -	\$ 23	\$ 23

Uniform School Supplies Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 163,600	\$ 163,599	\$ (1)
Total Expenses and Other Uses	186,741	152,711	34,030
Net Change in Fund Equity	(23,141)	10,888	34,029
Fund Equity - Beginning of Year	40,344	40,344	-
Prior Year Encumbrances Appropriated	1,741	1,741	-
Fund Equity - End of Year	\$ 18,944	\$ 52,973	\$ 34,029

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, 2014

Adult Education Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 162,677	\$ 169,216	\$ 6,539
Total Expenses and Other Uses	179,521	163,971	15,550
Net Change in Fund Equity	(16,844)	5,245	22,089
Fund Equity - Beginning of Year	16,844	16,844	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ 22,089</u>	<u>\$ 22,089</u>

Kindergarten Fees Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 217,276	\$ 217,276	\$ -
Total Expenses and Other Uses	384,378	344,544	39,834
Net Change in Fund Equity	(167,102)	(127,268)	39,834
Fund Equity - Beginning of Year	167,102	167,102	-
Fund Equity - End of Year	<u>\$ -</u>	<u>\$ 39,834</u>	<u>\$ 39,834</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, 2014

Employee Benefits Self-Insurance Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 4,852,729	\$ 4,594,564	\$ (258,165)
Total Expenses and Other Uses	4,701,671	4,525,862	175,809
Net Change in Fund Equity	151,058	68,702	(82,356)
Fund Equity - Beginning of Year	2,552,621	2,552,621	-
Prior Year Encumbrances Appropriated	1,671	1,671	-
Fund Equity - End of Year	<u>\$ 2,705,350</u>	<u>\$ 2,622,994</u>	<u>\$ (82,356)</u>

KENSTON LOCAL SCHOOL DISTRICT

Fiduciary Funds

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

Agency Funds

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

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

KENSTON LOCAL SCHOOL DISTRICT

**Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds****For the Fiscal Year Ended June 30, 2014**

	Balance 6/30/2013	Additions	Reductions	Balance 6/30/2014
<u>Student Activities</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 47,439</u>	<u>\$ 57,229</u>	<u>\$ 58,243</u>	<u>\$ 46,425</u>
Liabilities				
Due to Students	<u>\$ 47,439</u>	<u>\$ 57,229</u>	<u>\$ 58,243</u>	<u>\$ 46,425</u>
<u>Unclaimed Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 32,268</u>	<u>\$ 5,962</u>	<u>\$ 5,415</u>	<u>\$ 32,815</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 32,268</u>	<u>\$ 5,962</u>	<u>\$ 5,415</u>	<u>\$ 32,815</u>
<u>Total Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 79,707</u>	<u>\$ 63,191</u>	<u>\$ 63,658</u>	<u>\$ 79,240</u>
Liabilities				
Deposits Held and Due to Others	\$ 32,268	\$ 5,962	\$ 5,415	\$ 32,815
Due to Students	<u>47,439</u>	<u>57,229</u>	<u>58,243</u>	<u>46,425</u>
Total Liabilities	<u>\$ 79,707</u>	<u>\$ 63,191</u>	<u>\$ 63,658</u>	<u>\$ 79,240</u>



Kenston Local School District

“PEAK Feel Blue”

Statistical Section



Kenston Local School District

“Renew Blue”

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Statistical Section

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

<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 - S22
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.	S23 - S34

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

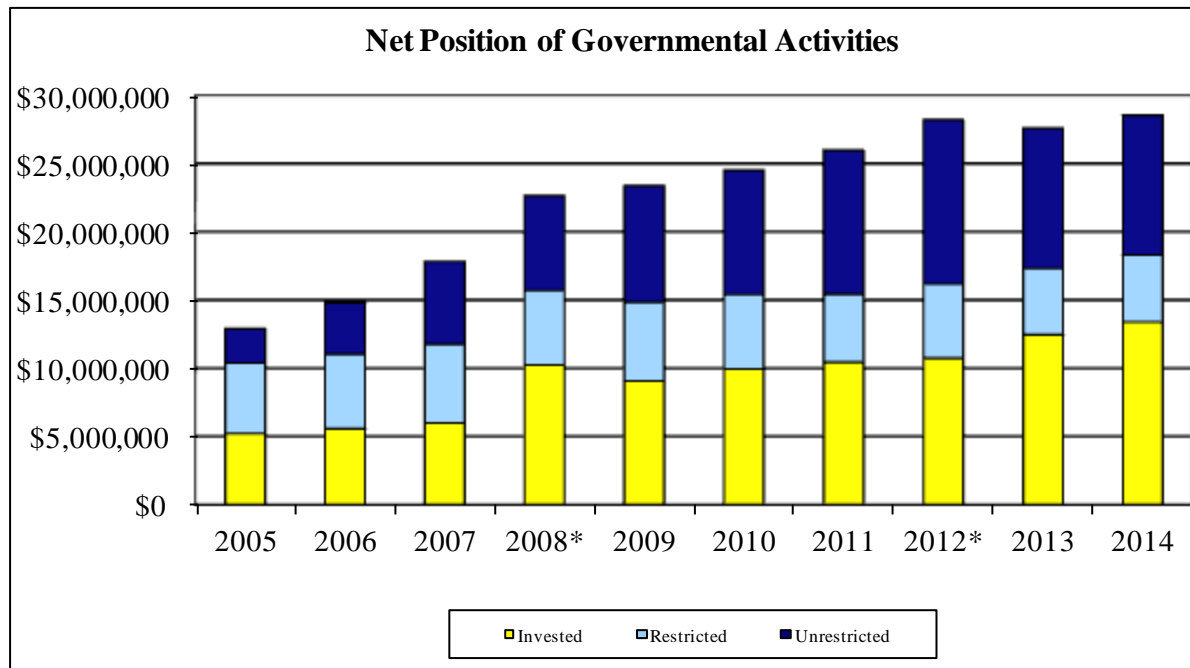
KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008*	2009	2010	2011	2012*	2013	2014
Governmental Activities:										
Net Investment in										
Capital Assets	\$5,214,949	\$5,555,035	\$5,984,643	\$10,225,103	\$9,050,518	\$9,932,221	\$10,433,900	\$10,730,358	\$12,447,702	\$13,374,772
Restricted for:										
Capital Projects	1,320,815	1,230,983	1,265,709	688,299	296,726	302,009	222,013	13,255	278,760	271,535
Debt Service	3,803,581	4,188,996	4,489,787	4,725,653	4,710,359	4,603,138	4,408,397	4,704,206	4,102,707	4,254,129
State Funded Programs	-	-	-	-	-	-	12,390	172	5,793	19,284
Federally Fund Programs	-	-	-	-	-	-	31,010	402,272	138,903	-
Student Activities	-	-	-	-	-	-	257,623	324,294	333,151	369,271
Special Revenues	41,515	36,082	9,780	47,462	780,684	567,528	-	-	-	-
Set Asides	-	-	-	-	1,005	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	50,168	168	168	3,137
Unrestricted	2,515,789	3,782,993	6,071,881	6,942,162	8,524,110	9,095,228	10,546,096	12,025,567	10,276,624	10,249,375
Total Governmental Activities										
Net Position	\$12,896,649	\$14,794,089	\$17,821,800	\$22,628,679	\$23,363,402	\$24,500,124	\$25,961,597	\$28,200,292	\$27,583,808	\$28,541,503
Business-type Activities:										
Net Investment in										
Capital Assets	\$49,529	\$42,181	\$35,018	\$65,384	\$456,055	\$419,840	\$390,757	\$361,594	\$332,514	\$303,635
Unrestricted	222,591	160,343	173,545	161,528	142,699	98,998	112,236	21,041	119,828	(51,929)
Total Business-type Activities										
Net Position	\$272,120	\$202,524	\$208,563	\$226,912	\$598,754	\$518,838	\$502,993	\$382,635	\$452,342	\$251,706
Primary Government:										
Net Investment in										
Capital Assets	\$5,264,478	\$5,597,216	\$6,019,661	\$10,290,487	\$9,506,573	\$10,352,061	\$10,824,657	\$11,512,795	\$12,780,216	\$13,678,407
Restricted	5,165,911	5,456,061	5,765,276	5,461,414	5,788,774	5,472,675	4,981,601	5,444,367	4,859,482	4,917,356
Unrestricted	2,738,380	3,943,336	6,245,426	7,103,690	8,666,809	9,194,226	10,658,332	12,046,608	10,396,452	10,197,446
Total Primary Government										
Net Position	\$13,168,769	\$14,996,613	\$18,030,363	\$22,855,591	\$23,962,156	\$25,018,962	\$26,464,590	\$29,003,770	\$28,036,150	\$28,793,209

*Restated

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



KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Regular Instruction	\$13,299,834	\$14,287,966	\$14,628,745	\$14,907,708	\$15,322,825	\$15,953,102	\$16,493,789	\$16,625,219	\$16,375,043	\$16,391,724
Special Instruction	3,358,790	3,776,698	3,990,362	3,659,719	3,794,506	4,174,608	4,204,140	3,907,785	4,217,000	4,122,352
Vocational Instruction	128,652	147,135	122,097	146,910	136,398	146,682	161,233	149,673	137,649	193,593
Other Instruction	123,949	171,918	329,179	506,053	684,852	510,965	575,753	527,141	563,386	541,401
Pupils Support	1,996,694	2,218,401	2,147,048	2,596,868	2,308,905	2,491,893	2,539,465	2,383,930	2,433,085	2,344,469
Instructional Staff Support	939,039	1,129,760	1,160,109	1,189,819	987,278	1,104,241	1,272,173	1,334,882	1,204,051	1,679,853
Board of Education	84,658	110,039	123,440	50,567	50,661	55,185	42,834	77,522	45,287	49,258
Administration	2,463,540	2,743,520	2,810,452	2,824,830	2,815,879	2,794,093	2,725,919	2,752,700	2,834,396	2,822,807
Fiscal Services	879,831	1,045,476	1,022,597	1,073,828	1,032,471	990,759	1,032,472	1,071,883	1,086,914	1,137,710
Business	40,017	46,097	44,031	44,561	47,119	49,653	38,411	68,479	20,513	42,719
Operation and Maintenance										
Of Plant Services	3,053,972	3,360,914	3,964,286	4,132,633	3,834,204	3,642,583	3,938,563	3,951,623	3,983,705	3,727,751
Pupil Transportation	2,034,878	2,275,087	2,268,414	2,620,442	3,151,134	2,537,276	2,649,205	2,635,235	2,699,879	2,557,405
Central	4,439	10,362	6,844	7,958	35,406	35,527	32,085	35,565	500,334	30,087
Operation of Non-Instructional Services	91,506	86,262	150,143	128,536	165,424	148,235	143,730	153,554	184,551	112,184
Extracurricular Activities	1,170,417	1,220,162	1,413,965	1,378,224	1,434,594	1,459,442	1,526,057	1,551,945	1,460,454	1,538,986
Interest and Fiscal Charges	2,245,781	2,226,140	2,299,383	2,224,854	2,145,954	2,112,420	2,059,380	1,616,742	1,434,993	1,289,316
Total Governmental Activities Expenses	31,915,997	34,855,937	36,481,095	37,493,510	37,947,610	38,206,664	39,435,209	38,843,878	39,181,240	38,581,615
Business-type Activities:										
Food Service	705,672	859,639	857,404	988,847	1,069,601	1,126,629	1,154,868	1,183,761	1,076,166	1,035,956
Uniform School Supplies	138,654	146,748	143,971	168,163	159,479	156,670	145,880	166,103	142,267	152,008
Kindergarten Fees	180,156	283,357	231,375	293,868	314,216	308,319	317,659	346,097	263,334	345,302
Adult Education	81,201	54,031	627	29	60,265	94,785	113,858	136,352	146,349	164,438
Total Business-type Activities Expenses	1,105,683	1,343,775	1,233,377	1,450,907	1,603,561	1,686,403	1,732,265	1,832,313	1,628,116	1,697,704
Total Primary Government Expenses	33,021,680	36,199,712	37,714,472	38,944,417	39,551,171	39,893,067	41,167,474	40,676,191	40,809,356	40,279,319

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular Instruction	150,907	134,620	199,494	343,627	85,488	60,694	109,572	117,888	21,610	233,357
Special Instruction	-	-	60,868	134,710	82,420	93,119	52,137	53,440	4,671	-
Pupils Support	3,017	3,000	3,183	-	-	-	-	-	-	-
Instructional Staff Support	800	710	8,511	4,659	6,040	1,133	3,599	-	-	-
Board of Education	-	-	120	-	-	-	-	-	-	-
Administration	25,106	13,214	8,677	-	-	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	4,329	-	-	-	-	-	-	-
Pupil Transportation	64,367	92,805	-	-	-	-	-	-	-	-
Operation of Non-Instructional Services	6,382	5,247	-	-	-	-	-	-	-	-
Extracurricular Activities	484,978	551,433	733,910	666,866	630,361	725,804	702,608	731,086	637,685	786,496
Operating Grants and Contributions:										
Regular Instruction	945,302	853,408	891,632	102,299	111,059	361,534	440,120	826,501	90,874	99,108
Special Instruction	290,946	213,943	337,846	632,413	561,970	1,046,486	499,874	388,997	424,357	592,939
Pupils Support	11,399	15,018	12,671	294,935	204,912	227,131	189,700	218,554	208,842	146,474
Instructional Staff Support	15,400	3,200	-	51,160	10,802	15,129	90,158	82,745	92,187	29,665
Administration	-	-	-	202,342	208,169	185,549	220,500	221,799	209,074	171,141
Operation and Maintenance										
Of Plant Services	-	-	-	-	-	4,898	-	-	-	10,000
Pupil Transportation	-	-	-	-	73,310	22,810	14,738	-	322	-
Operation of Non-Instructional Services	15,537	19,655	27,433	25,381	16,961	20,652	15,407	-	-	-
Extracurricular Activities	107,866	43,376	61,645	44,191	54,571	71,629	52,181	106,955	112,739	113,603
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Regular Instruction	29,190	-	-	20,500	-	-	-	-	-	-
Operation and Maintenance										
Of Plant Services	-	-	-	-	170,000	175,500	336,475	467,050	635,568	4,311
Pupil Transportation	22,815	18,005	24,155	15,555	30,873	-	-	-	-	-
Extracurricular Activities	298	44,553	8,092	184,803	247,782	111,287	34,300	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	15,000	15,000	15,834	-
<i>Total Governmental Activities</i>										
<i>Program Revenues</i>	2,174,310	2,012,187	2,382,566	2,723,441	2,494,718	3,123,355	2,776,369	3,230,015	2,453,763	2,187,094

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type Activities:										
Charges for Services:										
Food Services	640,325	697,596	723,780	815,923	843,558	895,390	883,407	923,226	839,596	746,508
Uniform School Supplies	148,520	154,265	155,142	154,396	164,122	163,130	162,912	150,073	145,649	163,599
Kindergarten Fees	265,713	267,226	256,720	284,672	301,068	255,289	307,374	294,677	365,032	217,276
Adult Education	88,997	53,407	15,176	398	-	-	-	-	-	340
Operating Grants and Contributions:										
Food Services	87,097	88,220	66,799	155,037	186,848	190,910	237,038	213,367	200,338	195,674
Total Business-type Activities										
Program Revenues	1,230,652	1,260,714	1,217,617	1,410,426	1,495,596	1,504,719	1,590,731	1,581,343	1,550,615	1,323,397
Total Primary Government										
Program Revenues	3,404,962	3,272,901	3,600,183	4,133,867	3,990,314	4,628,074	4,367,100	4,035,106	4,004,378	3,510,491
Net (Expense)/Revenue										
Governmental Activities	(29,741,687)	(32,843,750)	(34,098,529)	(34,770,069)	(35,452,892)	(35,083,309)	(36,658,840)	(35,613,863)	(36,727,477)	(36,394,521)
Business-type Activities	124,969	(83,061)	(15,760)	(40,481)	(107,965)	(181,684)	(141,534)	(250,970)	(77,501)	(374,307)
Total Primary Government										
Net (Expense)/Revenue	<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>	<u>(\$36,804,978)</u>	<u>(\$36,768,828)</u>
General Revenues and										
Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$19,621,846	\$23,144,769	\$23,687,775	\$23,795,613	\$23,172,927	\$22,563,573	\$24,215,991	\$25,194,039	\$23,927,071	\$24,663,106
Debt Service	4,188,559	3,245,570	3,432,225	3,264,943	3,240,031	2,968,176	2,973,053	3,170,271	2,944,792	3,060,189
Grants and Entitlements not										
Restricted to Specific Programs	6,990,425	7,198,356	9,066,238	9,068,613	9,932,505	10,449,515	10,817,773	9,733,171	9,184,941	9,507,776
Investment Income	852,888	1,126,198	928,329	679,708	214,506	65,671	61,275	40,881	16,605	27,123
All Other Revenues	48,663	26,297	11,673	49,368	39,432	173,096	52,221	135,039	43,622	94,022
Transfers	-	-	-	-	(411,786)	-	-	-	(6,038)	-
Total Governmental Activities	<u>31,702,381</u>	<u>34,741,190</u>	<u>37,126,240</u>	<u>36,858,245</u>	<u>36,187,615</u>	<u>36,220,031</u>	<u>38,120,313</u>	<u>38,273,401</u>	<u>36,110,993</u>	<u>37,352,216</u>
Business-type Activities:										
Investment Income	14,208	13,465	21,799	21,399	4,373	1,260	1,131	1,018	127	-
All Other Revenues	-	-	-	-	63,648	100,508	124,558	129,594	141,043	173,671
Transfers	-	-	-	-	411,786	-	-	-	6,038	-
Total Business-type Activities	<u>14,208</u>	<u>13,465</u>	<u>21,799</u>	<u>21,399</u>	<u>479,807</u>	<u>101,768</u>	<u>125,689</u>	<u>130,612</u>	<u>147,208</u>	<u>173,671</u>
Total Primary Government	<u>31,716,589</u>	<u>34,754,655</u>	<u>37,148,039</u>	<u>36,879,644</u>	<u>36,667,422</u>	<u>36,321,799</u>	<u>38,246,002</u>	<u>38,404,013</u>	<u>36,258,201</u>	<u>37,525,887</u>
Change in Net Position										
Governmental Activities	1,960,694	1,897,440	3,027,711	2,088,176	734,723	1,136,722	1,461,473	2,659,538	(616,484)	957,695
Business-type Activities	139,177	(69,596)	6,039	(19,082)	371,842	(79,916)	(15,845)	(120,358)	69,707	(200,636)
Total Primary Government										
Change in Net Position	<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>	<u>(\$546,777)</u>	<u>\$757,059</u>

KENSTON LOCAL SCHOOL DISTRICT

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

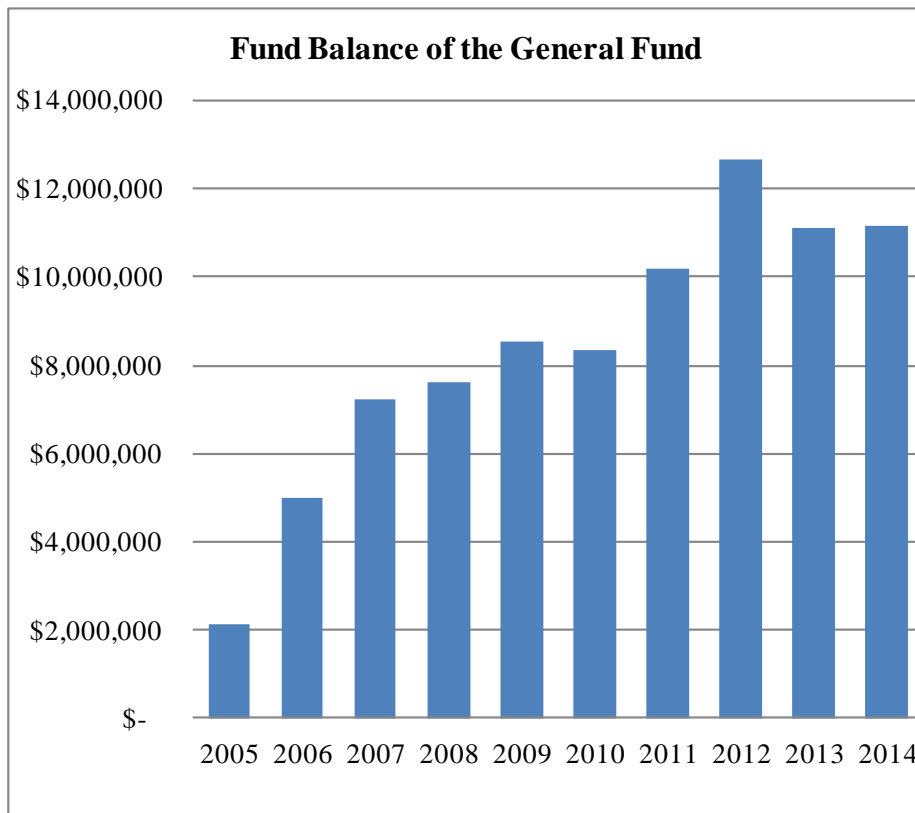
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
<i>Function</i>										
Regular Instruction	\$1,125,399	\$988,028	\$1,091,126	\$466,426	\$196,547	\$422,228	\$549,692	\$944,389	\$112,484	\$332,465
Special Instruction	290,946	213,943	398,714	767,123	644,390	1,139,605	552,011	442,437	429,028	592,939
Pupils Support	14,416	18,018	15,854	294,935	204,912	227,131	189,700	218,554	208,842	146,474
Instructional Staff Support	16,200	3,910	8,511	55,819	16,842	16,262	93,757	82,745	92,187	29,665
Board of Education	-	-	120	-	-	-	-	-	-	-
Administration	25,106	13,214	8,677	202,342	208,169	185,549	220,500	221,799	209,074	171,141
Operation and Maintenance										
of Plant Services	-	-	4,329	-	170,000	180,398	336,475	467,050	635,568	14,311
Pupil Transportation	87,182	110,810	24,155	15,555	104,183	22,810	14,738	-	322	-
Operation of Non-Instructional										
Services	21,919	24,902	27,433	25,381	16,961	20,652	15,407	-	-	-
Extracurricular Activities	593,142	639,362	803,647	895,860	932,714	908,720	789,089	838,041	750,424	900,099
Interest and Fiscal Charges	-	-	-	-	-	-	15,000	15,000	15,834	-
Total Governmental Activities	2,174,310	2,012,187	2,382,566	2,723,441	2,494,718	3,123,355	2,776,369	3,230,015	2,453,763	2,187,094
Business-Type Activities										
Food Service	727,422	785,816	790,579	970,960	1,030,406	1,086,300	1,120,445	1,136,593	1,039,934	942,182
Uniform School Supplies	148,520	154,265	155,142	154,396	164,122	163,130	162,912	150,073	145,649	163,599
Kindergarten Fees	265,713	267,226	256,720	284,672	301,068	255,289	307,374	294,677	365,032	217,276
Adult Education	88,997	53,407	15,176	398	-	-	-	-	-	340
Total Business-Type Activities	1,230,652	1,260,714	1,217,617	1,410,426	1,495,596	1,504,719	1,590,731	1,581,343	1,550,615	1,323,397
Total Primary Government	\$3,404,962	\$3,272,901	\$3,600,183	\$4,133,867	\$3,990,314	\$4,628,074	\$4,367,100	\$4,811,358	\$4,004,378	\$3,510,491

KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,935	\$ 81,761	\$ 91,796	\$ 91,067	\$ 100,332
Assigned	-	-	-	-	-	1,328,475	3,679,132	8,626,626	7,910,954	4,799,994
Unassigned	-	-	-	-	-	6,928,325	6,410,492	3,961,414	3,114,981	6,280,505
Reserved	5,232,597	5,426,147	5,573,415	4,988,316	5,273,967	-	-	-	-	-
Unreserved	(3,087,765)	(445,358)	1,670,656	2,631,055	3,268,386	-	-	-	-	-
Total General Fund	2,144,832	4,980,789	7,244,071	7,619,371	8,542,353	8,353,735	10,171,385	12,679,836	11,117,002	11,180,831
All Other Governmental Funds										
Restricted	-	-	-	-	-	5,640,652	5,332,388	5,633,437	5,226,959	5,063,764
Committed	-	-	-	-	-	-	-	-	265,505	223,804
Unassigned (Deficit)	-	-	-	-	-	(5)	(535,701)	(379,644)	(3,308)	(42,187)
Reserved	22,067,919	6,693,986	1,401,785	942,538	1,270,347	-	-	-	-	-
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	218,665	254,859	281,669	426,880	403,011	-	-	-	-	-
Debt Service Fund	2,929,187	3,612,033	3,971,624	4,214,026	4,491,186	-	-	-	-	-
Capital Projects Funds	5,964,290	2,158,917	798,302	455,555	(97,773)	-	-	-	-	-
Total All Other Governmental Funds	31,180,061	12,719,795	6,453,380	6,038,999	6,066,771	5,640,647	4,796,687	5,253,793	5,489,156	5,245,381
Total Governmental Funds	\$33,324,893	\$17,700,584	\$13,697,451	\$13,658,370	\$14,609,124	\$13,994,382	\$14,968,072	\$17,933,629	\$16,606,158	\$16,426,212

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$22,629,841	\$27,559,206	\$27,882,085	\$26,530,740	\$26,882,644	\$25,332,808	\$27,159,405	\$27,895,350	\$27,392,647	\$27,848,508
Intergovernmental	8,321,490	8,312,743	9,462,613	10,382,154	11,306,090	12,552,381	12,307,241	12,056,422	11,016,060	10,501,910
Tuition and Fees	103,131	105,815	149,581	396,139	167,908	153,813	161,709	171,328	26,281	233,357
Transportation Fees	64,367	92,805	-	88,956	-	-	-	-	-	-
Earnings on Investments	852,888	1,126,396	967,124	679,819	214,506	65,671	61,275	40,881	16,605	27,123
Extracurricular Activities	533,063	603,536	745,064	673,163	609,348	726,937	700,616	720,946	637,226	786,462
Miscellaneous	188,557	121,742	179,003	300,955	386,988	244,835	189,309	267,134	172,654	210,625
Total Revenues	32,693,337	37,922,243	39,386,557	39,051,926	39,567,484	39,076,445	40,579,555	41,152,061	39,261,473	39,607,985
Expenditures										
Current:										
Instruction:										
Regular	13,239,574	13,732,730	14,210,548	14,432,049	14,519,913	15,085,933	15,124,003	14,894,818	15,066,301	15,006,450
Special	3,432,940	3,679,377	3,949,036	3,637,612	3,927,815	4,192,988	4,204,708	3,823,986	4,155,435	4,137,228
Vocational	127,387	145,506	120,164	145,083	140,538	148,356	159,802	143,895	134,025	191,505
Other	117,889	171,918	329,179	506,053	674,978	547,437	570,629	509,829	567,858	539,798
Support Services:										
Pupils	2,035,843	2,172,612	2,121,918	2,654,830	2,384,355	2,522,365	2,525,031	2,340,502	2,453,961	2,316,488
Instructional Staff	939,359	1,050,643	1,090,746	1,140,026	1,091,575	1,156,742	1,256,458	1,260,774	1,206,462	1,658,448
Board of Education	118,440	104,694	123,440	50,567	50,224	54,749	42,396	77,082	44,847	49,177
Administration	2,611,184	2,636,417	2,805,462	2,871,343	2,958,075	2,835,247	2,682,176	2,550,950	2,797,277	2,797,491
Fiscal Services	904,599	1,024,876	1,039,500	1,067,841	1,039,231	1,013,879	1,025,788	1,050,369	1,091,259	1,122,444
Business	43,211	43,965	43,407	44,496	46,372	48,639	38,024	67,323	19,016	42,448
Operation and Maintenance of Plant Services										
Pupil Transportation	1,949,854	2,039,923	2,097,042	2,754,177	2,483,913	2,569,055	2,392,268	2,367,864	2,573,150	2,472,070
Central	780,834	10,362	6,844	7,958	7,066	7,264	3,751	7,152	443,303	-
Operation of Non-Instructional Services										
Extracurricular Activities	111,804	109,715	142,323	128,754	158,070	142,367	136,476	143,703	179,345	119,571
Capital Outlay	1,182,244	1,218,033	1,411,109	1,371,274	1,377,028	1,469,854	1,425,784	1,449,185	1,391,941	1,461,705
Debt Service:	14,613,583	19,004,040	6,694,236	827,136	675,558	918,308	920,514	863,774	1,434,109	807,914
Principal Retirement	923,500	993,500	1,168,500	1,253,500	1,353,500	1,358,500	1,510,259	1,657,826	2,535,415	1,850,000
Interest and Fiscal Charges	2,260,576	2,230,637	2,196,968	2,193,767	2,111,108	2,061,692	2,011,800	1,580,662	1,315,863	1,689,724
Issuance Costs	-	-	-	-	-	-	-	431,782	104,045	-
Total Expenditures	48,507,105	53,548,177	43,389,764	39,091,007	38,696,730	40,016,197	39,615,902	38,634,635	41,056,255	39,787,931
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(15,813,768)</i>	<i>(15,625,934)</i>	<i>(4,003,207)</i>	<i>(39,081)</i>	<i>870,754</i>	<i>(939,752)</i>	<i>963,653</i>	<i>2,517,426</i>	<i>(1,794,782)</i>	<i>(179,946)</i>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Sale of Assets	62	1,700	74	-	80,000	-	47	-	425,000	-
Inception of Capital Lease	-	-	-	-	-	275,000	-	-	-	-
Insurance Recovery	-	-	-	-	-	50,000	10,000	-	-	-
Refund of Prior Year Receipts	-	(75)	-	-	-	-	-	-	-	-
Proceeds from Refunded Debt	-	-	-	-	-	-	-	36,970,000	2,680,000	-
Discounts on Debt Issued	-	-	-	-	-	-	-	(100,953)	-	-
Premiums on Debt Issued	-	-	-	-	-	-	-	3,071,774	57,727	-
Payment of Refunded Debt - Escrow Agent	-	-	-	-	-	-	-	(39,492,690)	(2,689,378)	-
Transfers In	116,985	116,585	116,585	116,585	116,585	116,585	111,815	140,377	102,770	142,330
Transfers Out	(116,985)	(116,585)	(116,585)	(116,585)	(116,585)	(116,585)	(111,815)	(140,377)	(108,808)	(142,330)
<i>Total Other Financing Sources (Uses)</i>	62	1,625	74	-	80,000	325,000	10,047	448,131	467,311	-
Net Change in Fund Balances	(\$15,813,706)	(\$15,624,309)	(\$4,003,133)	(\$39,081)	\$950,754	(\$614,752)	\$973,700	\$2,965,557	(\$1,327,471)	(\$179,946)
Debt Service as a Percentage of Noncapital Expenditures	9.7%	9.4%	9.2%	9.1%	9.0%	8.9%	9.0%	8.5%	9.6%	9.0%

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
2005	\$ 532,912,230	\$ 71,188,150	\$1,726,001,086	\$ 12,273,360	\$ 13,947,000
2006	602,229,130	82,549,200	1,956,509,514	11,557,610	13,133,648
2007	617,028,640	81,566,250	1,995,985,400	11,409,340	12,965,159
2008	637,353,050	87,701,020	2,071,583,057	8,267,540	9,394,932
2009	652,124,910	90,014,790	2,120,399,143	8,940,080	10,159,182
2010	660,265,180	87,908,370	2,137,638,714	10,019,720	11,386,045
2011	661,664,930	109,615,330	2,203,657,886	10,243,870	11,640,761
2012	643,156,110	100,203,690	2,123,885,143	10,863,740	12,345,159
2013	648,353,410	93,505,230	2,119,596,114	11,777,350	13,383,352
2014	652,209,300	92,252,540	2,127,033,829	12,882,850	14,639,602

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

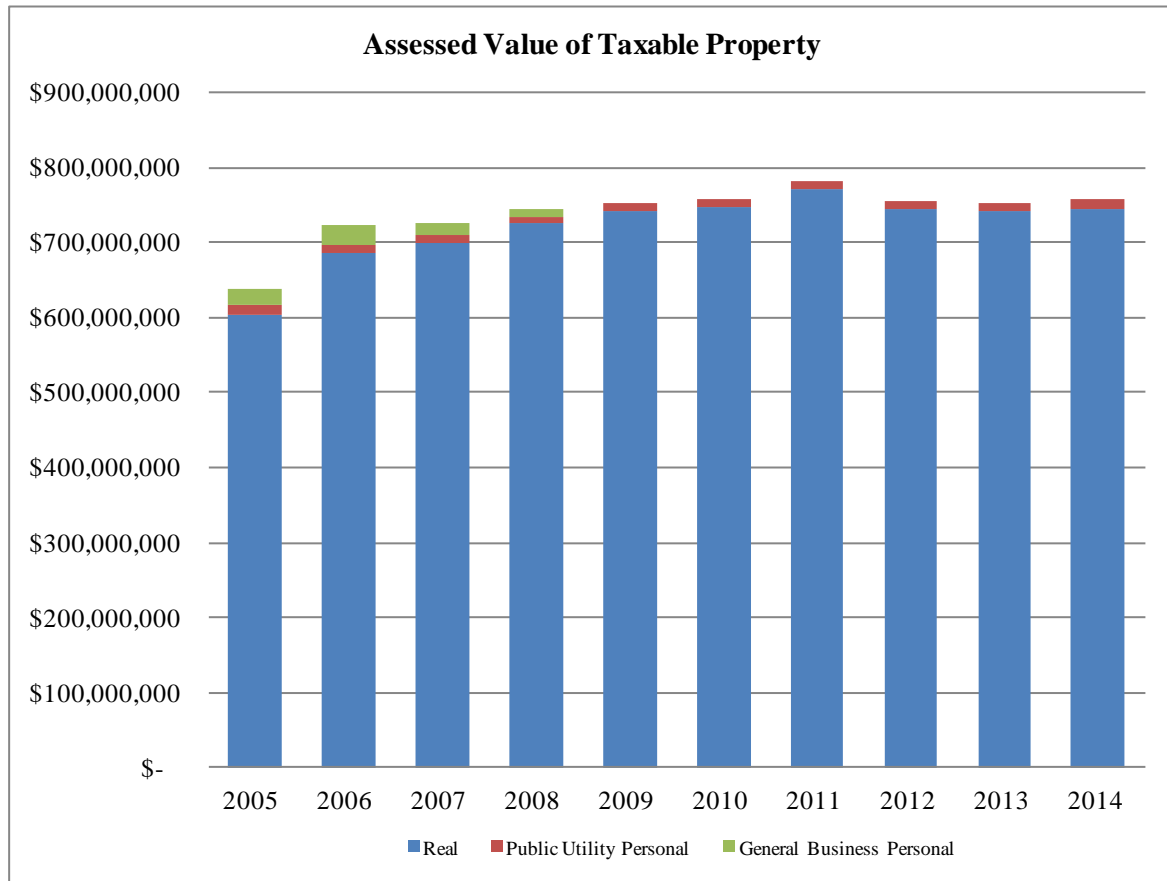
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value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

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

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

KENSTON LOCAL SCHOOL DISTRICT

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
General Business		Assessed Value	Estimated Actual Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 21,447,590	\$ 85,790,360	\$ 637,821,330	\$1,825,738,446	\$ 78.30	34.93%
26,818,070	143,029,707	723,154,010	2,112,672,869	87.19	34.23%
14,497,115	115,976,920	724,501,345	2,124,927,479	87.19	34.10%
10,385,400	166,166,400	743,707,010	2,247,144,389	86.99	33.10%
-	-	751,079,780	2,130,558,325	86.99	35.25%
-	-	758,193,270	2,149,024,759	86.46	35.28%
-	-	781,524,130	2,215,298,647	86.27	35.28%
-	-	754,223,540	2,136,230,302	86.69	35.31%
-	-	753,635,990	2,132,979,466	86.48	35.33%
-	-	757,344,690	2,141,673,431	86.65	35.36%



KENSTON LOCAL SCHOOL DISTRICT

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

Tax Year/ Collection Year	Unvoted Levy	Voted Levies											Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service		
		1976	1977	1979	1982	1987		1990	1997		2005	Included in Total Levy							
		Current Expense	Current Expense	Current Expense	Current Expense	1985 Bond	Current Expense	Current Expense	1992 Bond	Current Expense	2002 Bond	Current Expense					School	County	Total
2004/2005	\$ 4.50	\$ 30.50	\$ 7.50	\$ 5.50	\$ 3.50	\$ 0.20	\$ 5.90	\$ 8.30	\$ 1.20	\$ 6.90	\$ 4.30	\$ -	\$ 78.30	\$ 15.10	\$ 44.87	\$ 138.27	\$ 5.70	\$ 0.30	\$ 6.00
2005/2006	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2006/2007	4.50	30.50	7.50	5.50	3.50	0.20	5.90	8.30	1.00	6.90	4.00	9.39	87.19	15.10	44.87	147.16	5.20	0.50	5.70
2007/2008	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2008/2009	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	1.00	6.90	4.00	9.39	86.99	15.10	46.12	148.21	5.00	0.50	5.50
2009/2010	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.80	6.90	3.67	9.39	86.46	15.10	45.32	146.88	4.47	-	4.47
2010/2011	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.71	6.90	3.57	9.39	86.27	15.10	44.65	146.02	4.28	-	4.28
2011/2012	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.78	6.90	3.92	9.39	86.69	15.10	46.50	148.29	4.70	-	4.70
2012/2013	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.79	6.90	3.70	9.39	86.48	15.10	46.50	148.08	4.49	-	4.49
2013/2014	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.84	6.90	3.82	9.39	86.65	14.10	48.50	149.25	4.66	-	4.66

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

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

KENSTON LOCAL SCHOOL DISTRICT

Property Tax Levies and Collections (1) Last Ten Fiscal 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
2004	\$ 23,578,971	\$22,513,540	95.48%	\$ 692,737	\$23,206,277	98.42%
2005	25,800,658	25,248,327	97.86%	1,611,689	26,860,016	104.11%
2006	27,249,464	27,412,330	100.60%	626,536	28,038,866	102.90%
2007	28,763,134	27,903,780	97.01%	762,171	28,665,951	99.66%
2008	30,278,906	29,880,497	98.68%	851,766	30,732,263	101.50%
2009	29,882,033	28,722,629	96.12%	951,047	29,673,676	99.30%
2010	29,996,303	29,169,087	97.24%	907,289	30,076,376	100.27%
2011	30,965,158	29,687,257	95.87%	749,496	30,436,753	98.29%
2012	31,154,942	30,174,915	96.85%	1,000,639	31,175,554	100.07%
2013	31,091,657	30,063,540	96.69%	577,265	30,640,805	98.55%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.
- (3) The County is aware of the requirement to report delinquent tax collections by levy year rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Real Property Tax 2014 and 2005

Name of Taxpayer	2014	
	Assessed Value	Percent of Real Property Assessed Value
South Franklin Circle	\$ 16,037,140	2.15%
Bainbridge Shopping Center II LLC.	12,732,600	1.71%
Geauga Lake LLC.	4,057,180	0.54%
Tanglewood Square Delaware LLC.	2,579,050	0.35%
V&V Lakeshore Ltd.	2,424,030	0.33%
Target Corp	2,240,000	0.30%
HD Development of Maryland Inc.	2,170,010	0.29%
McFarlands Corners Ltd.	1,947,230	0.26%
Key Trust Co.	1,509,820	0.20%
Stock Equipment Company Inc.	1,383,730	0.19%
Totals	\$ 47,080,790	6.32%
Total Assessed Valuation	\$744,461,840	

Name of Taxpayer	2005	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Shopping Center	\$11,798,520	1.99%
Cedar Fair	10,027,470	1.69%
422 Company, Ltd.	2,658,220	0.45%
Tanglewood Square	2,528,160	0.43%
Capco Enterprises	1,855,640	0.31%
Bainbridge Associates, Ltd.	1,510,500	0.25%
Stock Equipment Co.	1,221,710	0.21%
University Hospitals	1,066,590	0.18%
Key Trust Co.	985,620	0.17%
Tanglewood Associates	976,190	0.16%
Totals	\$34,628,620	5.84%
Total Assessed Valuation	\$593,147,590	

(1) The amounts presented represent the assessed values upon which 2014 and 2005 collections were based.

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

KENSTON LOCAL SCHOOL DISTRICT

Principal Taxpayers Tangible Personal Property Tax 2014 and 2005

Name of Taxpayer	2014 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Total	\$0	0.00%
Total Assessed Valuation	\$0	
Name of Taxpayer	2005	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Funtime, Inc.	\$3,842,950	17.92%
Duramax, Inc.	1,338,260	6.24%
Riser Foods Co.	988,320	4.61%
Stock Equipment Co.	963,800	4.49%
Mar Bal, Inc.	938,800	4.38%
Novean, Inc.	654,080	3.05%
Heinens, Inc.	502,770	2.34%
Kohl's Department Stores	477,390	2.23%
Kmart Corporation	467,790	2.18%
Linens N' Things	426,310	1.98%
Total	\$10,600,470	49.42%
Total Assessed Valuation	\$21,447,590	

(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
2014 and 2005**

2014		
<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Co.	\$10,397,150	80.71%
American Transmission Systems Inc.	796,850	6.19%
East Ohio Gas Co.	587,990	4.56%
Aqua Ohio Inc.	439,780	3.41%
Ohio Edison	388,630	3.02%
Orwell Natural Gas	233,930	1.82%
Cleveland Commercial RR	38,520	0.29%
Total	<u>\$12,882,850</u>	<u>100.00%</u>
Total Assessed Valuation	<u>\$12,882,850</u>	

2005		
<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Co.	\$5,959,870	48.56%
Western Reserve Telephone Co.	3,374,490	27.49%
American Transmission	789,490	6.43%
Voicestream Columbus, Inc.	507,720	4.14%
East Ohio Gas Co.	422,800	3.45%
Total	<u>\$11,054,370</u>	<u>90.07%</u>
Total Assessed Valuation	<u>\$12,273,360</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, 2013

	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)	<u>\$ 38,013,469</u>	100.00%	<u>\$ 38,013,469</u>
Total Direct Debt	<u>38,013,469</u>		<u>38,013,469</u>
Overlapping Debt:			
Geauga County	<u>7,099,473</u>	25.21%	<u>\$1,789,777</u>
Total Overlapping Debt	<u>7,099,473</u>		<u>1,789,777</u>
Total Direct and Overlapping Debt	<u>\$45,112,942</u>		<u>\$39,803,246</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 2013 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			
2005	16,074	a	\$ 1,825,738,446	\$50,826,000	\$ 3,773,298	\$47,052,702	2.58%	\$2,927.26	
2006	16,074	a	2,112,672,869	49,832,500	4,248,531	45,583,969	2.16%	2,835.88	
2007	16,074	a	2,124,927,479	48,771,745	4,626,333	44,145,412	2.08%	2,746.39	
2008	16,074	a	2,247,144,389	47,660,593	4,759,815	42,900,778	1.91%	2,668.95	
2009	16,074	a	2,130,558,325	46,345,749	4,990,232	41,355,517	1.94%	2,572.82	
2010	17,351	b	2,149,024,759	45,032,264	4,913,880	40,118,384	1.87%	2,312.17	
2011	17,351	b	2,215,298,647	43,311,869	4,759,184	38,552,685	1.74%	2,221.93	
2012	17,351	b	2,136,230,302	42,125,014	5,063,148	37,061,866	1.73%	2,136.01	
2013	17,351	b	2,132,979,466	40,258,579	4,102,707	36,155,872	1.70%	2,083.79	
2014	17,351	b	2,141,673,431	38,013,469	4,254,129	33,759,340	1.58%	1,945.67	

Sources: (1) U.S. Bureau of Census, Census of Population

(a) 2000 Federal Census

(b) 2010 Federal Census

(2) Office of the Auditor, Geauga County, Ohio

(3) Resources available to pay principal is obtained from the District's Statement of Net Position for net position restricted for debt service.

KENSTON LOCAL SCHOOL DISTRICT

Computation of Legal Debt Margin Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tax Valuation	<u>\$ 637,821,330</u>	<u>\$ 723,154,010</u>	<u>\$ 724,501,345</u>	<u>\$ 743,707,010</u>	<u>\$ 751,079,780</u>	<u>\$ 758,193,270</u>	<u>\$ 781,524,130</u>	<u>\$ 754,223,540</u>	<u>\$ 753,635,990</u>	<u>\$ 757,344,690</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>57,403,920</u>	<u>65,083,861</u>	<u>65,205,121</u>	<u>66,933,631</u>	<u>67,597,180</u>	<u>68,237,394</u>	<u>70,337,172</u>	<u>67,880,119</u>	<u>67,827,239</u>	<u>68,161,022</u>
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	50,826,000	49,832,500	48,664,000	47,410,500	46,057,000	44,698,500	43,210,000	41,615,000	39,270,000	37,420,000
Less Amount Available in Debt Service	<u>(3,773,298)</u>	<u>(4,248,531)</u>	<u>(4,626,333)</u>	<u>(4,759,815)</u>	<u>(4,990,232)</u>	<u>(4,913,880)</u>	<u>(4,759,184)</u>	<u>(5,063,148)</u>	<u>(4,735,689)</u>	<u>(4,624,341)</u>
Amount of Debt Subject to Limit	<u>47,052,702</u>	<u>45,583,969</u>	<u>44,037,667</u>	<u>42,650,685</u>	<u>41,066,768</u>	<u>39,784,620</u>	<u>38,450,816</u>	<u>36,551,852</u>	<u>34,534,311</u>	<u>32,795,659</u>
Legal Debt Margin	<u>\$ 10,351,218</u>	<u>\$ 19,499,892</u>	<u>\$ 21,167,454</u>	<u>\$ 24,282,946</u>	<u>\$ 26,530,412</u>	<u>\$ 28,452,774</u>	<u>\$ 31,886,356</u>	<u>\$ 31,328,267</u>	<u>\$ 33,292,928</u>	<u>\$ 35,365,363</u>
Legal Debt Margin as a Percentage of the Debt Limit	18.03%	29.96%	32.46%	36.28%	39.25%	41.70%	45.33%	46.15%	49.08%	51.89%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 637,821	\$ 723,154	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224	\$ 753,636	\$ 757,345
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 637,821</u>	<u>\$ 723,154</u>	<u>\$ 724,501</u>	<u>\$ 743,707</u>	<u>\$ 751,080</u>	<u>\$ 758,193</u>	<u>\$ 781,524</u>	<u>\$ 754,224</u>	<u>\$ 753,636</u>	<u>\$ 757,345</u>
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: Office of the Auditor, Geauga County, Ohio 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				
2005	\$ 50,826,000	\$ -	\$ 50,826,000	2.78%	8.26%	\$ 3,162.00
2006	49,832,500	-	49,832,500	2.36%	8.09%	3,100.19
2007	48,771,745	-	48,771,745	2.30%	7.92%	3,034.20
2008	47,660,593	-	47,660,593	2.12%	7.74%	2,965.07
2009	46,345,749	-	46,345,749	2.18%	7.53%	2,883.27
2010	45,032,264	275,000	45,307,264	2.11%	5.93%	2,611.22
2011	43,311,869	253,241	43,565,110	1.97%	5.71%	2,510.81
2012	42,125,014	190,415	42,315,429	1.98%	5.54%	2,438.79
2013	40,258,579	-	40,258,579	1.89%	5.27%	2,320.25
2014	38,013,469	-	38,013,469	1.77%	4.98%	2,190.85

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 Fiscal 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>
2005	10,916 a	5,158 a	\$ 615,618,126	\$ 38,299 a	4.7%
2006	10,916 a	5,158 a	615,618,126	38,299 a	3.4%
2007	10,916 a	5,158 a	615,618,126	38,299 a	4.5%
2008	10,916 a	5,158 a	615,618,126	38,299 a	5.5%
2009	10,916 a	5,158 a	615,618,126	38,299 a	6.3%
2010	10,908 b	6,443 b	763,409,298	43,998 b	7.3%
2011	10,908 b	6,443 b	763,409,298	43,998 b	6.6%
2012	10,908 b	6,443 b	763,409,298	43,998 b	6.1%
2013	10,908 b	6,443 b	763,409,298	43,998 b	6.3%
2014	10,908 b	6,443 b	763,409,298	43,998 b	6.2%

- 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

Employer	December 31, 2014			December 31, 2005		
	Number of Employees (1)	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Kenston Local School District	493	1	6.61%	450	1	6.04%
Heinen's Inc.	233	2	3.13%	233	3	3.13%
Stock Fairfield Corp	170	3	2.28%	-	0	0.00%
Mar-Bal, Inc.	128	4	1.72%	93	8	1.25%
Medhurst Mason Contractors Inc.	115	5	1.54%	-	0	0.00%
Chagrin Valley Athletic Club	100	6	1.34%	100	7	1.34%
Tarkett Inc.	99	7	1.33%	-	0	0.00%
Township of Bainbridge	72	8	0.97%	-	0	0.00%
Custom Materials	65	9	0.87%	-	0	0.00%
IMS Company Inc.	60	10	0.81%	-	0	0.00%
Park Place Technologies Inc.	60	10	0.81%	-	0	0.00%
Kmart Corp.			0.00%	75	10	1.01%
Giant Eagle Inc.			0.00%	123	5	1.65%
DCI Management Group, Inc.			0.00%	100	6	1.34%
D.E. Williams Electric, Inc.			0.00%	90	9	1.21%
Johnsonite, Inc.			0.00%	260	2	3.49%
Stock Equipment Co. Inc.			0.00%	200	4	2.68%
Total	<u>1,595</u>		<u>21.41%</u>	<u>1,724</u>		<u>23.14%</u>
 Total Employment within the School District (2)	 <u>7,451</u>			 <u>7,451</u>		

Source: (1) Obtained from the Dun and Bradstreet's "Million Dollar Database" through the Cuyahoga County Library Search Engine

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

KENSTON LOCAL SCHOOL DISTRICT

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

	2006	2007	2008	2009	2010 (2)	2011	2012	2013	2014
Kenston High School									
Constructed in	1956	2006	2006	2006	2006	2006	2006	2006	2006
Total Building Square Footage	146,415	222,067	222,067	222,067	222,067	222,067	222,067	222,067	222,067
Enrollment Grades	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12
Student Capacity	855	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Regular Instruction Classrooms	40	73	73	73	73	73	73	73	73
Regular Instruction Teachers	53.50	62.54	63.66	57.00	68.01	66.82	(3)	70.00	70.00
Special Instruction Teachers	5.00	7.00	6.00	8.00	-	-	-	-	-
Vocational Instruction Teachers	2.00	2.00	2.00	2.00	-	-	-	-	-
Kenston Middle School									
Constructed in	1967	1956	1956	1956	1956	1956	1956	1956	1956
Total Building Square Footage	90,356	146,415	146,415	146,415	146,415	146,415	146,415	146,415	146,415
Enrollment Grades	6-8	6-8	6-8	6-8	6-8	6-8	6-8	6-8	6-8
Student Capacity	616	855	855	855	855	855	855	855	855
Regular Instruction Classrooms	38.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Regular Instruction Teachers	42.69	47.00	47.50	44.00	51.93	50.93	(3)	47.00	52.00
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	1967	1967
Total Building Square Footage	n/a	90,356	90,356	90,356	90,356	90,356	90,356	90,356	90,356
Enrollment Grades	n/a	4-5	4-5	4-5	4-5	4-5	4-5	4-5	4-5
Student Capacity	n/a	616	616	616	616	616	616	616	616
Regular Instruction Classrooms	n/a	38	38	38	38	38	38	38	38
Regular Instruction Teachers	n/a	21.00	19.00	25.00	29.33	27.58	(3)	28.00	29.00
Special Instruction Teachers	n/a	4.66	5.48	3.00	-	-	-	-	-
Gifted Instruction Teachers	n/a	3.00	3.00	2.00	-	-	-	-	-
Timmons Elementary School									
Constructed in	1994	1994	1994	1994	1994	1994	1994	1994	1994
Total Building Square Footage	90,893	90,893	90,893	90,893	90,893	90,893	90,893	92,100	92,100
Enrollment Grades	3-5	1-3	1-3	1-3	1-3	1-3	1-3	K-3	K-3
Student Capacity	700	700	700	700	700	700	700	900	900
Regular Instruction Classrooms	34	34	34	34	34	34	34	38	38
Regular Instruction Teachers	31.00	33.00	29.00	29.50	39.60	37.40	(3)	40.00	43.00
Special Instruction Teachers	5.08	1.19	1.94	3.00	-	-	-	-	-
Gifted Instruction Teachers	4.00	2.00	2.00	2.00	-	-	-	2.00	2.00

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2006	2007	2008	2009	2010 (2)	2011	2012	2013	2014
Gardner Early Learning Center									
Constructed in	1962	1962	1962	1962	1962	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063	42,063	42,063	42,063	42,063	42,063
Enrollment Grades	1-2	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	(4)	(4)
Student Capacity	363	363	363	363	363	363	363	(4)	(4)
Regular Instruction Classrooms	24	24	24	24	24	24	24	(4)	(4)
Regular Instruction Teachers	20.00	8.00	8.00	9.00	10.44	9.94	(3)	(4)	(4)
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 - K	-	-	-	-	-	-	-	-
Student Capacity	320	-	-	-	-	-	-	-	-
Regular Instruction Classrooms	11.00	-	-	-	-	-	-	-	-
Regular Instruction Teachers	9.00	-	-	-	-	-	-	-	-
Special Instruction Teachers	1.00	-	-	-	-	-	-	-	-

Source: Information provided by the Kenston Local School District

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

KENSTON LOCAL SCHOOL DISTRICT

Cost Per Pupil Last Ten Fiscal Years

Fiscal Year	Student Enrollment		General Government (2)		Governmental Activities	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2005	3,169	1.12%	\$ 45,323,029	\$ 14,302	\$ 31,915,997	10,071
2006	3,220	1.61%	50,324,040	15,629	34,855,937	10,825
2007	3,060	-4.97%	40,024,296	13,080	36,481,095	11,922
2008	3,122	2.03%	35,643,740	11,417	37,493,510	12,009
2009	3,140	0.58%	35,232,122	11,220	37,947,610	12,085
2010	3,116	-0.76%	36,596,005	11,745	38,206,664	12,261
2011	3,141	0.80%	36,093,843	11,491	39,435,209	12,555
2012 (3)	2,973	-5.35%	34,964,365	11,761	38,843,878	13,066
2013	3,096	4.14%	37,100,932	11,984	39,181,240	12,655
2014	3,076	-0.65%	36,248,207	11,784	38,581,615	12,543

Source: Kenston Local School District Records

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

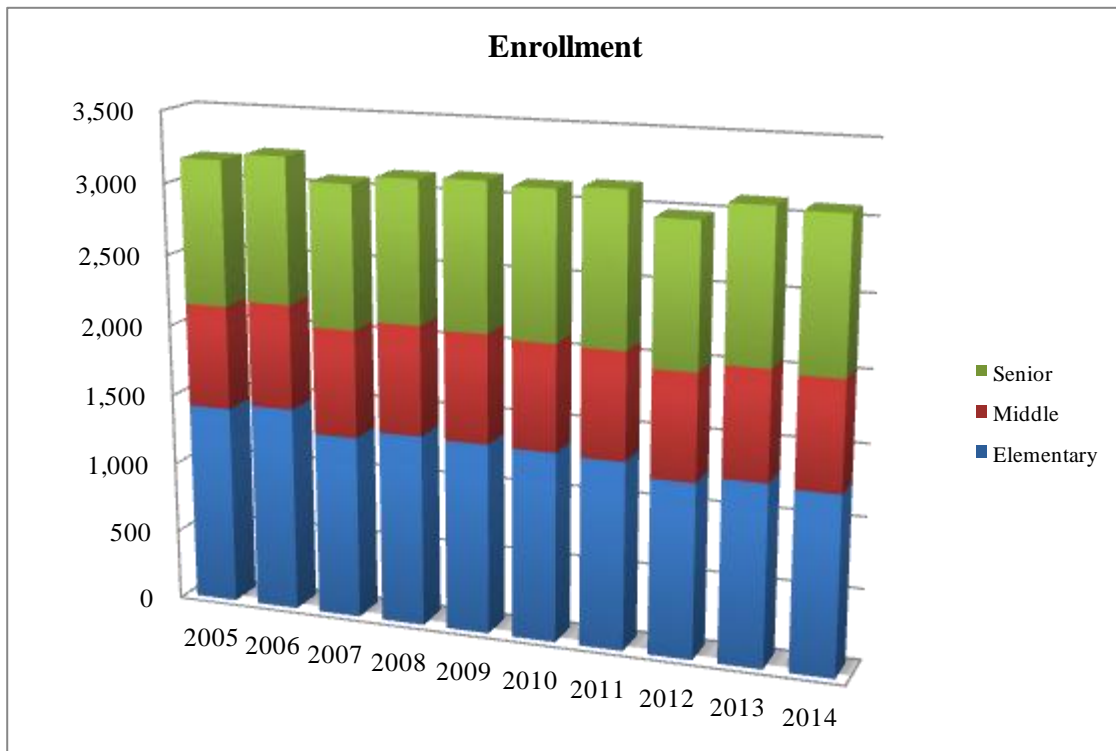
(2) Debt Service expenditures and other financing uses have been excluded

(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
2005	1,415	732	1,022	3,169
2006	1,456	740	1,024	3,220
2007	1,299	757	1,005	3,061
2008	1,357	772	993	3,122
2009	1,349	763	1,028	3,140
2010	1,340	747	1,029	3,116
2011	1,327	751	1,063	3,141
2012 (2)	1,233	744	996	2,973
2013 (2)	1,282	761	1,053	3,096
2014	1,260	761	1,055	3,076



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

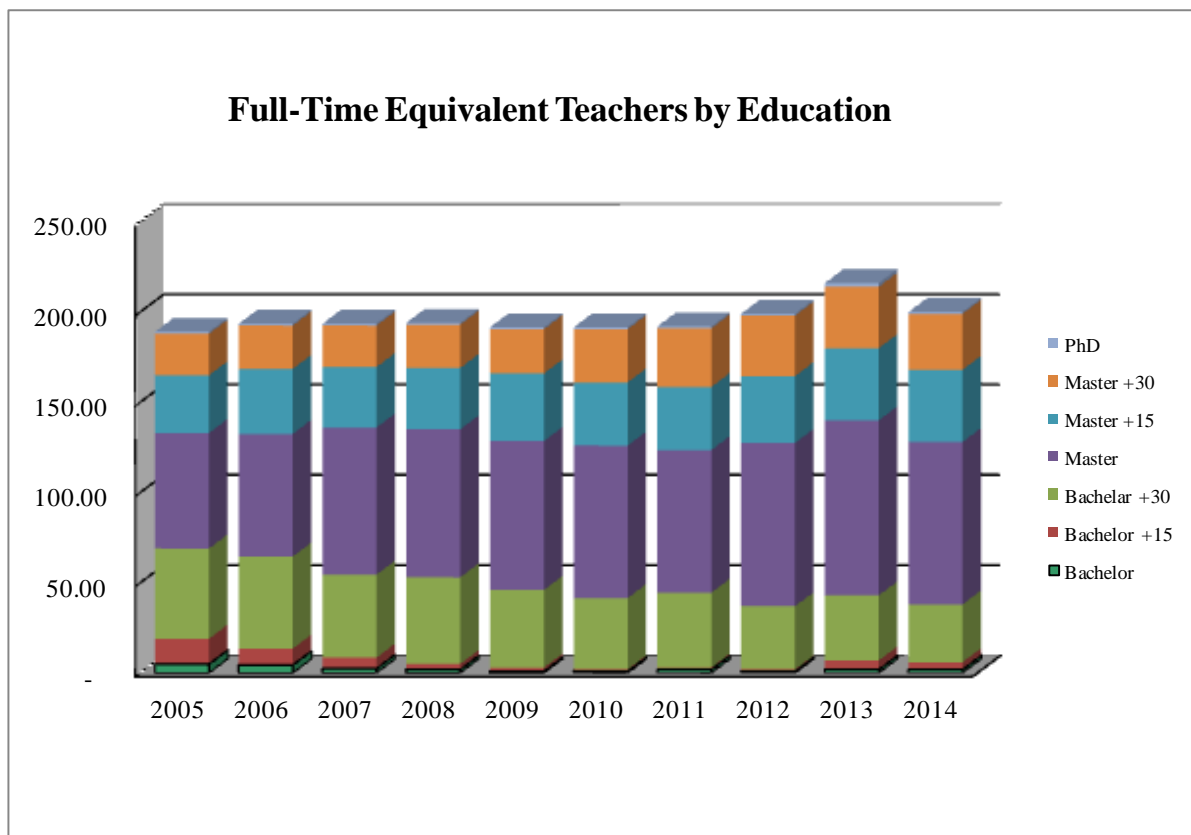
(1) Includes Pre-School Students

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

KENSTON LOCAL SCHOOL DISTRICT

Full-Time Equivalent Teachers by Education Last Ten Fiscal Years

Fiscal Year	Bachelor's			Master's			PhD	Total
	Degree	Degree +15	Degree +30	Degree	Degree +15	Degree +30		
2005	5.00	14.00	50.00	64.00	32.00	23.00	1.00	189.00
2006	4.50	9.00	51.00	68.00	36.00	24.00	1.00	193.50
2007	2.50	6.00	46.00	81.50	33.50	23.00	1.00	193.50
2008	2.00	3.00	48.00	82.00	34.00	24.00	1.00	194.00
2009	1.00	2.00	43.00	82.50	37.50	24.50	1.00	191.50
2010	1.00	1.00	39.50	84.50	35.00	29.50	1.00	191.50
2011	2.00	1.00	41.50	79.00	35.00	32.50	1.00	192.00
2012	1.00	1.00	35.00	90.50	37.00	33.50	1.00	199.00
2013	2.00	5.00	36.00	97.00	40.00	34.00	2.00	216.00
2014	2.00	4.00	32.00	90.00	40.00	31.00	1.00	200.00



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>
2005	17.9	18.5
2006	17.7	18.6
2007	18.4	19.6
2008	18.1	18.6
2009	N/A	N/A
2010	N/A	N/A
2011	N/A	N/A
2012	N/A	N/A
2013	N/A	N/A
2014	25.0	25.0

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>
2005	96.1%	94.3%	96.6%	85.9%
2006	96.1%	94.1%	97.5%	86.2%
2007	96.3%	94.1%	95.9%	86.1%
2008	96.4%	94.2%	99.2%	86.9%
2009	96.5%	94.3%	97.7%	84.6%
2010	96.6%	94.3%	98.7%	83.0%
2011	96.5%	94.5%	99.1%	84.3%
2012	>95%	94.5%	99.6%	84.4%
2013	>95%	94.2%	95.9%	81.3%
2014	97.0%	N/A	94.0%	82.2%

Source: Ohio Department of Education Local Report Cards
N/A - Information was not available at time of completion

KENSTON LOCAL SCHOOL DISTRICT

SAT Composite Scores Last Ten School Years

<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Verbal</u>	<u>Ohio Verbal</u>	<u>National Verbal</u>	<u>Kenston Math</u>	<u>Ohio Math</u>	<u>National Math</u>
2005	116	231	50%	536	539	508	551	543	520
2006	105	211	50%	531	535	503	539	544	518
2007	130	263	49%	525	536	502	571	542	515
2008	184	262	70%	520	534	502	541	544	515
2009	171	241	71%	524	537	501	540	546	515
2010	141	224	63%	530	538	501	540	548	516
2011	181	261	69%	541	539	497	551	545	514
2012	183	260	70%	525	543	496	534	552	514
2013	162	257	63%	540	548	496	549	556	514
2014	151	255	59%	537	555	496	553	562	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>
2005	140	231	61%	23.3	21.4	20.9
2006	81	211	38%	22.8	21.5	21.1
2007	175	265	66%	23.1	21.5	21.2
2008	179	262	68%	22.5	21.7	21.1
2009	181	241	75%	23.4	21.7	21.1
2010	168	224	75%	23.5	21.8	20.5
2011	211	261	81%	24.4	21.8	21.1
2012	225	260	87%	23.9	21.8	21.1
2013	196	257	76%	23.7	21.8	20.9
2014	345	255	135%	23.7	21.8	21.1

Source: High School Guidance Office, Kenston Local School District

KENSTON LOCAL SCHOOL DISTRICT

School District Employees by Function/Program Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010 (2)	2011 (2)	2012 (3)	2013 (3)	2014
Regular Instruction										
Elementary Classroom Teachers	59.00	60.00	62.00	56.00	57.00	79.37	74.92	N/A	N/A	54.00
Middle School Classroom Teachers	40.69	42.69	47.00	47.50	37.50	51.93	50.93	N/A	N/A	40.00
High School Classroom Teachers	55.16	53.50	62.54	63.66	46.50	68.01	66.82	N/A	N/A	53.00
Districtwide Classroom Teachers	4.00	2.00	2.00	2.00	0.00	2.75	1.75	N/A	N/A	0.00
Specials - Art, Music, Health and Physical Ed.	15.65	15.66	14.86	14.86	25.50	0.00	0.00	N/A	N/A	22.00
Special Instruction										
Elementary Classroom Teachers	5.72	6.08	5.85	7.42	7.00	0.00	0.00	N/A	N/A	8.00
Gifted Education Teachers	5.00	5.00	5.00	5.00	4.00	0.00	0.00	N/A	N/A	2.00
Middle School Classroom Teachers	4.83	7.65	8.84	3.84	6.00	0.15	0.00	N/A	N/A	8.00
High School Classroom Teachers	4.00	5.00	7.00	6.00	8.00	0.00	0.15	N/A	N/A	4.00
Vocational Instruction										
High School Classroom Teachers	2.00	2.00	2.00	2.00	2.00	0.00	0.00	N/A	N/A	0.00
Other Instruction										
Elementary Tutors	12.48	11.18	12.30	10.64	9.12	8.55	7.94	N/A	N/A	6.00
Middle School Tutors	3.51	2.88	3.32	2.66	1.50	0.71	0.71	N/A	N/A	2.00
High School Tutors	3.00	2.00	3.00	2.00	1.00	2.00	3.00	N/A	N/A	1.00
Districtwide Tutors	2.80	0.80	1.09	1.59	3.00	0.74	0.74	N/A	N/A	0.00
Pupil Support Services										
Guidance Counselors	7.00	7.00	7.00	7.00	7.00	7.25	5.00	N/A	N/A	7.00
Speech and Language Pathologists	3.54	3.83	3.82	3.82	3.80	14.10	14.31	N/A	N/A	4.00
Nurse	1.00	1.00	1.00	1.00	1.00	4.92	4.92	N/A	N/A	4.00
Non-Teaching Support Staff Elementary	9.88	6.31	7.50	8.74	8.75	5.45	9.75	N/A	N/A	19.00
Non-Teaching Support Staff Middle School	3.15	3.89	4.19	2.80	1.76	1.76	3.76	N/A	N/A	7.00
Non-Teaching Support Staff High School	5.20	4.60	4.99	7.30	6.90	4.61	3.82	N/A	N/A	13.00
Non-Teaching Support Staff Districtwide	3.58	5.83	1.45	2.77	3.43	3.10	3.80	N/A	N/A	3.00
Instructional Support Services										
Librarian	1.00	1.00	1.00	1.00	1.00	5.21	5.36	N/A	N/A	1.00
Technology	1.00	1.00	1.00	1.00	1.00	0.00	0.00	N/A	N/A	3.00
Non-Teaching Support Staff Elementary-Aides	12.48	14.45	12.55	15.05	15.85	5.00	6.00	N/A	N/A	12.00
Non-Teaching Support Staff Middle School	2.80	4.70	2.90	3.47	3.73	1.50	0.50	N/A	N/A	4.00
Non-Teaching Support Staff High School	4.70	3.75	2.65	3.65	2.44	1.50	1.50	N/A	N/A	4.00
Non-Teaching Support Staff Central	3.15	1.80	2.95	3.95	3.95	3.00	2.00	N/A	N/A	0.00
Administrators, Supervisors and Support Staff										
Elementary	9.70	10.25	10.25	10.85	6.88	12.88	14.64	N/A	N/A	4.00
Middle School	4.80	4.80	4.80	4.80	5.57	6.88	5.88	N/A	N/A	2.00
High School	10.65	10.70	10.70	11.70	10.56	11.01	10.51	N/A	N/A	3.00
Central Office	9.88	10.69	11.20	11.20	11.20	12.25	14.19	N/A	N/A	3.00
Other	-	-	-	-	2.81	2.00	3.00	N/A	N/A	0.00
Business										
Districtwide	2.00	2.00	2.00	2.00	2.00	2.00	5.00	N/A	N/A	N/A
Fiscal										
Treasurer's Office	5.00	5.00	5.00	5.00	5.00	5.00	1.00	N/A	N/A	4.00
Operation and Maintenance of Plant Services										
Custodial Department	24.00	24.28	30.13	30.13	28.51	29.51	30.24	N/A	N/A	25.00
Maintenance Department	4.00	4.00	5.00	5.00	5.00	5.00	5.00	N/A	N/A	5.00
Pupil Transportation										
Bus Drivers	28.02	26.18	28.59	28.30	27.55	24.24	26.49	N/A	N/A	45.00
Bus Aides	1.10	2.35	2.65	1.80	1.98	1.98	1.98	N/A	N/A	7.00
Mechanics	3.00	3.00	3.00	3.00	3.00	3.00	3.00	N/A	N/A	3.00
Transportation Support Staff	2.00	2.00	2.00	2.00	2.44	2.44	0.00	N/A	N/A	2.00
Central										
Community Relations	0.50	0.50	0.50	0.50	0.50	0.50	0.00	N/A	N/A	1.00
Food Service Program										
Elementary Cooks	6.00	4.48	5.94	4.03	5.12	5.12	4.68	N/A	N/A	9.00
Middle School Cooks	3.13	4.58	3.60	3.60	4.51	4.51	4.51	N/A	N/A	6.00
High School Cooks	5.15	5.15	4.36	5.73	5.69	5.69	5.69	N/A	N/A	7.00
Totals:	395.25	395.56	419.52	416.36	397.05	405.62	403.49	-	-	407.00

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

	2005	2006	2007	2008*	2009	2010	2011	2012	2013	2014
Capital Assets:										
Land	\$ 125,211	\$ 704,063	\$ 704,063	\$ 1,237,691	\$ 1,237,691	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
Land Improvements	266,317	230,017	202,973	804,690	804,690	760,363	1,373,765	1,271,128	1,179,589	1,116,252
Building and Improvements	10,268,462	9,853,883	9,474,445	51,395,350	51,395,350	50,051,982	48,760,169	47,482,030	46,209,066	45,371,146
Furniture and Equipment	673,164	523,008	388,050	999,346	999,346	939,914	858,673	939,377	826,437	760,854
Vehicles	932,795	761,564	573,173	775,970	775,970	836,001	612,568	415,427	259,267	175,320
Construction in Progress	18,181,846	35,784,636	43,305,939	-	-	1,213,969	1,186,644	1,730,634	2,410,735	2,410,462
Total Capital Assets	\$30,447,795	\$47,857,171	\$54,648,643	\$55,213,047	\$55,213,047	\$55,009,420	\$53,999,010	\$53,045,787	\$52,092,285	\$51,041,225

*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 Nine Years (1)**

School Year	Students	Students Applicable for Free Lunch	Percentage of Applicable Students for the Free Lunch Program	Students Applicable for Reduced Lunch	Percentage of Applicable Students for the Reduced Lunch Program	Total Students Applicable for the Free and Reduced Lunch Program	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs
2006	3,557	157	4.41%	66	1.86%	223	6.27%
2007	3,162	158	5.00%	76	2.40%	234	7.40%
2008	3,447	192	5.57%	84	2.44%	276	8.01%
2009	2,920	201	6.88%	92	3.15%	293	10.03%
2010	3,168	251	7.92%	94	2.97%	345	10.89%
2011	3,191	287	8.99%	108	3.38%	395	12.38%
2012	3,214	291	9.05%	110	3.42%	401	12.48%
2013	3,143	316	10.05%	110	3.50%	426	13.55%
2014	3,113	246	7.90%	94	3.02%	340	10.92%

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



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
MARCH 5, 2015**